Annexure - 4

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REPORT OF THE AUDIT COMMITTEE OF ADANI POWER LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN ADANI POWER LIMITED ('TRANSFEROR COMPANY') AND ITS SUBSIDIARY COMPANY NAMELY, ADANI POWER (MUNDRA) LIMITED ('TRANSFEREE COMPANY') AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ('THE SCHEME')

The Securities and Exchange Board of India vide its circular no. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 ("SEBI Circular") has, amongst other requirements, sought a report from the Audit Committee of the listed companies recommending the Scheme.

The Audit Committee of the Board at the Meeting held today i.e. 6th June, 2017, has considered and reviewed the draft Scheme of Arrangement for slump exchange of Mundra Power Generating Business Undertaking situated at Mundra, Gujarat by Adani Power Limited ('Transferor Company') to its subsidiary company namely, Adani Power (Mundra) Limited ('Transferee Company') and their respective shareholders ('the Scheme') under the provisions of Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 read with rules made thereunder, pursuant to above SEBI Circular.

This report of the Audit Committee is made in order to comply with the requirement of the aforesaid SEBI Circular after considering the following necessary documents:

1) Draft Scheme of Arrangement for slump exchange of Mundra Power Generating Business Undertaking situated at Mundra, Gujarat by Adani Power Limited ('Transferor Company') to its subsidiary company namely, Adani Power (Mundra) Limited ('Transferee Company') and their respective shareholders and creditors ('the Scheme');

2) Valuation Report dated 6th June, 2017, issued by B S R & Associates LLP, Independent Chartered Accountant;

3) Fairness Opinion dated 6th June, 2017, issued by JM Financial Institutional Securities Limited, a Category-I Merchant Banker; and

4) Certificate dated 6th June, 2017, from the Statutory Auditors of the Company, M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad regarding compliance of the Accounting Treatment.

The Committee perused the provisions in the Scheme which, *inter alia*, contains the rationale for the proposed Scheme of Arrangement. The Audit Committee noted that both, the Transferor Company and the Transferee Company are carrying on Power Generating business. The Company was originally envisaged to be a power generating company. However, with the growth

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opportunities in the form of new power projects as well as acquisitions, it no longer retains the original nature. The characteristics of risk, growth, funding requirements and cash flows involved with the Company's two distinct activities, i.e. investments and power generation, are quite distinct. There are also differences in which these two activities are required to be organized and managed. The Company proposes to separate the aforesaid two activities, keeping intact the 40 MW solar plant situated at Bitta, Gujarat, by effecting transfer and vesting of the Mundra Power Generating Business as a going concern on Slump Exchange basis to the Adani Power (Mundra) Limited ["APMuL"] in order to enhance the focus provided to the two distinct activities.

The transfer and vesting of the Mundra Power Generating Business into the APMuL will create a clean platform and allow the Company to source its funding more efficiently for investing in capacity expansion of its subsidiaries and/or acquisition of assets.

After consideration of the rationale and purpose of the Scheme, the Audit Committee recommends the Scheme to the Board of Directors of the Company for favourable consideration.

For and on behalf of the Audit Committee

C. P. Jain
Chairman - Audit Committee
Adani Power Limited

Date: 06.06.2017

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