Adani: A World Class Infrastructure & Utility Portfolio

Flagship
- Incubator
  - (70.5%)
  - AEL

Infrastructure and Utility Core Portfolio
- Energy & Utility
  - (53.4%)
  - AGEL Renewables
  - (37.4%)
  - ATGL2 Gas Discom

- Transport & Logistics
  - (71.4%)
  - AESL T&D
  - (66.9%)
  - APL IPP

- Materials, Metal & Mining
  - (64.0%)
  - APSEZ Ports & Logistics
  - (100%)
  - NQXT1

- Transport & Logistics
  - (100%)
  - AAHL Airports
  - (100%)
  - ARTL Roads

Primary Industry
- Materials, Metal & Mining
  - (63.2%)
  - Cement4

- Direct to Consumer
  - PVC
  - (100%)
  - Copper, Aluminum
  - (100%)
  - Specialist Manufacturing5
  - (100%)
  - NDTV
  - (64.71%)
  - ADL Digital
  - (100%)

Emerging B2C
- AWL Food FMCG
  - (44.0%)

A multi-decade story of high growth centered around infrastructure & utility core


**Adani Portfolio:** Decades long track record of industry best growth with national footprint

**Secular growth with world leading efficiency**

- **Growth 3x**
  - EBITDA 70% \(^{1,2}\)

- **Growth 4x**
  - EBITDA 92% \(^{1,4}\)

**National footprint with deep coverage**

- **Growth 3x**
  - EBITDA 91% \(^{1,3,5}\)

- **Growth 1.4x**
  - EBITDA 19% \(^{1,3}\)

---

*Note: The growth multiple at the company level is times (x) of industry capacity growth during the comparison period. 1. Data for FY23; 2. Margin for ports business only, excludes forex gains/losses; 3. EBITDA = PBT + Depreciation + Net Finance Costs – Other Income; 4. EBITDA Margin represents EBITDA earned from power supply; 5. Operating EBITDA margin of transmission business only, does not include distribution business; PBT: Profit before tax, ATGL: Adani Total Gas Limited, AEL: Adani Enterprises Limited, APSEZ: Adani Ports and Special Economic Zone Limited, AESL: Adani Energy Solutions Limited, APL: Adani Power Limited, AGEL: Adani Green Energy Limited; Map not to scale; The consumer base number is Airports, Mumbai Distribution and Adani Gas Ltd*
Adani: Repeatable, robust & proven transformative model of investment

### Phase

#### Centre of Excellence

**Activity**
- Analysis & market intelligence
- Viability analysis
- Strategic value

**Performance**
- India's Largest Commercial Port (at Mundra)
- Longest Private HVDC Line (Mundra – Mohindergarh)
- 2,140 MW Hybrid cluster operationalized in Rajasthan in FY23
- India's first and World's largest solar-wind hybrid cluster
- Centralized continuous monitoring of plants across India on a single cloud-based platform

### Development

**Project Management & Assurance Group**

**Origination**
- Site acquisition
- Concessions and regulatory agreements
- Investment case development

**Site Development**
- Engineering & design
- Sourcing & quality levels
- Equity & debt funding at project

**Construction**
- Life cycle O&M planning
- Asset Management plan

**Operation**
- Redesigning the capital structure of the asset
- Operational phase funding consistent with asset life

**Capital Mgmt**
- Duration Risk Matching
- Forex Currency Risk Management
- Interest Rate Risk Management
- Governance & Assurance
- (ABEX - Adani Business Excellence)

### Operations

**AIMSL**

**Policy - Strategy - Risk**

AESL: A platform well-positioned to leverage growth opportunities in energy domain

Development

Execution Prowess
- Transmission Network of 19,820 ckm\(^1\)
- Built Longest Private HVDC Line \(^2\)

Operational Efficiency
- Robust network availability of 99.7%
- One of the lowest Distribution losses in the country (5.93% in FY23 in AEML)
- Highest EBITDA margin in the sector (91% in Transmission)

Returns and Equity Value Creation

Equity Partnerships\(^3\)
- Secured primary and secondary equity investments from marquee investors – QIA in AEML in 2019, IHC in 2022 and GQG Partners in 2023 in AESL (infusion of US$ 1.617 million)

Operations

Strategic Presence
- Transmission - Presence in 14 states
- Distribution - Integrated utilities catering to Mumbai (AEML) and Mundra (MUL)
- Smart Meters - Presence in 3 states

Consumer-centricity
- Supplier of choice for 12 million+ consumers with a green power option
- Smart Metering (64 million potential consumer base)
- CSAT surveys for 12 critical processes for high consumer satisfaction (top 3%)

Construction Framework Agreement
- Fully funded plan, AESL has raised US$ 700 mn (US$ 1.1 bn fully drawn) revolving facility, additional US$ 2 bn GMTN program in place for AEML Capex program

Equity Partnerships\(^3\)
- Secured primary and secondary equity investments from marquee investors – QIA in AEML in 2019, IHC in 2022 and GQG Partners in 2023 in AESL (infusion of US$ 1.617 million)

RAB expansion through Asset Hardening in Discoms
- 8% CAGR growth in RAB in Mumbai Discom in 5 years (since acquisition)
- AEML growth strategy is emulated in MUL

Embedded ESG Framework
- Decarbonisation of Grid (Achieved 30% RE power and on track to reach 60% by FY27)
- Installed 3.36 MWp solar capacity for auxiliary consumption at substations
- Board Diversity and Strengthening

Significant Growth Potential
- Parallel Licensing, Smart Metering and Cooling Solutions
- Increasing participation in renewable grid (eg: HVDC Mumbai, Khavda)
- Green industrial cluster in Mundra

Note: 1) Transmission network is as of June 2023 and includes operational, under-construction assets; 2) HVDC - High voltage direct current – Longest at the time of commissioning; 3) QIA’s investment in AEML: US$ 452 mn (Rs 32 bn) total investment (US$ 170 mn of Equity and US$ 282 mn of shareholder sub-debt); IHC investment is Rs. 3850 Crs for 1.41% stake (US$ 500 million), GQG Investment of Rs. 5,532 Cr (US$ 665 million) for 6.63% stake based on closing price of Rs 878 dated August 20, 2023. QIA: Qatar Investment Authority, IHC: International Holding Company; TOD Tariff: Time of Day Tariff; AMI: Advanced Metering Infrastructure, MUL: MPSEZ Utilities Limited; EBITDA: Earning before interest tax, depreciation & amortization; ROE: Return on Equity; GMTN: Global Medium Term Note; AEML: Adani Electricity Mumbai Limited; CAGR: Compounded Annual Growth Rate; RE: Renewable Energy; CSAT: Consumer Satisfaction.
About AESL
AESL: Business Snapshot

Adani Family 71.4% → IHC 1.4% (1) → GQG 6.6% (3) → Public Shareholding 20.6%

Transmission

Section 63 Fixed tariff (4)
Section 62 RAB Assets

Distribution

AEML Mumbai (400 sq. km)
MUL Mundra (85 sq. km)
Parallel License (under approval):
- Navi Mumbai and Thane
- Gautam Buddha Nagar
- Mundra Subdistrict

Smart Metering

16 million smart meters with a contract value of Rs. 197 billion (LOA) (5)

District Cooling

100%

Notes:
1) Primary equity by IHC Investment: Rs. 3850 Cr for 1.41% stake (US$ 500 million)
2) Primary Equity - QIA's Investment in AEML: US$ 452 mn (Rs. 32 bn) total investment (US$ 170 mn of Equity and US$ 282 mn of shareholder sub-debt) for 25.1% stake in AEML
3) GQG's Secondary Investment of Rs. 5,532 Cr (US$ 665 million) for 6.63% stake based on closing price of Rs 878 dated August 20, 2023
4) Tariff based competitive bidding (TBCB)
5) Smart Meter Project details: (i) Brihanmumbai Electric Supply & Transport Undertaking (BEST) – 10.8 lakh smart meters (Rs. 13 bn) (ii) 3 Andhra Discoms – 27.7 lakh smart meters (Rs. 17 bn) (iii) 2 MSEBCL projects – 115.9 lakh smart meters (Rs 139 bn)

AEML: Adani Electricity Mumbai Limited; MUL: MPSEZ Utility Limited; AMI: Advanced Metering Infrastructure; HVDC: High voltage direct current; LOA: Letter of Award; LOI: Letter of Intent; Ckm: Circuit Kilometer; SEZ: Special Economic Zone; Sq.Km: Square Kilometer; PDSL: Power Distribution Services Ltd.
Transformational Journey with Robust Growth and Credit Discipline

EBITDA (Rs. Crs)

- FY16: 1,997
- FY17: 2,005
- FY18#: 2,937
- FY19: 3,113
- FY20: 4,519
- FY21: 5,066
- FY22: 5,493
- FY23: 6,101

**Notes:**
1. Credit Rating: Fitch / Moody’s ratings
2. Net-debt to EBITDA ratio calculation considered only long-term debt at hedge rate and excluded sub-debt.
4. EBITDA: Earning before interest and depreciation.
5. CAGR: Compounded Annual Growth Rate.
6. #Includes one-time income of Rs. 873 Crores recognised during the year based on CERC order.

**AESL is Investment grade rated since FY16**

- FY16: BBB- / Baa3
- FY23: BBB- / Baa3

**Credit Rating:**
- FY16: BBB- / Baa3
- FY23: BBB- / Baa3

**Average Maturity:**
- FY16: 5.8 years
- FY23: 8.1 years

**Net Debt to EBITDA**

- FY16: 4.2
- FY21: 3.8
- FY22: 4.2
- FY23: 4.0

**Gross Fixed Assets**

- FY16: 11,317
- FY21: 37,279
- FY22: 41,826
- FY23: 46,934

Notes: (1) Credit Rating: Fitch / Moody’s ratings (2) Net-debt to EBITDA ratio calculation considered only long-term debt at hedge rate and excluded sub-debt; 3) Gross Fixed Assets: Fixed Assets includes Property, Plant & Equipment, Right of Use Assets, Capital Work in Progress, Goodwill & Other Intangible Assets; EBITDA : Earning before interest tax and depreciation; CAGR: Compounded Annual Growth Rate. #Includes one-time income of Rs. 873 Crores recognised during the year based on CERC order.
Transmission
Transmission Business

Section 63 (Fixed tariff):
- 29 Transmission Assets
  - 20 Operating Assets
  - 9 Under-construction Assets
  - Levelised tariff: Rs 18 Bn p.a.

Section 62 (RAB Assets):
- 5 Transmission Assets
  - 4 Operating Assets
  - 1 Under-construction HVDC Asset
  - Regulated Asset Base: Rs 109 Bn
  - Levelised tariff: Rs 15 Bn p.a.

Key Characteristics:
- Concession Life: 35 years
- Counterparty: Network pool (Centre and State)
- No Throughput Risk (Availability based tariff)
- Efficiency-linked incentives >> higher returns

Market Opportunity:
- Rs 2,280 Bn (US$ 28 bn) opportunity for private sector over 10-15 years

Notes: 1) Tariff based competitive bidding (TBCB), RAB: Regulatory Asset Base, p.a.: per annum; HVDC: High Voltage Direct Current
Asset Portfolio – Presence Across the Country

~19,820 ckt km Transmission Line
~52,001 MVA Transmission Capacity

14 States

No | Operational | Ckt Kms |
--- | --- | ---
1 | MEGPTCL | 1,217 |
2 | ATIL | 3,834 |
3 | ATSCL | 97 |
4 | MTSCIL | 300 |
5 | WTGL | 974 |
6 | WTPL | 2,089 |
7 | AEML | 572 |
8 | STL | 348 |
9 | RRWTTL | 611 |
10 | CWRTL | 434 |
11 | ATRL | 278 |
12 | HPTSL | 116 |
13 | BPTSL | 133 |
14 | TPTSL | 164 |
15 | ALTTL | 650 |
16 | GTL | 897 |
17 | FBTTL | 292 |
18 | BKTL | 481 |
19 | ATBPSL | 343 |

No | Under construction | Ckt Kms |
--- | --- | ---
20 | OBTL | 630 |
21 | WRSS XXIA | 295 |
22 | LBTL | 351 |
23 | JKTL | 37 |
24 | MUL | 151 |

Subtotal (A) | 15,294 |

No | Under construction | Ckt Kms |
--- | --- | ---
26 | NKTL(1) | 304 |
27 | KVTTL | 74 |
28 | WKTL | 1,756 |
29 | AEMIL | 80 |
30 | MP II | 1,060 |
31 | KHAVDA | 217 |
32 | KARUR | 9 |
33 | WRSR | 630 |
34 | Khavda Part A | 355 |
35 | KPS - 1 | 42 |

Subtotal (B)* | 4,527 |

Total (A+B) | 19,820 |

*Out of 4,527 ckm, 631 ckm was operationalised in Q1FY24

Private Participants Opportunity of ~US$ 28 bn projects over 10-15 years

Attractive Industry Opportunity backed by strong policy support

- Mandatory competitive bidding introduced since 2006 (TBCB) has created a level playing field for private players
- Private sector has won 47 projects out of total 77 transmission TBCB projects awarded since April-15(2)
- Identified TBCB opportunity in near-term is about Rs. 750 Bn / US$ 9.0 Bn(2) under RFP/RFQ stage
- Schemes like UDAY, 24x7 Power for All, Village Electrification etc. strengthening the value chain

Growth in transmission lines and transformation capacity

<table>
<thead>
<tr>
<th>Year</th>
<th>Transmission Lines ('000 cmks)</th>
<th>Transformation Capacity ('000 MVA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>404</td>
<td></td>
</tr>
<tr>
<td>FY24 (P)</td>
<td>868</td>
<td></td>
</tr>
<tr>
<td>FY29 (P)</td>
<td>1,208</td>
<td>1,618</td>
</tr>
<tr>
<td>FY34 (P)</td>
<td>2,093</td>
<td></td>
</tr>
</tbody>
</table>

Source: i) Opportunity size as per internal study conducted by Deloitte in Jan 2019, ii) CEA (Central Electricity Authority) Notes: 1) FX rate as on May 2023, of US$/INR – 82; 2) Data as of July 2023

RE penetration & General Network Access to boost system strengthening

- Renewable Penetration
- General network access (GNA)

500 GW Target by 2030

GNA Regulations for access to inter-state transmission systems since 2017

Rs 2.4 Lakh Crs (US$ 30 billion) Transmission opportunity by 2030 (as per CEA’s report dated December 2022)

Overall investment of Rs. 8,180 Bn / US$ 100 bn over 10-15 years

<table>
<thead>
<tr>
<th>Component</th>
<th>Investment (US$ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PGCIL</td>
<td>2.870</td>
</tr>
<tr>
<td>Private Sector</td>
<td>2.280</td>
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<tr>
<td>STU's</td>
<td>3.030</td>
</tr>
</tbody>
</table>

Private Participants Opportunity of Rs. 2,280 Bn / US$ 28 bn

Business Philosophy focusing on De-risking at every stage of project lifecycle

**Route Identification & Survey**
- Route alignment on topographic maps to optimize route & identify key parameters
- Utilization of Drones for route survey
- Robust site diligence and route planning to minimize project cost and ROW issues

**Project Planning & Scheduling**
- Robust Pre bid estimation of ROW, Project Cost and Timelines resulting in assurty of returns
- Solid vendor management and strong relationships adds to business sustainability and avoid cost escalations

**Capital Management**
- Takeout of construction debt post commissioning (eg: USPP issuance)
- Maintained international investment grade rating while achieving impressive growth

**Construction Finance**
- Derisked financing through fully-funded plan
- Revolving Construction facility of US$ 700mn for transmission and GMTN program of US$2 bn for AEML
- LC facility to reduce financing cost & optimize funding schedule

**Tech Enabled Operations**
- Life cycle O&M planning
- Reliability centered Maintenance
- Remote operation of sub-stations and integration with Energy Network Operating Centre

**Project Execution**
- Complex projects experience: Completed HVDC project (~1000 kms) in a record time of 24 months
- Contracting methodology focused on derisking – competitively awarded on fixed price & fixed time basis
- Availability of large talent pool and in-house capabilities

**EPC**: Engineering, procurement, and construction; **O&M**: Operations & Maintenance; **USPP**: US Private Placement; **LC**: Letter of credit; **GMTN**: Global Medium-Term Note, **AEML**: Adani Electricity Mumbai Limited.
**Project Management & Assurance Group (PMAG) - End to End Project Integration**

- **Concept**
- **Integrated Project Management**
- **Commissioning**

**Strength:** Team of 90 professionals having hands-on experience of 2,000+ man-years of complete project management cycle of small, medium & large projects

### Bidding Stage
- Integrating & providing cross functional support for Bidding Process
- Site Location Assessment, coordinating for field visits
- Bid stage scope finalization & technology adoption with engineering
- Bid Stage Cost Estimates
- In case of M&A's, collaborating and assessment of asset

### Project Development
- Collaborates for Technology finalization & Scope
- Execution Strategy
- Contracting Strategy
- Detailed Project Report
- Coordinating for connectivity & evacuation
- Level 1 Project Schedule
- Capex Budgets and Estimates
- Risk Assessment & plan
- Procurement Planning
- Financial Closure Plans

### Project Execution
- Integrated L3 Project Schedule
- Baselining Cost and Resource plans
- Issue & Risk Management
- Supply Chain Management and Contract Administration
- Contractor & Vendor Management
- Change Management
- Monitoring Approvals , Permits & Licenses
- Managing Lenders & LIE interface
- Cash Flow Management
- Project Monitoring & Control
- Mid Course Corrections (Catch up)

### Project Close Out
- Facilitating the Handover & punch list closure
- Contract Closures
- Close Out Report
- Material Reconciliation
- Spares Handover
- Closure of LIE and Lender Reports
- Stakeholder Recognition
- Finalizing the Final Costs
- Ensuring built as per Drawings

---

M&A: Merger & Acquisition; LIE: Lender's Independent Engineer
Distribution Business

Section 62 (RAB Assets)

AEML
- Mumbai 400 sq km license area
- Regulated Asset Base: Rs 79 Bn

MUL
- Mundra SEZ 85 sq km license area
- Regulated Asset Base: Rs 0.8 Bn

Parallel Licensing
(applied and proposed)

- Navi Mumbai & Thane
- Gautam Buddha Nagar
- Mundra Subdistrict

Parallel Distribution Licensee: Target ≥ 20% of the total market size (38.8 BUs or ~4.5 Mn customers or Rs 200 Bn capital outlay)

Key Characteristics

- License period: Perpetual
- Counterparty: Pool of 12 Mn+ consumers
- No throughput risk (RAB based returns)
- O&M costs are pass-through

RAB: Regulated Asset Base; AEML: Adani Electricity Mumbai Limited; MUL: MPSEZ (Mundra Port Special Economic Zone) Utility Limited; sq km: square kilometers; O&M: Operations & Maintenance
AEML Distribution: India’s No. 1 power utility, as per MoP, McKinsey, PFC (Scored 99.6/100)

Largest Integrated utility in India’s Commercial Capital - Mumbai

- Servicing 85% of Mumbai, touching 2/3 households of Mumbai
- One of the largest mega city in the world to achieve 30% renewable power

Note: 1) Others include BEST, MSEDCL & Tata Power; 2) Source – Population Of Mumbai 2020 (Demographic, Facts, etc.) – India Population 2020
MoP: Ministry of Power; PFC: Power Finance Corporation; BKC – Bandra Kurla Complex, MW- Mega Watt, GDP: Gross Domestic Product; CAGR: Compound Annual Growth Rate, RAB: Regulatory Assets Base; FAC: Fuel Adjustment Charges; Map not to scale

AEML – Key Milestones Since Acquisition

- RAB Addition (Rs Crs)
- Capitalised RAB (Rs Crs)
- Approved RAB
- Forecast
- Distribution losses %
- Average Billing Rate (Rs/unit ex FAC)

About Mumbai

8th Most Populous City in World
25th Richest City in world based on GDP (US$)

Mumbai Consumers

- 2.2x Per capita income of India
- Rs 3,28,000 Per capita income of Mumbai (FY20)
- Rs 36,000 Avg Annual Electricity Bill of AEML Consumer
- ~6% Average electricity bill as % of per capita income

Gateway of India

Others

International Airport

BKC

30% Green power (FY23)

60% Green power (by FY27)

• Servicing 85% of Mumbai, touching 2/3 households of Mumbai
• One of the largest mega city in the world to achieve 30% renewable power

Capex-led growth in Regulated Asset Base to drive growth in returns (Rs. 46 Bn over FY24-26)
MPSEZ Utilities Limited (MUL) - Overview

Mundra SEZ is strategically located with well developed supporting infrastructure serving as an attractive industrial hub

- Electricity Distribution for Mundra SEZ area
- 160 Kms Distribution network
- Catering primarily to commercial and industrial consumers
- Section 62 (RAB Based) asset governed by Gujarat Electricity Regulatory Commission

- Mundra SEZ is India's largest multi-product SEZ spread across 84 sq km
- Mundra port is India's largest private commercial port with capacity to handle cargo of ~264 MMT
- SEZ also has a huge land bank reserve for large-scale industries in future
- Given the large industry cluster opportunity in Mundra SEZ area and the accompanying expected growth in power demand, AESL is well placed to grow the MUL business

MUL's existing load of MUL is ~80MW, which is expected to grow multifold due to new investments in copper, petrochemicals and solar manufacturing & ancillary industries in the Mundra region.

Note: 1) As per Tariff Petition for FY23 and True-up Order for 2020-21; 2) Normative level as per FY23 tariff order; 3) MUL signed a co-developer agreement with APSEZ providing it a deemed licensee status from 2011 for the SEZ license area valid till 2036; MUL: MPSEZ Utilities Limited; AESL: Adani Energy Solutions Ltd.; MM'T: Million Metric Tons; SEZ: Special Economic Zone; MUL: Million Units; Mn: Million, RAB: Regulated Asset Base; PPC: Power Purchase Cost; GW: Giga watts; Map not to scale

20
Distribution and Parallel License Opportunity

- Power distribution is one of the largest consumer-facing sectors in the country. 96.7% of ~270 mn households\(^1\) in India are connected to the grid and primarily owned and operated by state governments.

- AESL’s Distribution platform intends to position as the electricity supplier of choice.

- Parallel Distribution Licensee – enabled under 6\(^{th}\) proviso to section 14 of Electricity Act 2003 as follows:

  “The Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements [relating to the capital adequacy, credit-worthiness, or code of conduct] as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose.”

- Proposed Total Capital Outlay\(^2\) of Rs. 200 Bn over 8 years.

- Parallel Distribution Licensee\(^2\): Target ≥ 20% of the total market size – 38.8 BUs or approx. 4.5 million customers.

---

**Available Opportunities**

- **Parallel Licensing**: in more than 3 new regions with potential 9x growth in the distribution area\(^3\)

- **Expansion of MUL Discom license area**

- **Further RAB additions in AEML**

- **Distribution Platform**: for Group consumers and commercial and industrial customers

---

**Adani’s Core Competency and Distribution Expertise**

- **Our Competitive Advantage**
  - **Cost Competitiveness**: Cheap bulk power sourcing, Opex control
  - **Digitization**: Tech-enabled solutions for efficient operations
  - **Technical Expertise**: Regulatory framework, Network design & operations
  - **Value Added Services**: Green Power, Energy Audits, EV Charging
  - **Reliability**: Delivering world class reliability & quality of supply

---

**AESL’s Core Strengths and Available Synergies in the Distribution space:**

Experience of operating AEML – the No. 1 Discom in the country | Expertise of operating in a multi-player competitive environment

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1) Source: India Residential Energy Survey (IRES 2020). 2) As per internal study; 3) Applied for Mundra subdistrict (1000 sq kms), Navi Mumbai (700 sq kms) and Gautambuddha Nagar (1,750 sq kms) and AEML (existing ~ 400 sq km). AMI: Advanced Metering Infrastructure; EV: Electric Vehicles; RAB: Regulatory Asset Base; AESL: Adani Electricity Mumbai Ltd; MUL: MPSEZ Utilities Ltd; BU: Billion Units.

Further RAB additions in AEML
Smart Metering

Sample Meter

Type: SM1B-10

1 Ph. 2 Wire ac. Statics with Smart Meter

W.P. No. 7/12/19

GP6648789}
Smart Metering Business

**Key Characteristics**

- **Contract period**: 10 Years
- **Payment Security through Direct debit facility**
- **Counterparty**: Pool of over 64 million consumers
- **Enhanced energy efficiency and RE integration**
- **Revolving capex model aided by upfront billing**

**Smart Metering**

- **DBFOOT (Totex Model) Capex + Opex**
- **Under Implementation**
  - 7 Contracts (16.2 Mn Meters)
  - Contract Value: Rs 197 billion

**Market Opportunity**

- 250 mn meters - Capital investment of ~INR 2,200 bn by 2026

**Note**: LOA: Letter of Award; Selected as preferred bidder, contract under negotiation; DBFOOT: Design, Build, Finance, Own, Operate, Transfer; RE: Renewable Energy; Contract smart meters (million): BEST – 1.1 mn, Assam – 0.8 mn, Andhra – 2.8, MSEDCL: 11.6
Smart Metering Contractual Framework

Payment Flow under the Direct Debit Facility Agreement (DDF Agreement)

- Payments shall commence one month after "Operational Go Live" Operational Go-Live shall be considered upon successfully installing 25K nos. of smart meters
- All payments due to AMISP shall be governed under the DDF Agreement
- Direct Debit Facility Agreement uniform to all discoms, finalized by REC being the Nodal Agency
- Payment shall be made through ‘Direct Debit Facility’ (DDF) from a dedicated account to the account of the SPV
- Direct Debit facility will include bucket filling approach whereby all consumer bill payments to the extent of the invoice smart meter will be routed to the SPV’s Bank account

Key Highlights of the Contractual Framework

- Implementation model – Design, Build, Finance, Own, Operate, Transfer (DBFOOT) model with complete responsibility of development and O&M on Implementing agency (AMISP)
- End to End Smart Metering services with a contract period of 10 years, and Smart Meter, including installation period of 27 months
- Revenue inflows are received immediately on installation
- Monthly fees for assuring meter installation and its integration with system
Market Dynamics – Smart Metering Business

- AESL’s Market Share (LOA and L1) – 31% out of 109 Mn Smart Meters tendered so far
- Untapped market – 141 Mn Smart meters

Total Smart Meters

250 Mn

LoA awarded, 20.7%
L1 (Negotiation Stage), 22.9%
Tender ongoing, 14.2%
Technical Evaluation, 3.0%
Tender yet to float, 39.2%

AESC

Of the targeted 250 Mn meters, India has bid out 44%, of which AESL Smart Meters has secured 31% market share

AESL has an LOA for 16.2 Mn smart meter qty.
with an order value of Rs 197 billion (US$ 2.4 bn)

AESL’s Core Strengths and Available Synergies:
- Distribution & Smart Metering Experience
- Expanding Distribution business across India
- Pan India presence

Source: Ministry of Power (PowerLine) | 1. ‘Bid Out’ includes awarded (LOA) & L1 (negotiation stage) | Note: DBFOOT: Design, Build, Finance, Own, Operate, Transfer; LOA: Letter of Award; Map not to scale;
Smart Metering Opportunity under RDSS

- Smart meters enable demand side management, better efficiency & technological interventions to improve quality of power supply
- Hence, GoI has embarked on a very ambitious target of deploying 250 mn smart meters over next 3 years by FY26
- **Smart Metering Opportunity** – Estimated Market Size of 250 mn meters requiring investment of ~INR 2,200 bn (US$ 27 bn) by FY26\(^1\)
- Outlay of $32.8Bn including central govt. grant of $2.8Bn (~15% of project cost)

<table>
<thead>
<tr>
<th>Reduce AT&amp;C Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Accurate and consistent energy accounting of all feeders</td>
</tr>
<tr>
<td>- Data analysis and revenue protection</td>
</tr>
<tr>
<td>- 100% consumers are metered</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improve Financial Viability</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Improving cash flow and collection efficiency</td>
</tr>
<tr>
<td>- Managing subsidized consumers more efficiently</td>
</tr>
<tr>
<td>- Improve gap between cost of supply and tariff</td>
</tr>
<tr>
<td>- Optimized staff / manpower</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Providing Better Services to Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Improving power availability to the extent of 24X7</td>
</tr>
<tr>
<td>- Optimize power consumption through Time of Day (TOD) tariff</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Billing efficiency improved from 80.7% in FY16 to 85.9% in FY22</td>
</tr>
<tr>
<td>- Collection efficiency improved from 94.2% in FY16 to 97.2% in FY22</td>
</tr>
</tbody>
</table>

GoI has focus on smart meter deployment, through the Revamped Distribution Sector Scheme (RDSS)

Notes: 1) As per internal estimates 2) Fx rate INR/US$: 82.00
GoI: Government of India; DISCOM: Distribution Company; PFC: Power Finance Corporation; Mus: Million Units; ACS: Average Cost of Supply per Power Unit; ARR: Average Revenue Realized; AT&C: Aggregate Technical & Commercial;
District Cooling
District Cooling Business

The District Cooling System (DCS) produces chilled water in a central plant and distributes cooling capacity in the form of chilled water from the central plant to multiple buildings through a network of underground pipes for use in space and process cooling.

- **Large Addressable Market and Existing Synergies**
  - Opportunity to unlock potential in nation-wide Infrastructure (airports, data centers, SEZs, reality space)
  - Limited competition and presence

- **Demographic and economic trends to drive cooling demand**
  - Rising per capita income & urbanization coupled with higher AC ownership (penetration of 8% in 2022) cooling energy consumption will increase

- **DCS demand to be driven by four key segments**
  - Airports, Industrial Cooling, Commercial Real Estate and Data Centers are the primary segments which will drive the demand

- **Integrated Utility Offering**
  - Potential to offer as an integrated solution along with power transmission, distribution, smart metering and power trading

- **ESG Integration**
  - Sustainable Cooling Solution for a Low Carbon Future

Sources: CEA, ICAP, IEA, World Economic Forum, Scatista, Daikin, NROD, Praxis, CREDAI/CBRE, Adani Connex, Boeing, Internal analysis, DCS: District Cooling System; ESG: Environment, Social & Governance; SEZ: Special Economic Zones
Four key segments to drive India’s DCS demand

Commercial Real Estate
To experience growth from 0.6 bn sqft (2019) to 1 bn sqft (2030)

Industrial Cooling
Global industrial cooling market, expected to reach ~$27 billion by 2030 @ CAGR of 5%

Data Centers
Data center cooling market growing @ CAGR of 22% to $700 Mn over next 5 years

Airports
Indian air passenger traffic to double (vs pre-Covid level) by 2030

AESL Focus Areas
An aggregate DCS demand potential of over 7.92 Mn TR by FY30

Cumulative Cooling Demand from key segments by FY30 (1) (in Mn TR)

- Commercial Real Estate: 16% of 44.04 Mn TR
- Industrial Cooling: 20% of 2.66 Mn TR
- Data Centers: 80% of 0.35 Mn TR
- Airports: 83% of 0.06 Mn TR

Notes: (1) Cum. Cooling demand (new) and DCS market potential is considered from FY 24-25 onwards
TR: A ton of refrigeration; CAGR: Compounded Annual Growth Rate

Sources: Cooling India, ICAP, CREDAI/CBRE, CEA, IEA, EINA, Adani Connex, Boeing, Internal analysis

Notes: 1) Cum. Cooling demand (new) and DCS market potential is considered from FY 24-25 onwards
TR: A ton of refrigeration; CAGR: Compounded Annual Growth Rate
Growth with **Goodness**

**ESG Framework**
AESL: ESG Framework

Guiding Principles and Disclosure Standards
- United Nations Global Compact
- GHG Protocol
- SBTi
- TCFD
- IR framework reporting
- CDP disclosure
- UN Sustainable Development Goals
- GRI Standards

Policy Structure
- E: Environment Policy
- Energy Management System
- S: Corporate Social Responsibility Policy
- Occupational Health & Safety Policy
- Customer Grievance Redressal Mechanism
- G: Corporate Social Responsibility Committee
- Corporate Responsibility Committee
- Risk Management Committees
- Stakeholders Relationship Committee

Focus Areas
- UNSDG aligned:
  - Affordable & Clean Energy
  - Sustainable Cities and Communities
  - Climate Action
  - Good Health & well being
  - Quality Education
  - Industry, Innovation & Infrastructure
- Others:
  - Consumer empowerment

Our Commitment:
- Increase renewable power procurement to 60% by FY27 (achieved 30% RE in FY23) (SDG 7)
- Reduce GHG Emission Intensity(1) to 40% by FY25, 50% by FY27 and 60% by FY29 (SDG 13)
- Achieve Zero Waste to Landfill(2) for all operational sites (achieved in FY23)
- Achieve Single Use Plastic Free(2) (achieved in FY23)

Notes:
1) GHG Emission Intensity = tCO2 / Rs Cr EBITDA; 2) Confederation of Indian Industry - ITC Centre of Excellence for Sustainable Development (CII-ITC CESD) certified SUP Free status to 37 operational sites of AESL, i.e., 30 substations and 7 transmission line clusters including stores; 3) AEML, being subsidiary of AESL with ~40% of reported EBITDA share, reports disclosures through AESL; 4) AEML is in process to adopt the guiding principles for independent reporting I UNSDG – United Nation Sustainability Development Goals I TCFD - Task Force on Climate-Related Financial Disclosures I SBTi - Science Based Targets Initiative I CDP - Carbon Disclosure Rating GHG – Green House Gas
AESL: Compelling Investment Case

- Evolved and stable regulatory regime has enabled growth of AESL’s business into multiple segments (Transmission, Distribution, Smart metering, District cooling) within energy domain
- Focus on Grid reliability, consumerism and shift to RE based power propelled investments in across the value chain

Favorable Industry Landscape

- Proven track record of excellence in development & construction of Transmission systems and asset hardening at AEML
- AESL remains competitive at bidding stage due to scale benefits and geographical presence across the country
- Solid vendor management and strong relationships adds to business sustainability and avoid cost escalations

Development and Construction Expertise

- Energy network operation center (ENOC) allows remote monitoring and diagnostics to enhance O&M efficiency
- Robust operational metrics - line availability, supply reliability, distribution loss, affordable tariffs
- One of the lowest O&M cost through predictive maintenance and technology excellence

Operational and Execution excellence

- Capital structure designed through debt financing at tenure matching concession life and terms akin to stable assets
- AESL is the only private sector transmission and distribution company in India with International IG Rating

Capital Management Philosophy

- Disciplined approach towards new project bidding and acquisitions; stringent IRR (returns) threshold
- Commitment to maintain strong credit profile and investment grade rating
- Strong track record of acquisition and turn around of transmission and distribution assets

Capital Allocation and turnaround capability

T&D: Transmission and Distribution; IG: Investment Grade; O&M : Operation and Maintenance, IRR: Internal Rate of Return
Annexures

35-38 ESG Initiatives
39-40 Regulatory Framework
41 AEML – Case Study
42 Smart Metering – Key Benefits
43-45 Project Level Details – Asset Portfolio
46 AESL - Board and Management Team
# Key Environmental Indicators and Milestones

## Energy Mix & Emission Intensity

<table>
<thead>
<tr>
<th>Energy Mix &amp; Emission Intensity</th>
<th>Current Status</th>
<th>Baseline</th>
<th>Medium to Long-term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>- RE share in power procurement</td>
<td>AEML has <strong>achieved 30% renewable</strong> in power mix in March 2023</td>
<td>3%</td>
<td>30% by 2023 (achieved) 60% by FY27</td>
</tr>
<tr>
<td>- GHG Emission Intensity Reduction</td>
<td>The target for GHG emissions reduction is in line with Nationally Determined Contribution (NDC) for climate change. Disclosed in terms of a reduction in GHG per unit of revenue.</td>
<td>-</td>
<td>40% by FY25 70% by FY30</td>
</tr>
</tbody>
</table>

## Waste Reduction and Biodiversity Management

<table>
<thead>
<tr>
<th>Waste Reduction and Biodiversity Management</th>
<th>Current Status</th>
<th>Baseline</th>
<th>Medium to Long-term Targets</th>
</tr>
</thead>
</table>
| - Zero waste to landfill (ZWL) | **Secured ZWL status from Intertek**  
  • Covered all operational sites (substations and TLs) of AESL  
  • Achieved landfill diversion rate exceeding 99% | No certification in FY19-20 | **Achieved ZWL for all O&M sites in May 2022** |
| - Single use plastic (SuP) free sites | **Attained SUP free status from CII-ITC CESD**  
  • Covered 37 operational sites of AESL  
  • Strengthening alignment with UNSDG 12 | No certification in FY19-20 | **Achieved SUP free status for 37 sites in March 2023** |
| - India Business Biodiversity Initiative (IBBI) and ensure no net loss to biodiversity |  
  • Signatory to IBBI and submitted first progress report in 2020  
  • **Afforestation of 441 hectares area** in FY21-22 | FY20-21 289 hectares | No net loss to biodiversity and 100% alignment with IBBI and IBBI principles based public disclosures by FY23-24 |
| - Water Neutrality (Water conservation) |  
  • **Achieved "Net Water Positive" status for 30 substations and 07 TL clusters** under UNSDG 6  
  • Carried-out rainwater harvesting feasibility study and implemented water metering across all sites | No water neutrality in FY 19-20 | **Secured Net Water Positive Certification for all O&M sites in November 2022** |

## Energy Efficiency and Management

<table>
<thead>
<tr>
<th>Energy Efficiency and Management</th>
<th>Current Status</th>
<th>Baseline</th>
<th>Medium to Long-term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Reduction in auxiliary consumption through solar power</td>
<td>3.362 MWp solar capacity at Mahendragarh, Akola, Koradi, Sami, Morena, Rajnandgaon</td>
<td>Solar capacity of 1.7 MWp in FY19-20</td>
<td>Coverage across all transmission Sites</td>
</tr>
</tbody>
</table>
## AESL: Key Social Indicators and Milestones

<table>
<thead>
<tr>
<th>Material Categories</th>
<th>Material Themes</th>
<th>Key Performance Indicators</th>
<th>Baseline</th>
<th>Target (FY23-24)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Safety</td>
<td>Work related injury</td>
<td>Rate of fatalities per million hours worked</td>
<td>Zero (FY 20-21)</td>
<td>Zero</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rate of recordable work-related injuries per million man-hours worked</td>
<td>0.33 (FY 20-21)</td>
<td>Zero</td>
</tr>
<tr>
<td></td>
<td>Safety awareness and training</td>
<td>Average hours of training provided per person on health and safety</td>
<td>15.6 (FY 20-21)</td>
<td>Further improve from baseline</td>
</tr>
<tr>
<td>Diversity and Inclusion</td>
<td>Measurement of Diversity and Inclusion Metrics and</td>
<td>Women as a percentage of new hires and total workforce (%)</td>
<td>New Hire: 5 % Total Workforce: 5%</td>
<td>New Hire: 10 % Total Workforce: 6 %</td>
</tr>
<tr>
<td></td>
<td>Enforcement of policies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Rights</td>
<td>Training on human rights</td>
<td>Employees trained in human rights policies or procedures (%)</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>Skills for the future</td>
<td>Skill development trainings</td>
<td>Training and development expenditure for employees (INR)</td>
<td>Rs 3.81 Cr (FY 20-21)</td>
<td>Rs 4.69 Cr</td>
</tr>
<tr>
<td>Responsible Procurement</td>
<td>Proportion of spending on local suppliers (%)</td>
<td>Spend on local suppliers against the total procurement budget (%)</td>
<td>99.4 % (FY 20-21)</td>
<td>Maintain FY21 Performance</td>
</tr>
<tr>
<td></td>
<td>Supplier screening on ESG metrics</td>
<td>Suppliers screened on ESG criteria (%)</td>
<td>100% (Critical Suppliers)</td>
<td>100% (Critical Suppliers)</td>
</tr>
</tbody>
</table>
### AESL: Key Governance Indicators and Milestones

<table>
<thead>
<tr>
<th>Material Categories</th>
<th>Material Themes</th>
<th>Key Performance Indicators</th>
<th>Baseline</th>
<th>Actions Taken and Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Gender Diversity</td>
<td>Board Gender Diversity</td>
<td>Balance the board composition in terms of men and women directors</td>
<td>16.6% - women directors in board as of FY21</td>
<td>• % of women directors in board improved to 28.5%</td>
</tr>
</tbody>
</table>
| Board Independence           | Great Board Independence and Improved Disclosures | • Improve board strength and independence  
• Incorporate non-statutory committees  
• Enhance disclosures in board & committee meetings | • 6 directors as of FY21  
• Only statutory committees as of FY21 | • Board now comprises of total 7 directors with 4 independent directors  
• Enhanced disclosures through formation of new committees with min. 50% IDs (CRC, RMC, PCC, IT & Data Security)  
• Committees chaired by Independent Directors (Audit, NRC, STC) |
| Code of Conduct              | Corruption and Bribery Cases             | • Number of Corruption cases and Bribery and Associated Risks  
• Adoption of Anti Corruption and Bribery Policy  
• % of Governance body members and employees trained on anti-corruption | • Zero corruption cases | • Zero Case on Corruption and Bribery  
• Board Accepted Anti Corruption and Bribery Policy  
• Identification and Assessment of risks |
| Anti-competitive Practices   | Fines and Settlements                    | • Fines or settlements paid related to anti-competitive business practices (INR)           | Zero as of FY21                   | • Zero in FY23 and beyond                                                                                          |
| Customer orientation and satisfaction | Consumer Satisfaction                 | • Affordable tariffs  
• Service reliability  
• Sustainable power | Distribution loss reduction, CSAT surveys, Reliability metrics | • Competitive tariff through RE power  
• Option to switch to Green power tariff  
• Advanced metering implementation for 12 million consumers |
| Corporate Governance Standing| ESG Ratings                              | Improvement in ratings through improved disclosures and adoption of best practices        | CSA: 59/100; FTSE: 3.3/5          | Target 2023-24: CSA ~ 67/100 and FTSE: 3.6/5                                                                        |

Notes:

A) List of non-statutory committees - CRC: Corporate Social Responsibility & Sustainability Committee; PRC: Public Consumer Committee; IT & Data Security Committee; RMC: Risk Management Committee; B) List of statutory committees: SRC: Stakeholders’ Relationship Committee NRC: Nomination and Remuneration Committee; STC: Securities and Transfer Committee; Audit Committee; C) Sub-committees under Risk Management Committee: Mergers & Acquisitions Committee; Legal, Regulatory & Tax Committee; Reputation Risk Committee
AESL: Enhanced Safety Culture

Safety Initiatives During Q1FY24

- Safety training: 47,130 man-hours of safety training and awareness during Q1 FY24
- Positive Safety Culture:
  - Enhanced safety awareness through Monthly Safety Quiz Series (MSQS)
  - Conducted ‘Electrical Safety at Home’ & “Electrical, Fire Safety & Cracker Safety’ Webinar for Consumers, Employees & General Public
  - Campaign on ‘UCHAAI: Knowing Heights Better’ conducted at multiple sites on 5C model (Climb, Control, Competence, Capacity and Check)
- Safety Checks and Assurances (SCA): To strengthen safety and increase the effectiveness of safety management at sites, quarterly safety checks and assurance on 3 pre-declared topics are given by sites
- “Saksham” - Mandatory Contractor Workmen Incubation & Induction Program was conducted at various sites to enhance training effectiveness
- Awarded with 21st Annual Greentech Safety Award 2023 in safety excellence category
- Received OHSSAI Foundation’s Safety Award in Gold Category in AEML business
- Observance of Fire Service Week across all locations.

Safety Performance in Q1FY24

<table>
<thead>
<tr>
<th>Safety Parameters</th>
<th>Transmission</th>
<th>Distribution (AEML)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Near Miss Reporting (Awareness)</td>
<td>Q1FY24 1,370</td>
<td>Q1FY23 1,391</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Q1FY24 1,472</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Q1FY3 1,364</td>
</tr>
<tr>
<td>Suraksha Samwad (Safety Dialogue)</td>
<td>Q1FY24 1,902</td>
<td>Q1FY23 2,925</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Q1FY24 7,306</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Q1FY3 8,546</td>
</tr>
<tr>
<td>LTI</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>LTIFR (LTI Frequency Rate)</td>
<td>0.32</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>0.94</td>
<td></td>
</tr>
<tr>
<td>LTI (LTI Severity Rate)</td>
<td>6.38</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>10.83</td>
<td>1148.67</td>
</tr>
<tr>
<td>Safety training (in Man-Hours)</td>
<td>34,178</td>
<td>39,192</td>
</tr>
<tr>
<td></td>
<td>12,952</td>
<td>7,718</td>
</tr>
</tbody>
</table>

Notes: LTI frequency rate and LTI severity rate lower the better; LTI Frequency Rate: Reportable loss time injury (RLTI)*1000000/Man hours worked; LTI severity Rate : Man days Lost (MDL)*1000000/Man hours Worked
Robust Growth Opportunity Enhanced By Evolved and Stable Regulatory Regime

**The Electricity Act 2003**

**Section 62 - RAB Assets - Multi Year (5 yr) Tariff**

- Costs (Pass-through)
  - O&M Expenses (incl. transmission and wheeling charges)
  - Power Procurement Costs
  - All other costs

- Return on Capital
  - Interest Costs (Term debt and Working Capital)
  - Return on Equity grossed up for tax (based on actuals)
  - Fixed Post-tax ROE on Regulated Equity Base
  - Additional incentives linked to efficiencies

- Efficiency Gains
  - Total @ 90% RAB (Salvage Value @ 10%)

- Return of Capital
  - Depreciation

- Non-regulated
  - Significant potential for non-regulated revenues

- **RAB Components (Regulated Debt and Equity)**

- **Perpetuity-type asset license with term renewed every 25 years (Distribution business) and well-established tariff setting mechanism with fixed ROEs on Regulated Equity Base**

**Section 63 - Fixed Tariff Method - License Period Basis**

- **Fixed Tariff Transmission Assets**

- **Annual Fixed Tariff for concession period**

- **Escalable Tariff (if any)**

- **Incentives (Linked to Availability)**

- **TBCB (Sec. 63)**

- **Concession model provides significant visibility of tariff profile thus offering cash flow certainty with very limited operational risk**

- **• Project bid and allocation is under Tariff Based Competitive Bidding (TBCB) Mechanism**

- **• Annual charge for a 35-year period is set through the bidding process**

- **• Projects are bid either on BOOM or BOOT basis (residual life of assets normally exceed TSA period/concession period)**

- **• Tariff is adopted by the relevant Electricity Regulatory Commission (ERC)**

- **MYT – Multi Year Tariff; EA 2003: Electricity Act, 2003; CTU – Central Transmission Utility; STU – State Transmission Utility; CERC – Central Electricity Regulatory Commission; MERC – Maharashtra Electricity Regulatory Commission; RERC – Rajasthan Electric Regulatory Commission; BOOM – Build, Own, Operate and Maintain, PPA – Power Purchase Arrangement, BOO – Build, Own and Operate, BOT – Build Operate and Transfer; PGCIL – Power Grid Corporation of India Ltd; TBCB: Tariff Based Competitive Bidding**
Long Regulatory Track Record and Payment Pooling Mechanism Reduces Counterparty Risk

Regulatory landscape

CERC and SERC established & predictable in maintaining and defining tariffs

• CERC and state regulatory body (e.g., MERC, RERC) determine:
  • Return on assets (ROA)
  • Adopt TBCB tariffs
  • Incentive triggers

MYT Determination

• CERC – 20 years track record
• MERC – 19 years track record

Transmission: Payment Pooling Mechanism Reduces Counterparty Risk

Transmission System Users

All demand / drawal nodes
+ All generator / injection nodes

Central Payment Pool

CTU (PGCIL) / STU acts as revenue aggregator

Transmission Licensees

PGCIL + Private Sector Transmission Licensees

Billed as per regulatory / bid tariff profile

Billed as single charge per Generator / Demand Node Payment (MW / month)

• Tariffs for all transmission licensees are collected by either the CTU (for Inter-state Transmission System) or the STU (for Intra-state System)
• All collections have to be mandatorily distributed in proportion to respectively yearly ARR of each licensee
• No discretion to CTU/STU to withhold payments
• Pooling mechanism ensures no stranded asset risk i.e. no bilateral counterparty/user

MYT – Multi Year Tariff; EA 2003: Electricity Act, 2003; CTU – Central Transmission Utility; STU – State Transmission Utility; CERC – Central Electricity Regulatory Commission; MERC – Maharashtra Electricity Regulatory Commission; RERC – Rajasthan Electricity Regulatory Commission; BOOM – Build, Own, Operate and Maintain; PPA – Power Purchase Arrangement; BOO – Build, Own and Operate; BOT – Build Operate and Transfer; PGCIL – Power Grid Corporation of India Ltd; TBCB: Tariff Based Competitive Bidding
AEML Case Study: Successful Acquisition and Turnaround

Projection Execution Excellence

- Low capex pre-acquisition on account of liquidity constraints
- Investment in capex resulting in asset hardening → supply reliability and higher efficiencies
- One of the highest ever regulated asset development in the Covid period

Operational excellence

- Best practices implemented with technology integration to ensure supply reliability, responsiveness as well as profitability

- Consistently delivering power
- Operating assets at increasing profitability
- Best O&M practices → improved supply reliability at 99.99% every year

Sustainability

- Sustainability is a key focus area post-acquisition to transform AEML into a world class utility
- AEML signed 700 MW wind-solar hybrid PPA which increased renewable share from 3% to 30% in FY23
- First time ever covenanted sustainability linked framework by a utility in India

Notes: SAIDI - System Average Interruption Duration Index indicates average outage duration for each customer served; SAIFI - System Average Interruption Frequency Index indicates average number of interruptions; PPA: Power Purchase Agreement
## Smart Metering – Key Benefits

### Technology transformation
Key technology towards the transformation of power sector in India

### Real time information
Measures electricity consumption & communicates the consumption reading to the power utilities

### Two-way communication
Between the meter and the power utility through cellular communication or radio frequency

<table>
<thead>
<tr>
<th>Key Benefits</th>
<th>Improved Cash Flows</th>
<th>Reduction in Operational costs</th>
<th>Improved Supply Quality</th>
<th>Customer Satisfaction</th>
<th>ESG &amp; RE Integration</th>
<th>Improved Energy Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Upfront collection of dues and &quot;Pay-as-per-use model&quot; to eradicate arrears</td>
<td>- Reduced meter reading charges, bill printing, manpower cost</td>
<td>- Automatic monitoring of SAIFI, SAIDI</td>
<td>- Quick response time to fault removal / consumer complaints</td>
<td>- Enhancing consumer participation</td>
<td>- Time of Day (TOD) tariff matched with RE generation</td>
<td>- Enables mapping of consumer demand, feeder wise loading</td>
</tr>
<tr>
<td>- Reducing working capital requirements</td>
<td>- Field situation awareness to reduce theft and average / estimated billing</td>
<td>- Quicker response time to fault removal / consumer complaints</td>
<td>- Control over consumption</td>
<td>- Consumer profile, consumption pattern on real time basis.</td>
<td>- Efficient &amp; sustainable energy management</td>
<td>- Identification of pilferage / high-loss pockets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Automatic monitoring of SAIFI, SAIDI</td>
<td>- Control over consumption</td>
<td>- Increases accuracy of meter reading</td>
<td>- Helps people revise their consumption habits</td>
<td>- Enables mapping of consumer demand, feeder wise loading</td>
</tr>
</tbody>
</table>

SAIFI: System Average Interruption Frequency Index, SAIDI: System Average Interruption Duration Index
### AESL's Operational Asset Portfolio (T&D) as of August 2023

**Adani Energy Solutions Limited**

<table>
<thead>
<tr>
<th>Operating Assets</th>
<th>Projects Operationalised in FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission line length</td>
<td>897 ckms</td>
</tr>
<tr>
<td>Transformation capacity</td>
<td>630 MVA</td>
</tr>
<tr>
<td>Residual concession life / License period</td>
<td>362 ckms</td>
</tr>
<tr>
<td>Contract Type</td>
<td>292 ckms</td>
</tr>
<tr>
<td>Counterparty</td>
<td>38 ckms</td>
</tr>
<tr>
<td>Asset Base(1)</td>
<td>38 ckms</td>
</tr>
</tbody>
</table>

#### Notes:
AESL's Under-construction Transmission Asset Portfolio as of August 2023

Since AESL's evolution its Transmission Network (ckms) has grown 3.5x and expanded into Distribution businesses

AESLs "Grid-to-Switch" Integrated Platform
- Transmission Line (Ckms)
- Distribution Customers (mn)

Adani Energy Solutions Limited

<table>
<thead>
<tr>
<th>Under Construction</th>
<th>Recently Won and Acquired</th>
</tr>
</thead>
<tbody>
<tr>
<td>304 ckms</td>
<td>1,060 ckms</td>
</tr>
<tr>
<td>1,000 MVA</td>
<td>2,756 MVA</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Fixed tariff (TBCB)</td>
<td>Fixed tariff (TBCB)</td>
</tr>
<tr>
<td>Centre</td>
<td>State</td>
</tr>
<tr>
<td>INR 6.7 Bn</td>
<td>INR 12 Bn</td>
</tr>
</tbody>
</table>

Notes: (1) Asset base for under-construction assets – as per the estimated project cost as of March 2023. (2) Provisional Commercial Operation Date (COD); NKTL – North Karanpura Transco Limited; GTL: Ghatampur Transmission Limited; OBTL: Obra Transmission Limited; LBTL: Lakada Bhuj Transmission Limited; JKT: Jam Kambhaliya Transmission Limited; KVTL: Kharghar Vikhroli Transmission Limited; WKTL: Wadra – Kurnool Transmission Limited

#AEMIL - Adani Electricity Mumba Infra Limited 100% shares are currently being held by AEMIL. Due to CERC restrictions 51% shares are pledged in favor of AESL.

Co-authored by: AEMIL, AESL, AESL Adv.
**AESL's Smart Metering Under-construction Portfolio as of August 2023**

<table>
<thead>
<tr>
<th>Smart Meters Quantity (in million)</th>
<th>Contract Value (in Rs Billion)</th>
<th>Contract Period (months)</th>
<th>Capex + O&amp;M</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: 1.1</td>
<td>B: 0.8</td>
<td>C: 1.0</td>
<td>D: 6.3</td>
</tr>
<tr>
<td>B: 13.0</td>
<td>C: 8.4</td>
<td>D: 12.8</td>
<td>E: 75.9</td>
</tr>
<tr>
<td>C: 120</td>
<td>D: 120</td>
<td>E: 120</td>
<td>F: 120</td>
</tr>
<tr>
<td>D: Yes</td>
<td>E: Yes</td>
<td>F: Yes</td>
<td></td>
</tr>
<tr>
<td>E: DBFOOT</td>
<td>F: Oct'22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F: Feb'23</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: The Discoms are our customers and AESL is executing these contracts through 100% owned SPVs; DBFOOT: Design-Build-Finance-Own-Operate-Transfer; BEST: Brihanmumbai Electricity Supply and Transport; APDCL: Assam Power Distribution Company Ltd; APEPDCL: Andhra Pradesh Eastern Power Distribution Co Ltd; APCPDCL: Andhra Pradesh Central Power Distribution Co Ltd; APSPDCL: Andhra Pradesh Southern Power Distribution Co Ltd.; MSEDCL: Maharashtra State Electricity Distribution Company Limited
AESL: Board and Management Team

Strong Sponsorship
- Mr. Gautam S. Adani (Chairman)
- Mr. Rajesh S. Adani (Director)
- Mr. Anil Sardana (MD, AESL)

Managing Director
- Mr. Anil Sardana (MD, AESL)
- Mr. K. Jairaj
- Dr. Ravindra H. Dholakia

Independent Directors
- Mr. Rohit Soni (CFO)
- Mrs. Meera Shankar
- Ms. Lisa MacCallum

Skilled and Experienced Management Team
- Mr. Anil Sardana (MD, AESL)
- Mr. Bimal Dayal (CEO, Transmission)
- Mr. Kandarp Patel (CEO, Distribution)
- Mr. Rohit Soni (CFO)
- Mr. Kunjal Mehta (CFO, AEML)

Strong governance framework with focus on transparency and independence
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#HumKarkeDikhateHain

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