Annexure to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Economic Overview

The Indian economy grew at 6.8% during FY19 buoyed by a strong recovery in investment and robust consumption along with improvement in monetary and fiscal policy. Further, the index of industrial production grew firmly, owing to sturdy demand for capital equipment, construction goods, and consumer durables. Initiatives taken by the Government towards reduction of GST rates for some real estate activities also provided a boost to the industry. However, a slight contraction in crude oil and natural gas production offset the strong growth in the coal output, resulting in mining sector growing by a meagre 1.2%.

The gross capital formation demonstrated a growth of 10% and was sustained by a strong growth in Central Government capital expenditure, which rose by 20.30% as investment in roads, railways, and urban infrastructure remained strong. In addition, the capital spending by public sector enterprises posted a growth of 05.50%.

The series of actions and initiatives have been taken to improve the business climate and to liberalize the Foreign Direct Investment (FDI). Reflecting the cumulative actions, India jumped 30 spots on the World Bank's Ease of Doing Business rankings brightening medium-term growth prospects. This has been validated in the form of a sovereign ratings upgrade, the first in 14 years. The major focus area for policy maker would remain stabilizing the GST, completing the twin balance sheet actions and staving off threats to macro-economic stability. Further, revived rural consumption, persistent growth in private investment as a result of improved bank and corporate balance sheets, more competitive domestic firms and less strain from net exports will lead to a significant growth in the Indian economy.

Industry Overview

Coal Business

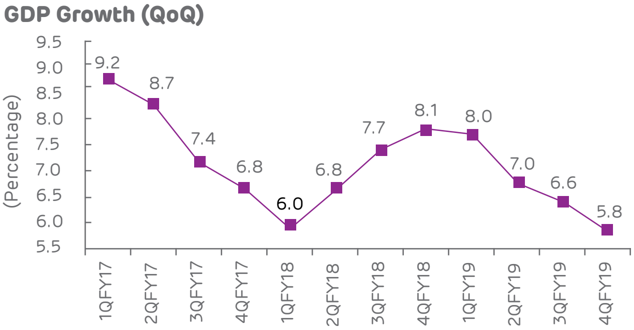
The coal production in India increased by 8% reaching 730 Million Tonnes ("MT") during April to Mar 2019, from 675 MT in corresponding period of the previous year. Further, the country's coal imports also jumped by ~9% to 233.6 MT in FY19 against 214.6 MT in FY18. The thermal coal imports also grew by 19% reaching 171.9 MT in FY2018, the highest since 2014. This growth in coal imports is largely attributed to constraints on petroleum coke consumption, a cheaper substitute of coal off-set by rising demand from cement and small and medium-scale industries in India.

India is one of the world's largest consumers of coal and the rising import of fuel is resulting in significant increase in trade deficit, urging the Government to invest in developing more domestic resources. In order to boost the growth of the industry, Government also increased the allocation towards exploration of coal and lignite from 7.82 billion in the previous budget to ₹ 8.2 billion in interim budget 2019-20. During the year, the Government allocated 85 new coal mines in the country with a view to increase the production of coal in the country. This is expected to yield result in the form of higher output in the next year. Further, the Government also plan to add 10 more mines in the coming year. (Source: Economic Times)

Airports

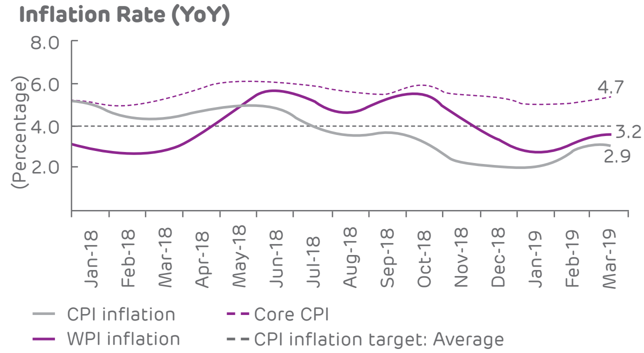
In 2018, India was the fastest growing domestic air travel market witnessing a growth in number of people flying within the country from 117 million in 2017 to 139 million in 2018, reflecting a growth of 18.6%. Further, domestic air passenger

GDP Growth (QoQ)



Source: MoSPI, GoI

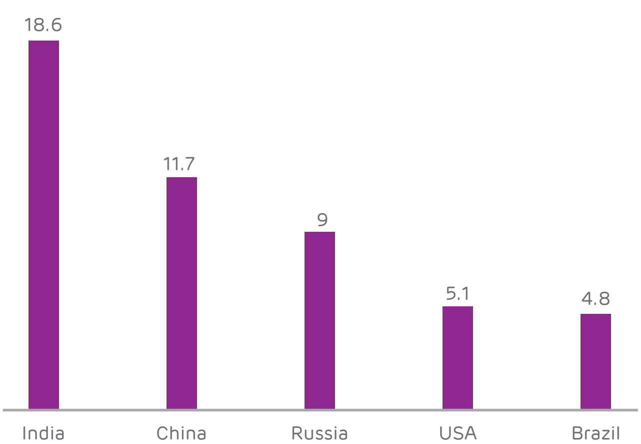
Inflation Rate (YoY)



Source: MoSPL Office of the Economic Advisor, Government of India (GoI) volume also increased 14.27% to 126.8 million in FY19 over the previous year. The cumulative traffic of domestic carriers stood at 171.3 million for FY19, posting a growth of 14.25%. If the trend continues, India would become one of the top aviation hubs by 2040. The passenger traffic is expected to grow six-fold to around 1.1 billion. India has one of the largest aircraft order books currently with pending deliveries of over 1000 aircraft.

This growth is being driven by a growing economy, rising incomes, intense competition among airlines and a supportive policy environment. The National Civil Aviation Policy (NCAP 2016) signaled the Government's intent to radically alter the sector's growth trajectory. NCAP's flagship program - Regional Connectivity Scheme (RCS or UDAN) is taking flying to the masses by offering subsidised fares as low as USD 35 for a one hour flight. Initiatives like Nabh Nirman (for airport capacity augmentation), Digi Yatra (for paperless travel) and AirSewa (for online passenger grievance redressal) etc. are bringing in radical changes. India may have around 190-200 operational airports in 2040. Its top 31 cities may have two airports and the cities of Delhi and Mumbai three each. The incremental land requirement is expected to be around 150,000 acres and the capital investment (not including cost of acquiring land) is expected to be around USD 40-50 billion.

YoY Growth (%) in air travel markets (2018 over 2017)



(Source: IATA)

Road and Infrastructure

India witnessed significant growth across roadways, highways, railways and airways infrastructure during the year. Of this, highways sector remained one of the best performing segments with the Government expenditure rising from ₹ 34,345.2 crore in 2014-15 to ₹ 78,625.5 crore in 2018-19 towards development and construction of highways. Moreover, nearly 39% projects were started in FY19 under the highways sector out of over 600 infrastructure related projects which started between 2014 and 2018. Further, the policy and regulatory environment for Public Private Partnership (PPP) in India also experienced continuous improvement on account of revival of stuck projects, faster dispute resolution, availability of funding (through multilateral agencies and bonds), large scale programmes like Bharatmala, UDAY, UJALA, UDAN etc. and schemes like INViTs and REiTs.

In the coming years, roads and railways are expected to hold a larger share of the total investment pie. Construction sector is expected to ramp up to 32 km per day by 2020 on account of NHAI's sharp focus on award of projects under the Bharatmala programme. For railways, electrification, station development and port connectivity projects are expected to continue offering large opportunities. Metro will also continue to offer EPC opportunities to various construction players, as more than 25 cities in India are anticipated to have metro rail networks in the coming years. (Source: Economic Times, Interim Budget 2019-20).

27 km/day

Average construction of highways during 2018-19

₹ **19,000** crore

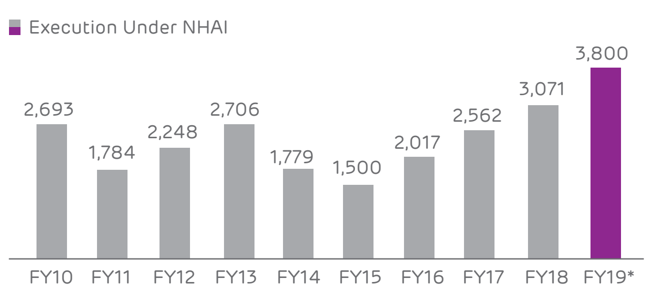
Allocation to village road construction, under the Pradhan Mantri Gram Sadak Yojana for FY 2019-20

₹ **83,016** crore

Allocation to the highways sector under the Interim Budget for FY 2019-20

On the highway to growth

Road projects have been on the fast-track to execution from the second half of FY19, but may still fall short of initial Government targets



*FY19 is estimates

Source: Icra Ltd

Water

As per the United Nations World Water Development Report 2019 (WWDR), nearly 2.1 billion people still do not have access to clean and readily available drinking water and that up to 4.3 billion are without access to safe sanitation. It has underlined that fulfilling the human rights to safe drinking water & sanitation for all can also significantly contribute to achievement of the broad set of goals of the 2030 Agenda for Sustainable Development. The report found that by the year 2050, 45% of global gross domestic product and 40% of global grain production will be threatened by environmental damage and lack of water resources.

As compared to the global context, scenario in India is not too different. India has 4% of the world's water resources and a disproportionate 17% of world's population. Water leads to cultural, social, economic development of India. More than 60% of India's irrigated agriculture land and 85% of drinking water supplies are dependent on groundwater supply. Agriculture in India is the prime user of freshwater with a share of 80% followed by industry & domestic applications. As per United Nation, any region with annual water availability of 1700 cubic meter per person is water stressed region. In India, about 13 states spanning around 300 districts face water stress.

Foreseeing the need, Indian Government increased 2019-20 budget allocation to water and sanitation to around ₹ 21,000 Crore including Swachh Bharat Mission (SBM) & National Rural Drinking Water Programme (NRDWP). So far, as many as 30 projects in 17 packages have been identified to be awarded under the HAM scheme with total value of the projects is to the tune of ₹ 101,115 crore.

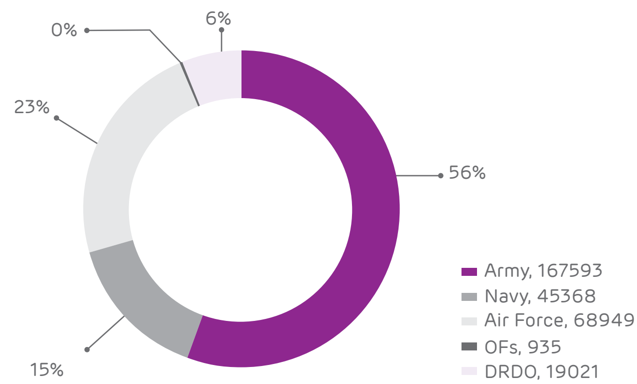
Defence Industry

The defence sector is one of the most important sector in India. It has been doubling the exports since three years and is estimated to have crossed the value of ₹ 10,000 crore by March 2019. This growth in export from ₹ 1,500 crore in FY2017 to ₹ 10,000 in FY19 has been possible due to Government reforms which has made it easier for the private players to enter the industry. Further, since the liberalisation of FDI in the sector, there has been nearly ₹ 4000 crore of investment in the sector. Also, since Launch of Make in India initiative in 2014, the defence ministry has undertaken a number of initiatives in order to promote indigenous defence manufacturing. This includes defence procurement process, industrial licensing, foreign direct investment, exports and innovation. Further, in the previous year, 2 new defence corridors were also set up with the aim to increasing defence production to ₹ 1,70,000 crore by 2025.

₹ 3,01,866 crore

Allocated towards defence sector in the Interim Budget 2019-20

Share of Defence Services in Interim Defence Budget 2019-20



Solar Panel Manufacturing

India has witnessed a substantial growth in power generation in the past few years. Out of electricity produced in Q1 2019, solar power accounted for over 11.4 BUs which reflects a growth of 34% YoY from 8.5 BUs generated in Q1 2018. During the year, about 39.2 BUs of solar power was produced, recording a growth of 52% from production in FY18. The sector imported solar modules and cells worth nearly ₹ 184.6 billion during 2018, a decline of 37% from ₹ 269 billion in 2017. This decline is largely attributed to demand slowdown due to withdrawal of tax incentives and imposition of safeguard duty.

During the year, the sector faced several headwinds such as imposition of safeguard duty on imported PV modules, falling tariffs and continuous fall of the Indian rupee against the US dollar. The depreciation in the Indian currency is also likely to augment the capital cost of solar power projects by 20-25%, although its impact has been partly set off by decline in the PV module prices by about 20% since June 2018. Also, implementation of recent policy initiatives such as rise in share of renewable purchase obligation for states and waiving of inter-state transmission charges for solar projects contributes to faster capacity addition in the sector.

The sector is anticipated to grow in the coming fiscal owing to capacity addition, favourable policy push and increasing demand for fossil fuel based energy. Further, the sector is also anticipated to witness a heightened technology-led growth. Technological innovation, being at the centre of solar power development in India, is also anticipated to boost the sector with the help of several important tools such as floating solar, energy storage and flexible modules. (Source: Mercom India Research, Economic Times, The Hindu, Energy World)

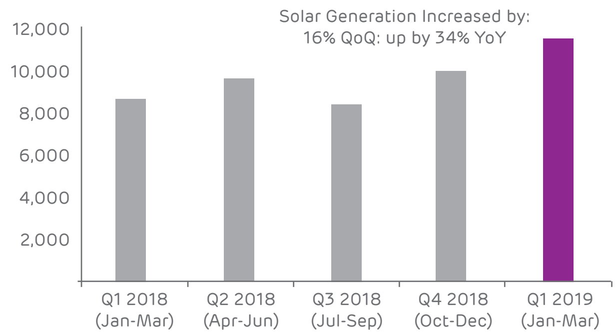
100 GW

GoI's target of generating solar power by 2022

~6500-7000 MW

Solar capacity addition during 2018-19

India: Solar Electricity Generation (MU) by Quarter



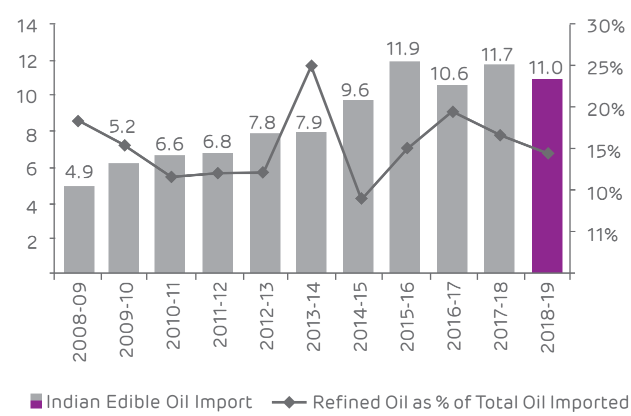
Data From CEA Source: Mercom India Research

Edible Oil Industry

Edible oil industry, which is largely driven by import of edible oils, estimated India's edible oil consumption at 23.5 million tonnes for FY19. Edible oil import has grown significantly in recent years on the back of plummeting domestic production levels. Despite being the 5th largest oilseed crop producing country in the world, India is one of the largest importers of vegetable oils today. Soyabean oil import in India grew at a CAGR of 18% in the last 6 years, while import of crude palm oil has grown 1% during the same period. The growth in consumption is predominantly driven by increasing income, urbanization, changing food habits, and deeper penetration of processed foods.

Driven by low domestic supplies, palm oil, Soyabean oil, and sunflower oil will continue to represent more than 98% of total vegetable oil imports. Soyabean oil and Sunflower oil import volume into India will continue to grow at 5% CAGR despite their price premium over palm oil, due to a shift in domestic demand and consumer preference for quality. However, palm oil will continue to be the largest imported vegetable oil because of its price advantage, the price sensitivity among low-income population, consumption growth in the fast moving consumer goods sector, blended vegetable oil segments, and increasing out-of-home consumption. Overall, vegetable oil consumption in India will grow significantly with CAGR of 3% to exceed 34 mn tones by 2030. The packaged branded edible oil sector in retail currently accounts for 40% of total edible oil consumption and will continue to grow between 6% to 8% annually over next five years.

India Edible Oil Import (mn tons)



(Source: The Soybean Processors Association of India)

Company Overview

About Us

Adani Enterprises Ltd. (the company or AEL) is one of the fastest growing diversified conglomerates providing a range of products and services together with its subsidiaries. The Company is engaged in coal mining & services, coal logistics, solar module manufacturing and edible oil & FMCG food businesses in India and internationally. Besides this, the Company is an incubator focusing on establishing new businesses in infrastructure and energy sector. It has done this consistently since 1994, when it was first established and listed. Post which, Adani Ports, Adani Power, Adani Transmissions and such businesses were demerged from the Company and/or independently listed on the stock exchanges. In the last two years, consistent with the same model, we have demerged Adani Green Energy Limited and Adani Gas Limited from Adani Enterprises which were respectively listed in June 2018 and November 2018.

Financial performance

The Company's continued focus on infrastructure and energy verticals is expected to continue to drive its performance and the company remain committed to maintaining high operating standards. The Company has registered improved financial performance on the back of its strong operational performance across key businesses.

Key Highlights of the Company's consolidated performance for the year are as under.

- Consolidated Income from Operations increased by 12% to ₹ 40,379 Crores in FY 19 vs ₹ 35,924 Crores in FY 18
- Consolidated EBIDTA was ₹ 2,541 Crores in FY 19 vs ₹ 2,626 Crores in FY 18
- Consolidated PAT for FY 19 was ₹ 717 Crores vs ₹ 757 Crores in FY 18

The Company has demonstrated strong performance across Integrated Coal Management, Mining & Services, Solar Manufacturing and Agro vertical in spite of rising exchange rates and competition.

Operational Performance

The Company remains committed to play an enhanced role in Nation Building. As an incubator, it focuses on establishing new businesses in infrastructure in the energy sector. The Company has achieved this consistently since 1994 when it was listed. Post which, various businesses were demerged from the Company and/or independently listed on the Indian stock exchanges.

During the year under review, the performance of the Company is encouraging. The Company has been leading across all the fronts and maintained better than industry performance. We remain focused on executing our strategy and increasing momentum of our businesses across the key sectors for long term, sustainable growth.

Key highlights of the Company's consolidated operational performance for the year is as under -

- Integrated Coal Management volumes stood at 67.45 Million Metric Tons ("MMT").
- Mining and Services business dispatch volumes stood at 12.13 MMT.
- Solar Module manufacturing volumes was 637 Mega Watt ("MW").

Key business segments

Integrated Coal Management (ICM)

Adani group ("group") has evolved as a diversified conglomerate based in India having global operations with primary interests in energy sector while the Company continues to operate as the flagship company of the group. Group was primarily involved in coal logistics business and gradually it has backward integrated its operations in domestic and overseas coal mining through the Company along with forward integration in ports, logistics, power generation and transmission through various other group companies.

The Company has maintained the status of being the largest Trader and Importer of Thermal Coal in India during the financial year 2018-19 and maintained its market share. However, the business saw a decline in the volume pertaining to the supplies made to various States or Central owned Electricity Boards. This segment continues to struggle amidst increased domestic production and power generation scenario in the country.

During the last quarter of FY 19, there were some improvement in the supplies to various States or Central owned Electricity Boards. Most of the Central and State owned Electricity Boards have come up with the tenders for the procurement of imported coal for their respective plants. Furthermore, the Company is expanding efforts in capturing higher market share in steel, cement and other sector by venturing into the retail segment to cater specific local market in different geographies. In addition, the company has started to provide logistic solutions for coastal movement of domestic coal under the ambit of SAGARMALA.

The Company with its established business relations with coal suppliers of Indonesia, Australia and South Africa has evolved as India's largest coal importer for non-coking coal catering to the requirement of both private and PSU clients. The Company has consolidated its position in coal trading business during the last decade and has developed strong business relationships with miners in Indonesia, Australia and South Africa for procurement of imported coal. The Company continues to look at opportunities to develop business relations with the new miners, which will lead to timely delivery of coal.

The Company has developed business relationship with diversified customers across various end-user industries. It enjoys major share in domestic PSU tendering business. It imports coal through all the major ports of India, which saves the logistic cost and ensures timely delivery to its customers.

Mining and Services

Domestic Mine Development and Operations ("MDO")

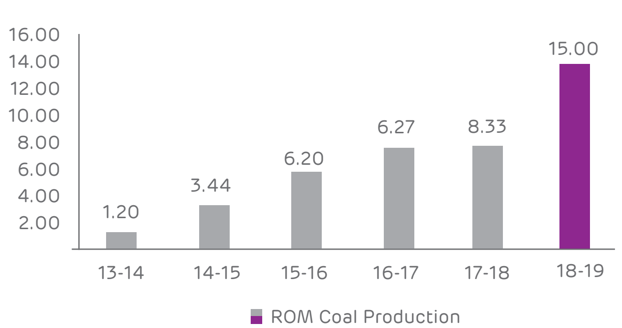
Our coal mining business involves mining, processing, acquisition, exploration and development of mining assets.

In India, as a part of the public private partnership model, Government / Public sector companies including State Gencos (State Electricity Boards), which are allotted Coal Blocks, appoint a Mine Developer and Operator ("MDO") to undertake all activities relating to the development and operations of a Coal Block allotted. After Hon'ble Supreme Court's 2014 order leading to cancellation of earlier Coal Block allotment, Ministry of Coal passed and notified The Coal Mines (Special Provisions) Act, 2015. As per new Act, coal mines are being auctioned and allotted. Many of the Government / Public sector companies who were allotted coal blocks have published tenders for selection of MDO and are at various stages of bid processes and subsequent award of tender. The Company has participated widely in such tenders to secure long term MDO contracts in the last financial year. In FY 2018-19, AEL has successfully entered into long term MDO contracts of Suliyari Coal Block and Bailadila Deposit 13 Iron Ore Mine allocated to Andhra Pradesh Mineral Development Corporation Ltd. (APMDC) and NCL (NMDC-CMDC Ltd.) respectively through competitive bidding process. Further, many of the other tenders are at advanced stage of getting concluded.

Moreover, Ministry of Coal is also in process of opening up commercial coal mining for private sector in phased manner, which could be further opportunity for the Company to leverage its mining capabilities and coal trading experience.

The Company has been appointed as MDO and is undertaking activities relating to the development and operations of certain Coal Blocks in India. The outlook for the sector remains positive.

DOMESTIC COAL PRODUCTION (MMT)



- **Parsa East and Kanta Basan Coal Block**

  Rajasthan Rajya Vidyut Utpadan Nigam Limited ("RRVUNL") has been allocated the Parsa East and Kanta Basan Coal Blocks (PEKB) in Chhattisgarh. RRVUNL has entered into a Coal Mining and Delivery Agreement with Parsa Kente Collieries Limited (PKCL) [a Joint Venture Company of RVUNL and the Company] appointing PKCL as Sole Mining Contractor. PKCL as Mine Developer and Operator of PEKB is undertaking development, mining, beneficiation of coal, arranging transportation and delivery of washed coal to end use power projects of RRVUNL. The project commenced Mining Operations and dispatch of coal to Thermal Power stations of RRVUNL in March 2013. For Financial Year 2018-19, Raw coal Production was 15 MMT, Washed coal Production was 12.0 MMT and Washed coal dispatch to Thermal Power Plants of RRVUNL was 12.1 MMT.

- **Kente Extension Coal Block**

  RRVUNL has been allocated the Kente Extension Coal Block at Chhattisgarh. RRVUNL has entered into a Coal Mining and Delivery Agreement with Rajasthan Collieries Limited (RCL) [a Joint Venture Company of RVUNL and the Company] appointing RCL as Sole Mining Contractor. RCL as Mine Developer & Operator of Kente Extension Coal Block will be undertaking development of the Coal Block, mining, beneficiation of coal and arranging for transportation and delivery of coal to end use power projects of RRVUNL. The Coal Block is under development stage.

- **Parsa Coal Block**

  RRVUNL has been allocated the Parsa Coal Block at Chhattisgarh. RRVUNL has entered into a Coal Mining and Delivery Agreement with Rajasthan Collieries Limited (RCL) [a Joint Venture Company of RVUNL and Adani Enterprises Limited] appointing RCL as Sole Mining Contractor. RCL as Mine Developer & Operator of Parsa coal block will be undertaking development of the Coal Block, mining, beneficiation of coal and arranging for transportation and delivery of coal to end use power projects of RRVUNL. The Coal Block is under development stage.

- **Gare Pelma Sector-III Coal Block**

  Chhattisgarh State Power Generation Company Ltd. (CSPGCL) has been allocated the Gare Pelma Sector-III Coal Block at Chhattisgarh for captive use in their Thermal Power Plant in the State of Chhattisgarh.

CSPGCL has appointed Gare Pelma III Collieries Limited (GPIIICL), a wholly owned subsidiary of the Company, as Mine Developer and Operator (MDO) for Development, Operation, Mining and delivery of coal to end use power project of CSPGCL. CSPGCL has entered into a Coal Mine Services Agreement with GPIIICL on 16th November, 2017. GPIIICL as Mine Development & Operator of Gare Pelma Sector III Coal Block will be undertaking development of the Coal Block, mining and arranging for transportation and delivery of coal to end use power projects of CSPGCL. The Mine Opening Permission of the Coal Block was obtained on 26th March, 2019 and overburden removal commenced on 28th March, 2019.

- **Talabira II & III Coal Block**

  NLC India Limited (NLCIL) has been allocated the Talabira II & III Coal Block at Odisha for captive use in their Thermal Power Plant. NLCIL has appointed Talabira (Odisha) Mining Private Limited (TOMPL), a subsidiary of the Company, as Mine Developer and Operator (MDO) for Development, Operation, Mining and delivery of coal to NLCIL. NLCIL has entered into a Coal Mining Agreement with TOMPL on 23rd March, 2018. TOMPL as Mine Development & Operator of Talabira II & III Coal Block will be undertaking development of the Coal Block, mining, loading, transportation and delivery of coal to delivery points. The Mine Opening Permission of the Coal Block was obtained on 29th March, 2019 and overburden removal commenced on 31st March, 2019.

- **Suliyari Coal Block**

  Andhra Pradesh Mineral Development Corporation Limited (APMDC) has been allocated the Suliyari Coal Block at Madhya Pradesh for commercial mining of coal. APMDC has appointed the Company as Mine Developer and Operator (MDO) for Development, Operation, Mining and delivery of coal to APMDC. APMDC has entered into a Coal Mining Agreement with the Company on 8th March, 2018. The Company as a Mine Development & Operator of Suliyari Coal Block will be undertaking development of the Coal Block, mining, loading, transportation and delivery of coal to delivery points. The Coal Block is under development stage.

- **Bailadila Deposit – 13 Iron Ore Mine**

  NCL (NMDC-CMDC Limited) is the Mining Lease holder of Bailadila Deposit-13 Iron Ore Mine in the State of Chhattisgarh. NCL has appointed the Company, as Mine Developer and Operator (MDO) for Development, Operation, Mining and delivery of iron ore to NCL. NCL has entered into an Iron Ore Mining Services Agreement with the Company on 6th December, 2018. The Company as Mine Development & Operator of Bailadila Deposit-13 Iron Ore Mine will be undertaking development of the Iron Ore Block, mining, loading, transportation and delivery of iron ore to delivery point. The Iron Ore mine is under development stage.

- **Gare Palma Sector I Coal Block**

  Gujarat State Electricity Corporation Limited (GSECL) has been allocated the Gare Pelma Sector - I Coal Block at Chhattisgarh for captive use in their Thermal Power Plants in the State of Gujarat. GSECL has issued conditional Letter of Acceptance (LoA) to Consortium of the Company and Sainik Mining and Allied Services Limited having 74% and 26% stake respectively on 15th December, 2018 for Development, Operation, Mining and delivery of coal to end use power projects of GSECL. Coal Mine Services Agreement between the AEL-SMASL Consortium and GSECL is yet to be signed.

- **Gare Palma Sector II Coal Block**

  Maharashtra State Power Generation Co. Ltd. (MAHAGENCO) has been allocated the Gare Pelma Sector-II Coal Block at Chhattisgarh for captive use in their Thermal Power Plants in the State of Maharashtra. MAHAGENCO has issued conditional Letter of Acceptance (LoA) to the Company on 25th February, 2019 for Development, Operation, Mining and delivery of coal to end use power projects of MAHAGENCO. Coal Mine Services Agreement between the Company and MAHAGENCO is yet to be signed.

- **Gidhmuri Paturia Coal Block**

  Chhattisgarh State Power Generation Company Ltd. (CSPGCL) has been allocated the Gidhmuri Paturia Coal Block at Chhattisgarh for captive use in their Thermal Power Plants in the State of Chattisgarh. CSPGCL has appointed the Company as Mine Developer and Operator (MDO) for Development, Operation, Mining and delivery of coal to CSPGCL. CSPGCL has entered into a Coal Mining Agreement with AEL-SMASL Consortium on 2nd May, 2019. AEL-SMASL Consortium as Mine Development & Operator (MDO) of Gidhmuri Paturia Coal Block will be undertaking development of the Coal Block, mining and arranging for transportation and delivery of coal. The Coal Block is under development stage.

Coal Mining in Indonesia

PT Adani Global, Indonesia a wholly-owned step down subsidiary of the Company, has been awarded coal mining concessions in PT Lamindo Inter Multikon and PT Mitra Niaga Mulia (step down subsidiaries) in Bunyu island, Indonesia from which coal is used for the captive consumption in power projects.

The Bunyu Mines has Joint Ore Reserves Committee (JORC) compliant resource of 269 Million Metric Tonnes (MMT) for both the mines (i.e. combined). Production from both the mines (combined) during the year 2018-19 has been at 4.9 Million Metric Tonnes (MMT).

Coal Mining and related Infrastructure in Australia

Our wholly owned step down subsidiaries in Australia have 100% interest in the Carmichael coal mine in the Galilee Basin in Queensland, Australia.

During the year ended 31st March, 2019, the Group has been working on the negotiation of key contracts and redesign of project delivery strategies. Further, apart from working through the approval of management plans and other similar approvals, the Group has been responding to legal challenges brought with respect to decisions already made by relevant authorities.

Road, Metro and Rail

To contribute towards Nation Building and infrastructure development, the Company intends to tap the opportunities in the road, metro & rail sector by developing national highways, expressways, tunnels, metro-rail, railways, etc. Adani group has a successful track record of nurturing businesses in the transport infrastructure and is confident of positioning itself as dominant player in the road, metro and rail sector. The group has developed several railway lines in India and abroad. Adani owns the longest private railway lines of about 300 km in India. These private rail lines are connected to our ports, mines and other business hubs to ensure seamless cargo movement.

- The Company will focus on projects across pan-India initiated by National Highways Authority of India (NHAI) under Bharatmala Pariyojana, etc. and Ministry of Road Transport and Highways (MORTH), Ministry of Railways, Metro Corporations of the various States and any other projects under the purview of the Central or State Authorities and Agencies.

- As a developer, the Company will primarily target PPP projects structured in Build-Operate-Transfer (BOT), Toll-Operate-Transfer (TOT) & Hybrid-Annuity Mode (HAM) models.

- The Company will also focus on select EPC projects which can offer scale and complexity in terms of the nature of work and technology requirement and which requires the developer to leverage its project execution capabilities to create a differentiated value in the industry.

- Having multiple infrastructure businesses established across different states in India, we would like to leverage our local presence and expertise in project management to build synergies for our Road, Metro & Rail Infrastructure development.

- In addition, the Company would be focusing on in-organic growth through Mergers and Acquisition, where we will look out for good assets which offer clear visibility of cash flows and are available at attractive valuations.

- The Company and its wholly owned subsidiary, Adani Transport Ltd. have already bagged three Hybrid Annuity Road Projects from NHAI which are under various stages of development/execution.

Water

Water, a basic necessity, is a scarce resource. India which accounts for 17% of world population has access to only 4% of fresh water resources. Lack of holistic policy for water resource management has resulted in increasingly acute crisis being faced in various parts of the country.

Realizing the above, Government of India has taken a path breaking step forward by amalgamating various Government department & ministries into a centralized Jal Shakti Ministry.

Adani Group, too, foreseeing the massive need for water infrastructure capacity augmentation in the country has decided to focus on this business segment. The Group has taken the first step by bagging the prestigious waste water treatment, recycle and reuse project at Prayagraj under the National Mission for Clean Ganga Framework. The Group proposes to build upon this in the coming year by exploring more such opportunities. In addition to this, the Group will also explore opportunities in the desalination water space wherein projects for desalination of sea water/brackish water shall be taken up to produce portable water for consumption of general public/ industrial purpose.

Defence

In continuation of its vision of nation building, the Company ventured into Defence & Aerospace in 2017 with its commitment towards the national security agenda. The intent has been to play an instrumental role in helping transform India into a destination for world class defence and aerospace manufacturing, aligned to the Make in India initiative; thus helping India become self-reliant in its defence and security needs.

Modernization of capital equipment has been a key agenda of the Indian Armed Forces with the total planned spend over the next 10-15 years estimated at around US$255bn across the three services. With the Make in India initiative, the Government has placed a key emphasis on reducing the dependence on imports and build indigenous capabilities to facilitate job creation and high end skills development. In addition, the supply which was predominantly met by the Defence Public Sector Undertakings (DPSU's) has been insufficient to meet the modernization needs and hence, there has been a call to the private sector to support the design, development and manufacturing of defence equipment and develop a robust ecosystem where the public and private sector can co-exist.

Adani Group has a strong track record of delivering mega projects and has been working effectively with the global partners. In each of the businesses across ports, power generation, power transmission, airports, it was a culmination of the national agenda, long term opportunity untapped by the private sector and the inherent inefficiencies of the public sector enterprises; a story playing in defence and aerospace in India as well. the company is well-positioned to build the long term capabilities especially at the platform level, working along with global partners in delivering defence equipment for the Indian Armed Forces. the Company has established a robust ecosystem of capabilities which will help deliver projects of critical importance for the Indian Armed Forces as well as in the civil sector. Some of the highlights of the business are mentioned below :

- The Company shall focus on building design and development capabilities for large and complex platforms like fighter aircraft, helicopters, unmanned aerial vehicles etc. The focus shall stay on playing the role of a System Integrator and nurture the MSMEs ecosystem in the country through strategic investments and acquisitions for tier 1 and tier 2 capabilities. The Company is a compelling candidate for being declared a strategic partner in the Naval Utility Helicopters project for the Indian Navy under the Strategic Partnership Model.

- The Company has developed critical Tier I and Tier II capabilities through its investments in MSMEs like Alpha Design Technologies Limited, Comprotech and Autotech across avionics, structures, system design and precision machining.

- The Company inaugurated a state-of-the-art Aerospace Park in Telangana, Hyderabad in December 2018. The 20 acre sprawling park which houses the Adani-Elbit UAV facility shall be a plug and play facility for MSMEs to set up Tier –I and Tier – II facilities catering to Indian as well as Global OEMs.

- The Company inaugurated a 50,000 sq. ft. state-of-the-art UAV manufacturing facility in Telangana, Hyderabad in partnership with Elbit Systems of Israel in December 2018. This is India's first UAV manufacturing facility and the first outside Israel to manufacture the Hermes 900 Medium Altitude Long Endurance UAV. The factory has started operations with the manufacturing of complete carbon composite aero-structures for Hermes 900, followed by Hermes 450, catering to the global markets and will be further ramped up for the assembly and integration of complete UAVs.

Solar Manufacturing

The Company has set up a vertically integrated Solar Photovoltaic Manufacturing facility of 1.2 GW Capacity along with Research and Development (R&D) facilities within an Electronic Manufacturing Cluster (EMC) facility in Mundra Special Economic Zone (SEZ). The state-of-the art large-scale integrated manufacturing plant to produce Silicon Ingots/wafers, Silicon Solar Cells, Modules and support manufacturing facilities that includes EVA, Back-sheet, Glass, Junction box and Solar cell and string interconnect ribbon.

At 1.2 GW of production, this plant is the largest vertically integrated producer of Solar Cells and Modules in India and well supported by manufacturing units of critical components designed to achieve maximum efficiency in the Indian market. This Solar PV manufacturing facility within EMC facility is the first to be located in an SEZ under the M-SIPs scheme under which the investment by MSPVL has been approved.

The state-of-the-art manufacturing facility with multilevel infrastructure is optimized for scaling up to 3 GW of modules and cells under a single roof. The unit is located in one of the world's largest Special Economic Zone at Mundra, Gujarat and hence plays host to the entire solar manufacturing ecosystem from Polysilicon to modules, including ancillaries and supporting utilities. MSPVL is facilitating the thrust of Government of India's "Make in India" concept through its various measures of 12 GW CPSU scheme, KUSUM scheme etc. to achieve its target of 100 GW by 2022.

The cutting-edge technology, with machines and equipment sourced from the best in class producers, aim to help in cost leadership, scale of operations and reliability standards as per global benchmarks.

4500+ man years

Total experience of the team engaged in solar manufacturing business

12+ PHDs

Working on product development and research in the segment

637 MW modules

Production volume during FY19

₹ 37 Crores

EBITDA as on 31st March, 2019

900+ MW

Size of order book as on 31st March, 2019

Agro

Adani Wilmar Limited

The Company entered the edible oil refining business through a 50:50 joint venture company, Adani Wilmar Limited (AWL) with Singapore's Wilmar group. In edible oil and agro commodities business, the Company has continued to maintain its leadership position with its "Fortune" brand and contributes to lead the refined edible oil market.

AWL takes pride in being one of India's fastest growing food FMCG companies. With a 19.2% market share and growth of 7% in Refined Oil Consumer Pack (ROCP) category (Source: Nielsen Retail Monthly Index March 2018 report), "Fortune" continued to be the undisputed leader among edible oil brands in India with largest variety of oils under a single brand name.

To strengthen its foothold in the food business, AWL is leaving no stone unturned in coming up with new products giving boost to its already flourishing product basket. The company is determined to reach more & more households in the country with its quality products. 'Fortune Chakki Fresh Atta', which was launched last year in NCR and Uttar Pradesh is now getting launched at multiple locations throughout the country. Adding to its pulses and besan basket, AWL has also launched 'Fortune Arhar Dal' and 'Fortune Khaman Dhokla Besan' in the selected regions and has started receiving good response. AWL has spent heavily during the year on advertising and promotion for Biryani Classic Basmati Rice by coming up with a new commercial featuring prominent actors- Akshay Kumar & Twinkle Khanna.

As a socially responsible organisation, AWL pays attention in safeguarding of environment and has taken a step forward by launching India's 1st recyclable packaging of edible oil pouches. It has also started the process to collect plastic waste of its consumer products in the state of Maharashtra and is rapidly moving towards other states of the country. AWL, in association with Adani Foundation, the CSR arm of Adani group had launched SuPoshan program, a step towards eradicating malnutrition and anemia from the country. This project received prestigious CSR Award during the 53rd SKOCH Summit, Dainik Jagran CSR Awards for contribution in health category and was also bestowed with Silver Rank by ACEF Asian Leadership Awards under Best Public Health Initiative category.

"Fortune" being India's No. 1 brand has once again been awarded the prestigious Superbrands award 2018 and has also been voted as the winner of "Reader's Digest Trusted Brand Award" in Gold category. Further, AWL has also been recognized as "India's Best Companies to work for" by the Great Place to Work Institute, India.

Adani Agri Fresh Limited

Adani Agri Fresh Limited (AAFL), a wholly owned subsidiary of the company has pioneered the establishment of integrated storage, handling and transportation infrastructure for Apple in Himachal Pradesh. It has set up modern Controlled Atmosphere storage facilities at three locations, Rewali, Sainj, and Rohru in Shimla District. The Company has also set up a marketing network in major towns across India to cater to the needs of wholesale, retail and organized retail chain stores. The Company which is marketing Indian fruits under the brand name FARM-PIK, has expanded its footprint in the branded fruit segment. The Company also imports Apple, Pear, Kiwi, Orange, Grapes etc. from various countries for sale in India.

The production of apple during the financial year 2018-19 was impacted due to huge hail storm across the growing belts in Himachal Pradesh. Hence, the availability of good quality apple for CA storage was limited. On the other hand, apple production in Washington State and European countries was good. The Government of India had banned the import of apple from China in 2017. Due to all the above factors, there was heavy competition from the trade to purchase apple for CA storage and hence the price of apple was high during the procurement period.

During F.Y 2018-19, the Company bought 15776 MT of Indian apple valued ₹ 82 Crores and Imported 3653 MT of various fruits, valued at ₹ 40 Crores. The Company sold 17,798 MT of domestic apples and 3653 MT of imported fruits Total valued at ₹ 207 Crores.

Details of Significant Changes in the Key Financial Ratios & Return on Net Worth

Pursuant to amendment made in Schedule V to the SEBI Listing Regulations, details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios and any changes in Return on Net Worth of the Company (on standalone basis) including explanations therefore are given below:

Particulars	FY ended 31st March, 2019	FY ended 31st March, 2018	Changes between Current FY & Previous FY	Explanation
Debtors Turnover	4.07	3.43	18.65%	Not Applicable
Inventory Turnover	7.90	8.22	(3.90%)	Not Applicable
Interest Coverage Ratio	2.29	1.86	22.97%	Not Applicable
Current Ratio	1.00	1.00	(0.07%)	Not Applicable
Debt Equity Ratio	0.88	1.71	(48.42%)	The Company has repaid its short-term borrowings i.e. Buyers Credit Facilities and Commercial Papers during the year
Operating Profit Margin (%)	6.10%	6.55%	(6.81%)	Not Applicable
Net Profit Margin (%)	3.14%	2.07%	51.76%	There was an exceptional loss of ₹ 181 Crore in FY18, which if excluded, the ratio shall be comparable and within normal parameters.
Return on Net worth (%)	15.00%	5.04%	197.48%	Ratio shows significant improvement during the year due to: 1. Exceptional loss of ₹ 181 Crore reported in FY18 2. Demerger of Gas and Renewable undertakings which had adverse impact on the Net worth.

Risk Mitigation

The Company is exposed to business risks which may be internal as well as external. The Company has a comprehensive risk management system in place, which is tailored to the specific requirements of its diversified businesses, is deployed, taking into account various factors, such as the size and nature of the inherent risks and the regulatory environment of the individual business segment or operating company. The risk management system enables it to recognize and analyze risks early and to take the appropriate action. The senior management of the Company regularly reviews the risk management processes of the Company for effective risk management.

The Company is subject to risks arising from interest rate fluctuations. The Company maintains its accounts and reports its financial results in rupees. As such, the Company is exposed to risks relating to exchange rate fluctuations. The Corporate Risk Management Cell works with the businesses to establish and monitor the specific profiles including strategic, financial and operational risks.

We believe that our multi-location operations also allow us to leverage the competitive advantages of each location to enhance our competitiveness and reduce geographic and political risks in our businesses.

Services Transformation

The objective of the Services Transformation program is to strengthen the delivery capabilities and governance effectiveness across all corporate services, to enable Services to support Group and Business growth and sustainability agenda. This underlines the need for Services to continually evolve and transform themselves, to be able to deliver on ever growing expectations.

The program includes capacity building for services, greater empowerment and accountability at Sites and with expertise leverage across group as guiding principles. Key services have focused on operating models, keeping the service peculiarities, industry practices and delivery expectations, besides the overarching principles.

As a follow-up, services have strengthened organization structure, KRAs of key roles, operational processes and delegation of authority. Besides, the governance framework for Services has been also strengthened to sharpen focus on agreed priorities and monitoring progress.

Integral part of the service transformation program is competency development in each of the service. Accordingly Services are in the process of refining the competency frameworks and designing competency development programs based on baselines created through assessments. Group is engaged with Academic institutes of repute to design and deliver programs to employees working at different competency levels.

Towards leveraging the power of networked organization, several collaboration platforms have been created including Service Function Councils and All-Service Councils. These councils would provide platforms for deliberating common evolution agenda, debate specific solutions, and explore options of expertise and resource sharing across boundaries.

Service Transformation Program is a multi-year mission, wherein the foundational elements for next stage of evolution have been put in place, while the design and roll-out various across services and shall be tracked to effective execution in coming years.

Internal Control

The Company has put in place strong internal control systems and best in class processes commensurate with its size and scale of operations.

There is a well-established multidisciplinary Management Audit & Assurance Services (MA&AS) that consists of professionally qualified accountants, engineers and SAP experienced executives who carry out extensive audit throughout the year, across all functional areas and submit reports to Management and Audit Committee about the compliance with internal controls and efficiency and effectiveness of operations and key processes risks.

Some Key Features of the Company's internal controls system are:

- Adequate documentation of Policies & Guidelines.
- Preparation & monitoring of Annual Budgets through monthly review for all operating & service functions.
- MA&AS department prepares Risk Based Internal Audit scope with the frequency of audit being decided by risk ratings of areas / functions. Risk based scope is discussed amongst MA&AS team, functional heads / process owners / CEO & CFO. The audit plan is formally reviewed and approved by Audit Committee of the Board.
- The entire internal audit processes are web enabled and managed on-line by Audit Management System.
- The Company has a strong compliance management system which runs on an online monitoring system.
- The Company has a well-defined delegation of power with authority limits for approving revenue & capex expenditure which is reviewed and suitably amended on an annual basis
- The Company uses ERP system (SAP) to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information.
- Apart from having all policies, procedures and internal audit mechanism in place, Company periodically engages outside experts to carry out an independent review of the effectiveness of various business processes.
- Internal Audit is carried out in accordance with auditing standards to review design effectiveness of internal control system & procedures to manage risks, operation of monitoring control, compliance with relevant policies & procedure and recommend improvement in processes and procedure.

The Audit Committee of the Board of Directors regularly reviews execution of Audit Plan, the adequacy & effectiveness of internal audit systems, and monitors implementation of internal audit recommendations including those relating to strengthening of company's risk management policies & systems.

Human Resource Strategy

As an organisation, the Company strongly believes that Human Resources are the principal drivers of change. They push the levers that take futuristic businesses to the next level of excellence and achievement. The Company focuses on providing individual development and growth in a professional work culture that enables innovation, ensures high performance and remains empowering. Our lot of focus has been given to HR Transformation activities to revamp the HR organisation structure and processes. The new human resource management systems and processes are designed to enhance organisational effectiveness and employee alignment. The result is that the Company is able to work towards creating leadership in all the businesses that it operates. During the year, several initiatives, such as performance management systems, Learning & Development system, and Talent Management system were put in place to efficient & effective organisation. A lot of focus is being given to enhance people capability through e-learning management system. The broad categories of learning & development include Behavioural, Functional / Domain and Business related.

Many other programs for employee rejuvenation and creating stronger inter-personnel relations, team building as well as aimed at further strengthening the bonding across all divisions and locations of the company were organized in the year. These programs help employees significantly in leading a balanced work life in the organization. The HR function is committed to improve all its processes based on the results and feedback and ensure that its manpower will remain its greatest asset.

Cautionary Notice

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations and others may constitute "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ from those expressed or implied. Several factors that could significantly impact the Company's operations include economic conditions affecting demand, supply and price conditions in the domestic and overseas markets, changes in the Government regulations, tax laws and other statutes, climatic conditions and such incidental factors over which the Company does not have any direct control.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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