



ADANI ENERGY SOLUTION LIMITED
COMMODITY PRICE RISK MANAGEMENT POLICY

TABLE OF CONTENTS

Sr. No.	Particulars	Page Nos.
1.	Objective	3
2.	Scope (Commodity Price Risk/Foreign Exchange Risk and Hedging)	3
3.	Policy	3
4.	Review & Refine Strategies	4
5.	Definitions	4

1. Objective

This Commodity Risk Management Policy establishes guidelines for The Adani Energy Solution Limited (hereinafter referred to as "Company") to manage its risks associated with commodity (presently Aluminum). This policy defines risk measures and mitigation plan.

Conductor is the main constituent of the transmission line and it contributes to approx. 25% of the total project cost. Conductor has 3 principal components i.e. Aluminium (80%), Galvanized Steel Core Wire (9%) & conversion cost (11%) consisting of wire drawing, stranding, packing, financing, etc.

Hence the prime objective of hedging activity is protection and risk limitation and not Profit making.

2. Scope (Commodity Price Risk/Foreign Exchange Risk and Hedging)

Market price of Aluminium Ingot has to be monitored on daily basis. LME Historical data for AL. Ingot price for the last 5 years has to be collected and analyzed thoroughly. Consultant feedback to be taken prior decisions on future booking of Aluminium Ingot. Following scope has been worked out:

- Define the hedging program for respective commodity
- Provide management oversight on the hedge and the corresponding foreign exchange
- Establish approved strategies and tools and define the sourcing philosophy
- Ensure proper controls and accounting
- Track, report, and measure hedging strategies and outcomes

3. Policy

- Subsequent to the winning of bid/ projects, LME price of AL. Ingot has to be monitored regularly on daily basis.
- Future Booking decision to be evaluated to mitigate the price risk, in consultation with expert advice, market trend & history.
- Ensure that the price available for taking position is well under the approved budget.
- For physical delivery, sales contract has to be signed with the supplier for LME.
- Depending on the delivery of the Al Ingot by the supplier, the position taken

COMMODITY PRICE RISK MANAGEMENT POLICY

on Al Ingot price is settled. With this, the effective price shall be the price at which Al Ingot is booked.

4. REVIEW & REFINE STRATEGIES:

On an on-going basis, hedging strategies are developed and executed with periodic review and refinement. A best practice is to develop Key Performance Indicators (KPI's) to determine what "good" looks like for commodity risk management. In addition, business needs and market conditions change over time, so the overall strategy and hedging philosophy should be reviewed on a regular basis to ensure it is meeting the objectives

5. DEFINITIONS:

LME	: London Metal Exchange
MCX	: Multi Commodity Exchange of India Limited
MJP	: Major Japanese Ports
L2 SCHEDULE	: Level 2 Schedule (Projects Management)
HSP	: Head Sourcing & Procurement
CTM	: Commodity Trading Manager