## About the Report

This report presents the value creation story of Adani Transmission Limited (ATL) on material issues spanning six capitals – Financial, Manufactured, Natural, Human, Intellectual, and Social and Relationship capitals – as per the Integrated Reporting (IR) framework. GRI Standards have been used to measure social and environmental performance across six capitals. The context of the report has been guided by the reporting principles for IR. Disclosures in this report have also been mapped with International Finance Corporation (IFC) Performance Standards and Sustainable Development Goals (SDGs). This report also articulates our disclosures on the CSR initiatives focused on Education, Community Health, Sustainable Livelihood and Rural Infrastructure Development under Social and Relationship Capital.

### Highlights of Adani Transmission Limited (ATL) FY 2017-18

<table>
<thead>
<tr>
<th><strong>Revenue</strong></th>
<th><strong>Profit after Tax</strong></th>
<th><strong>CSR Expenditure</strong></th>
<th><strong>Average Cumulative Availability</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>₹40,551.9 million</td>
<td>₹11,429.4 million</td>
<td>₹82.3 million</td>
<td>99.83%</td>
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<table>
<thead>
<tr>
<th><strong>Subsidaries</strong></th>
<th><strong>New Acquisitions</strong></th>
<th><strong>Stages of Operation</strong></th>
<th><strong>Established Length of Lines (Operational)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>2</td>
<td>Slies of Operation</td>
<td>Establishment of Lines (Operational)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Length of Lines under Construction</strong></th>
<th><strong>Total Transformation Capacity (Operational + Under Construction)</strong></th>
<th><strong>Permanent Employees</strong></th>
<th><strong>Contract Workforce</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500 million km</td>
<td>16,200 MVA</td>
<td>201</td>
<td>89</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Total Workforce</strong></th>
<th><strong>Job Contractors</strong></th>
<th><strong>Manhours Worked by the Total Workforce</strong></th>
<th><strong>Manhours Worked by Project Job Contractors</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>290</td>
<td>2,177</td>
<td>6.9 million</td>
<td>5.5 million</td>
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<thead>
<tr>
<th><strong>GHG Emissions</strong></th>
<th><strong>LTI and Fatalities among the Total Workforce</strong></th>
<th><strong>LTI and Fatalities among Job Contractors</strong></th>
</tr>
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<tr>
<td>0.6 million</td>
<td>0</td>
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</table>

### Other Key Governance Mechanisms

- **Governance**
- **Addressing Risks and Capitalising Opportunities**
- **Our Material Topics**

## What’s Inside the Report

1. About Adani Group
   - Group Vision
2. Our Business
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3. Governance & Risk Management
   - Materiality
4. Operating Context
   - Value Chain Context
5. Value Creation Story
   - Financial Capital
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   - Intellectual Capital
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6. Appendices
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**About the Adani Group**

Founded in 1988, Adani Group is a global integrated infrastructure player with businesses in key industry verticals comprising energy, resources, logistics and agro, among others. The integrated model of the business is well attuned to the infrastructure challenges of emerging economies. ATL is part of the energy business vertical.

Adani Group

At Adani, we have reformulated our Vision 2020 and synced it with our natural philosophy of ‘Growth with Goodness’. We envision emerging as a globally admired leader in integrated infrastructure businesses. Our belief of ‘Scaling Business’ is driven by our ambition for scale, speed of execution and quality of operation.

The Group is committed to protecting the environment and empowering communities through its Corporate Social Responsibility (CSR) programme based on the principles of sustainability, diversity and shared values.

Adani Group is one of India’s largest integrated infrastructure conglomerates with interests in Resources (coal mining and trading), Logistics (ports, logistics, shipping and rail), Energy (renewable and thermal power generation, transmission and distribution), Agro (commodities, edible oil, food products, cold storage and grain silos), Real Estate, Public Transport Infrastructure, Consumer Finance and Defence.
Connecting and Energising the Nation Grid By Grid

Adani Transmission Limited (ATL), headquartered in Ahmedabad, Gujarat, was carved out of Adani Enterprises Limited (AEL) in May 2019 with an aim to conduct business in India and overseas. ATL is in the business of construction and Operations and Maintenance (O&M) of power transmission systems.

We are also involved in the realm of agro-trading and investments. Our business model is centred around the transmission of power from Group companies through Intra-state Transmission Systems (ISTS) on a cost-plus basis regulated by the central regulator. It is also based on the acquisition of Special Purpose Vehicles (SPVs) formed by the Bid Process Coordinator (BPC) for new projects, which are won through tariff-based competitive bidding, as its 100% subsidiaries to become licensees to execute and maintain the transmission systems. As on 31st March 2018, we have 15 subsidiaries.

We are growing organically and inorganically to sustain our position as India’s largest power transmission company in the private sector with a presence across the western, central and northern regions. As part of our agenda for business growth in India, we focus on the execution of new transmission systems across the nation under licensing from the Central and State Electricity Bodies, and O&M of existing assets through outsourced partners. We also endeavour to expand our business by exploring opportunities outside India.

We are equipped to tap the vast potential for power evacuation in India’s power sector; and our ambitious target is to set up 20,000 circuit km of transmission lines by 2022 by leveraging organic and inorganic growth opportunities. At present, we have around 8,600 ckm of operational lines and 14,000 MVA of transformation capacity. Our targeted capacity by 31st March 2019 is to achieve around 11,000 ckm of operational lines and 18,300 MVA of transformation capacity.

Aligned with our business focus, we have developed the expertise of our teams to create modern transmission technology-based assets for India, backed by efficient O&M support. During the year, to improve operational efficiency, we outsourced our O&M activities with effect from 1st August 2017 to Adani Infrastructure Management Services Limited (AIMSL).

Our Distinguished Asset Portfolio

Operational Transmission Systems

- **Mundra-Dehgam**
  - 3,000 MVA capacity each at the 500 kV HVDC terminals at Mundra and Mohindergarh
  - 630 MVA capacity at the Mundra 400 kV station

- **Mundra-Mohindergarh and Earh Electrode Line**
  - 2,420 ckm

- **Mohindergarh-Bhiwani**
  - 868 ckm

- **Mohindergarh-Dhanonda**
  - 110 ckm

- **Tiroda-Warora**
  - 438 ckm

- **Tiroda-Karadi-Akola-Aurangabad Akola I-Akola II**
  - 1,217 ckm

- **Aravali Transmission Service Company Limited (ATSC)**
  - 97 ckm

- **Maru Transmission Service Company Limited (MTSCL)**
  - 300 ckm

We are equipped to tap the vast potential for power evacuation in India’s power sector; and our ambitious target is to set up 20,000 circuit km of transmission lines by 2022 by leveraging organic and inorganic growth opportunities.

<table>
<thead>
<tr>
<th>ATL has grown to become the largest private sector operator aided by both organic and inorganic routes.</th>
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<tbody>
<tr>
<td><strong>400 kV Mundra-Dehgam transmission line operational</strong></td>
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<tr>
<td><strong>400 kV Tiroda-Warora transmission line operational</strong></td>
</tr>
<tr>
<td><strong>765 kV Maharashtra Eastern Grid Power Transmission Company Ltd. (MEGPTCOL) transmission line operational</strong></td>
</tr>
<tr>
<td><strong>500 kV HVDC Mundra-Mohindergarh line operational</strong></td>
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<tr>
<td><strong>400/220/132 kV substations at Alwar</strong></td>
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<tr>
<td><strong>6,000 MVA 765/400 kV substations at Alwar and Koradi</strong></td>
</tr>
<tr>
<td><strong>630 MVA 400/220/132 kV substations at Deedwana</strong></td>
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For further details of our business, refer to Page 42 of our Annual Report 2017-18.

Value Creation Report 2017-18
Our Strategic Roadmap

Our Strategic Goal
To achieve 20,000 ckm by 2022

Roadmap for Sustained Value Creation

Our Approach to Accomplish Our Objective

To meet India’s energy transmission demand, an investment of around 12 lakh croms is estimated at the central level, an investment of around 1.5 lakh croms is estimated at the state level. These investments provide an ecosystem for organic growth in the sector and for ATL. We are also planning to grow inorganically by acquiring operating and under-construction assets. Our overarching objective is to continue to play a key role in India’s power transmission sector and we are optimistic of achieving our growth target of 20,000 ckm by 2022.

Operational Assets Acquired during FY 2017-18

- Western Transmission Gujarat Limited (WTGL)
- Western Transco Power Limited (WTPL)

New Elements Commissioned FY 2017-18

- Chhattisgarh UR Transmission Limited

974 ckm

2,089 ckm

55 ckm

This includes six 400 kV double-circuit transmission lines (with some portion of multi-circuit transmission lines) from Pune-Auranagabad (241 km), Pune-Park (311 km), Loop-In-Loop-Out (L&L) of Sholapur-Karad (115 km), Parli-Sholapur (134 km), Sholapur-Kolhapur (220 km) and L&L of Lonkhand-Kalwa (2 km) in Maharashtra.

Our people are our assets. Our achievements in the power transmission sector would not have been possible without the extraordinary performance of our Human capital. We continue to work extensively to ensure further development and empowerment of our human resources across various levels of employment. Due to the nature of our business, our workforce is a mix of regular and contract employees. We ensure the wellness and all-round care of all our employees, and also practise equal-opportunity employment ethos.

Committed to Serve the Nation and Create Value Sustainably

MD and CEO’s Perspective

Dear Stakeholders,

We have been publishing our financial performance through our Annual Report and the non-financial performance through our Sustainability Report since FY 2015-16. This year, we focused on how to present our value creation story through this ‘Value Creation Report’ to providers of financial capital and other key stakeholders. This report is an attempt to reflect our ‘integrated thinking’ on the enhancement of all six capitals — Financial, Manufactured, Human, Social and Relationship, Intellectual and Natural.

The Indian transmission sector has been witnessing steady growth over the past few years. During FY 2017-18 too, it added about 23,719 ckm of transmission lines and 86,193 MVA of transformation capacity, which was 100.14% and 159.68% of the annual target, respectively. Similarly, the inter-regional transmission capacity too is projected to increase to 1,18,050 MW by FY 2021-22, which was 63,650 MW in 2016, as per the Central Electricity Authority (CEA) reports. These projections and requirement of evacuation of electricity form the proposed additional generation capacities including the renewable capacities in the country reflects healthy scenario for business in the transmission sector.

India has planned to ramp up the capacity of renewable energy to 175 GW by FY 2021-22. Due to its infirm nature and to provide stability to grid, there is a requirement of dedicated corridors for renewable energy evacuation, which in turn would lead to the requirement of new transmission lines and evacuation substations.

The power transmission sector in India is well poised for growth with the opening up of this sector for private participation by way of integration of tariff-based competitive bidding, delinking of transmission planning from generation planning and an overall enabling policy landscape.

Capitalising on the current opportunity duly aligned with our vision for contributing towards nation building, ATL has ensured an industry-leading performance by achieving more than 99.83% asset availability in the reporting year. As our transmission network grows, it will be our continuous endeavour to maintain our network availability performance and thereby serve our customers better. Best-in-class CRM practices and a quest for excellence helped us to ensure robust financial performance in FY 2017-18. The total revenue was ₹40,551.90 million and our consolidated net profit was ₹1,429.40 million.

We have progressed well on our target of building operational assets of 20,000 ckm by 2022. During the year, we added 3,118 ckm of transmission lines through organic and inorganic growth.

During the reporting period, we successfully won one project on a Build, Operate and Maintain (BOM) basis amounting to about 220 ckm through a tariff-based competitive bidding route. We continue to be one of the largest private sector transmission companies in India, with 8,600 ckm of transmission lines and 14,000 MVA of transformation capacity in operations and over 2,500 ckm lines along with 2,215 MVA of transformation capacity under construction.

- Western Transmission Gujarat Limited (WTGL)
- Western Transco Power Limited (WTPL)

This includes six 400 kV double-circuit transmission lines (with some portion of multi-circuit transmission lines) from Pune-Auranagabad (241 km), Pune-Park (311 km), Loop-In-Loop-Out (L&L) of Sholapur-Karad (115 km), Parli-Sholapur (134 km), Sholapur-Kolhapur (220 km) and L&L of Lonkhand-Kalwa (2 km) in Maharashtra.

Chhattisgarh UR Transmission Limited

Of the six elements, one element, namely the 400 kV double-circuit Vindhyachal IV and V (STP) in Vindhyachal Plant (95 km), along with associated lines, was scheduled to be commissioned in January 2015. However, due to our persistent efforts, this element has been commissioned and made operational 10 months early on 30th March 2016.
“Our strategy is translated into action on ground by our teams. Our achievements in the power transmission sector will not be possible without the extraordinary performance of our people. We continue to work extensively to ensure the empowerment of our human resources across various levels of employment.”

This report presents some of the key initiatives around strengthening our human resources, including our investment in developing a strong leadership potential across the Company and enhancing people’s capabilities through an advanced learning management system. Our concern for the growth and well-being of our employees is also extended to their families through various welfare programmes.

Being cognizant of the nature of our work in projects and O&M, our organisational focus continues to be on health, safety and security. We ensure strict adherence to industry best practices across our operations and strive to improve our occupational health and safety performance to create a safe and secure workplace. We have implemented an Integrated Management System (IMS) across our operations to identify and manage hazards, risks and emergencies related to projects and O&M and are proud to observe no reportable incidents during the year. With a motto of ‘Zero Accidents’, we focus predominantly on workplace safety. All our employees and contractor workforce are trained on the right safety measures to improve our safety culture and control the number of health and safety incidents across our value chain.

We have adopted a Group policy on Safety Management System (SMS), which includes the best of industry safety practices to strengthen the process of achieving our Vision Zero – ‘Shoonya’. All O&M locations are certified SMS Level 1 by Group Safety and certification of implementation up to the highest SMS level, Level 3, has been planned for the short term.

By nature, transmission businesses have minimal environmental impacts when compared with other infrastructure sectors. However, we recognise that transmission lines do have localised impacts on natural resources and local communities, whenever these lines pass through sensitive areas. Being cognizant of our responsibilities, we undertake detailed surveys and exercise due diligence before executing projects. We also initiate actions to conserve natural resources to avoid ecologically sensitive areas, Eco-Sensitive Zones (ESZs), forests, sanctuaries, national parks, biosphere reserves, Coastal Regulation Zones (CRZs), wetlands, farmlands and habitats to the extent possible.

Our approach to risk management in operations is based on precautionary approach and our Integrated Management System way of life ensures that environmental risks are constantly identified and addressed. Further, we engage and participate with national and international technical bodies and forums to identify and explore various options to understand the existing issues in our sector. We also ensure that all applicable regulatory prescriptions regarding technical aspects of assets are adhered to.

We firmly believe that we are part of the society. Therefore, we continuously attempt to understand the needs and aspirations of the communities around us. Various initiatives in our organisation are aligned with different indicators under the 17 Sustainable Development Goals (SDGs). We work actively with our implementation partner, Adani Foundation, on CSR programmes focused on education, community health, sustainable livelihoods and rural infrastructural development.

We regularly evaluate our sustainability performance and are well placed to achieve our targets in a responsible and sustainable manner. Most of the under-construction projects are expected to be completed ahead of their scheduled commissioning. This excludes the project under SPV North Karampan Transco Limited (NKTL), which is yet to commence. The project is presently being adjudicated by the Central Electricity Regulatory Commission (CERC) and the CEA for peculiar Right of Way (RoW) issues in coal-bearing areas. Completion of projects before time will result in all-round enhancement in the formation of the six capitals, including additional increase in the financial capital of ATL as per the incentive scheme of the Ministry of Power for early commissioning.

I invite all our valuable stakeholders to read our Value Creation Report and would be humbled to receive your insights and feedback.

Anil Sardana
Managing Director and Chief Executive Officer
Adani Transmission Limited

Dear Stakeholders,

It is my pleasure to introduce this Value Creation Report to providers of financial capital and other key stakeholders. We have been publishing our Annual Sustainability Report since FY 2015-16 using GRI-G4 guidelines to disclose our extra-financial performance. This year, we are reporting our value creation strategy on material issues spanning six capitals – Financial, Manufactured, Natural, Human, Intellectual, and Social and Relationship – as per the Integrated Reporting (IR) framework and GRI Standards. The content of the report has been guided by the reporting principles, International Finance Corporation (IFC) Performance Standards and SDGs: This report also articulates our disclosures on CSR initiatives focused on education, community health, sustainable livelihood and rural infrastructure development under Social and Relationship Capital.

This report covers our businesses in operations and maintenance, projects, and offices and includes the performance of ATL and all its subsidiaries. As our business also includes agro trading, the relevant financial disclosures are covered in the Annual Report.

Although there were no significant changes in the Company’s business during FY 2017-18, we revisited our list of material topics based on the feedback from our stakeholders, the emerging global megatrends and the sustainability context of our business. In the process, we identified critical topics, which are detailed in the report. All strategic and operational responsibilities including sustainability performance and value creation have been delegated by the Board of Directors (the Board) and continues to be executed by the CEO. For integrity and development of the contents of the report, Sustainability Reporting Team guided by Chief Sustainability Officer has been responsible. Report has been reviewed by Apex Sustainability Committee which is group of functional heads chaired by the CEO. Key indicators of value creation and sustainability performance is monitored and reviewed by CEO and results are deliberated at the Board level on quarterly basis.

We have implemented an IT-enabled platform for mapping and regularly monitoring our legal compliance related to economic, environment and social aspects of the business.

Data relevant to Key Performance Indicators (KPIs) for substation operations is regularly collated and internally reported for review at different levels. Our Enterprise Resource Planning (ERP) mechanism helps capture performance parameters on material procurement and consumption, substation operations, employees and workforce, and waste generation and disposal, among others. On the other hand, material data such as emissions, safety statistics, track records, among others, are captured and aggregated at the site level after due validation. Calculations, assumptions and other relevant non-quantitative disclosures required by GRI Standards are also included in this report.

As a policy, we seek external assurance to disclosures in this report before releasing them in public domain. We have retained DNV GL Business Assurance India Private Limited to conduct an independent assurance of this report based on AA1000AS and DNV GL VeriSutain. We look forward to receive your feedback to help us improve further. You may write to us on cso.transmission@adani.com

Santosh Kumar Singh
Chief Sustainability Officer
Adani Transmission Limited

This report presents the value creation story of ATL on material issues spanning six capitals.
CFO’s Statement

“Global communities are encouraging businesses to adopt more sustainable approaches, keeping in view the environmental, social and community requirements before the financials. Our focus is to embrace a more participatory and transparent approach in our engagement methodology.”

At ATL, we are cognizant of our responsibility towards the social and environmental aspects of the business and the community at large. This long-term approach empowers our vision to sustain in the dynamic global market scenario for achieving growth and leadership in the transmission sector.

Over the recent years, the approach by national and international agencies for evaluation of an entity is evolving. There is a major shift in the criteria from financial performance to non-financial performance, with the latter assuming more importance. Global communities are encouraging businesses to adopt more sustainable approaches, keeping in view the environmental, social and community requirements before the financials. Our focus is to embrace a more participatory and transparent approach in our engagement methodology.

We embarked upon our sustainability reporting journey by publishing and making widely available our annual performance on environmental, social and governance aspects. Building the infrastructure for inclusive energy growth will require efforts in every arena of the power sector: be it generation, transmission, distribution or renewable. To accomplish this objective, power transmission acts as a vital link, connecting the load centres with the demand centres, balancing the energy requirements of various regions.

This report attempts to capture how we create, sustain and enhance value and quantifies how much value we deliver this year across Financial, Manufactured, Intellectual, Human, Natural, and Social and Relationship capitals. FY 2017-18 was an exciting year for us for several reasons. We attained the distinction of achieving cumulative availability levels of over 99.83%. It shows our continued commitment to provide uninterrupted power supply to the society. Our total revenue registered a healthy 39.92% growth from ₹28,978.1 million in FY 2016-17 to ₹40,551.9 million in FY 2017-18 and growth of 42.51% was recorded in EBITDA from ₹19,830.9 million in FY 2016-17 to ₹28,260.1 million in FY 2017-18. We were able to achieve a multi-fold growth pattern in PAT as well, from ₹164.3 million in FY 2016-17 to ₹1,429.4 million in FY 2017-18. FY 2017-18 includes a one-time income of ₹8,725.3 million towards arrears.

We are constantly seeking opportunities to expand our portfolio, both organically and inorganically. The Mumbai generation, transmission and distribution business of RInfra will be integrated with the Company after completion of acquisition formalities. This marks a new beginning in our corporate journey, as we enter the distribution sector. Additionally, we are on track to achieve our vision of 20,000 ckm of transmission lines by 2022 and contribute to the development of India’s power transmission sector.

As an outcome of our continuous efforts, we are pleased to inform you that ATL is now the First Indian Private Transmission and Distribution Company to be formally included in MSCI Global Small Cap Indexes with effect from 30th November 2018.

For the preceding few years, we have always adhered to highest standards of governance and enhanced our accountability benchmarks. Our financial position has improved over the past few years and is expected to boost further, given the successful implementation of our strategy.

I would like to thank our providers of financial capital, customers, suppliers, employees and the Board for their constant support, faith and trust in us, with the belief that it will continue for the times to come. I would also like to thank our lenders and shareholders for supporting our ventures.

Kaushal Shah
Chief Financial Officer
Adani Transmission Limited
Governance

We believe a robust corporate governance is fundamental to protecting shareholder value and achieving the strategy objective. We have established the highest standards of corporate governance in line with the requirements of SEBI and the Companies Act 2013. This includes strengthening an independent Board to guide our operations, monitor and drive compliances.

The table depicts in a concise manner the executive and non-executive roles played by our Directors in various committees.

For more details, refer to Page 62 of our Annual Report 2017-18

As a good corporate governance practice, we have separated the chair of the highest governance body and an executive officer as separate roles. The Chairman is responsible for fostering and promoting the integrity of the Board, while nurturing a culture where the Board works harmoniously for the Company’s and its stakeholders’ long-term benefit.

The CEO is responsible for corporate strategy, brand equity, planning and all matters related to the management of the Company. He is also responsible for achieving annual and long-term business targets, acquisitions and sustainable development.

During the reporting year, there was transitioning of the statutory auditors from M/s Dharmesh Parikh & Co., Chartered Accountants, Ahmedabad to M/s Deloitte Haskins & Sells LLP, Chartered Accountants based on the recommendation of the Audit Committee.

The Board’s present strength reflects a judicious mix of professionalism, competence and sound knowledge, providing effective leadership to the Company. As part of a continuous learning philosophy at all levels, the Board members enhance their knowledge and expertise on sustainability topics through business forums, newsletters and learning platforms linked to institutions.

Besides, the CSO is responsible for apprising the Board about sustainability performance as well as sensitising the Board members on the current trends related to economic, social and environmental issues.

A process of delegation exists to ensure that the Board can oversee the functioning of various committees and sub-committees reporting to it.

The organisational policies, purpose, values, mission statement, strategies, goals and targets related to sustainable development are developed by senior management committees and are regularly reviewed and approved by the highest governance body. These are developed based on the identified risks and opportunities related to the power sector, external environment, legal and other requirements, management system requirements and stakeholder consultation.

The critical concerns from various stakeholders such as communities, suppliers and vendors, lenders and investors, employees, contract workforce, customers, Government, regulatory authority, media and civil groups are captured in our management systems by the respective heads and teams and deliberated at the top management level. The CEO regularly monitors the critical concerns and updates the Board on issues that may impact the business ecosystem.

Composition of Various Committees

<table>
<thead>
<tr>
<th>Directors</th>
<th>Mr. Gautam S. Adani</th>
<th>Mr. Rajesh S. Adani</th>
<th>Mr. Anil Sardana</th>
<th>Mr. K. Jairaj</th>
<th>Dr. Ravindra H. Dholakia</th>
<th>Ms. Meera Shankar</th>
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<td></td>
<td>Non-independent</td>
<td>Non-independent</td>
<td>Non-executive</td>
<td>Independent</td>
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<td>Audit Committee</td>
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<td>Nomination &amp; Remuneration Committee</td>
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<td>Stakeholders’ Relationship Committee</td>
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<tr>
<td>Corporate Social Responsibility &amp; Sustainability (CSR&amp;S) Committee</td>
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<td>Risk Management Committee</td>
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<td>Securities Transfer Committee</td>
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For more details, refer to Page 63 of our Annual Report 2017-18
Addressing Risks and Capitalising Opportunities

Non-financial risks are increasingly becoming more visible to various stakeholders such as investors, lenders and regulators. We constantly identify our risks and opportunities to ensure that our business strategy is aligned to the internal and external environment. We have established a risk-management mechanism. Under AOlile and DISHA, which are our business process transformation programmes, we have developed procedures for risk identification and mitigation.

The process of risk identification is collectively performed by a cross-functional taskforce. This includes the risk analyst, project engineering manager, project procurement manager, project contract administrator, construction manager, commissioning manager, O&M manager, Health, Safety and Environment (HSE) manager, quality manager and land acquisition manager, with support from the heads of businesses. The identified risks are validated and prioritised to finalise a risk mitigation and control plan, which is monitored regularly. The risks and mitigation strategies are discussed in the top management committees and later presented to the Board.

We are conducting policy advocacy at various regulatory forums such as Ministry of Power (MoP), CEA, CERC and State Electricity Regulatory Commission (SERC) so that a proper level-playing field is available to private players in the transmission sector without any conflict of interest. We have mitigated the financial impacts to a significant extent by insuring our assets through appropriate policies such as industrial all-risk policy, which is arrived at based on exposures and covers our substations. Assets such as heavy rains and floods are some of the major climate-related events that affect our regions of operations. We ensure adequacy through design to withstand normal impacts of climate change. Insurance premiums against eventualities are accounted under operating costs. In case of any other eventualities, ATL can claim relief under force majeure provisions of Transmission Service Agreements; thus, this will not affect the revenue.

We have an Emergency Restoration System (ERS) in place to mitigate the damages caused by natural calamities such as storms, earthquakes, flooding or wilful destruction of our transmission towers. This system restores the line back by bypassing permanent transmission towers quickly and safely in any terrain. We procured two ERSs, and we intend to procure one more in due course. During the reporting year, an ERS was deployed once during the floods in Gujarat, which restored our normal services within 11 days against the SLA of 15 days.

In the last week of July 2017, the Banaskantha district of Gujarat witnessed heavy rainfall, resulting in flooding. The region was cut off from the rest of Gujarat and was unapproachable. The situation went from bad to worse as roads, rails and transmission lines were washed away by the gushing water. Both poles of +/- 500 kV Mundra-Mohindergarh HVDC Transmission Line tripped on 24th July 2017 at 12:30 noon.

A team was able to reach the location on 26th July 2017 evening and identified that a suspension tower (Loc no-941) had collapsed completely. Adjacent towers were not damaged [only earth wire and Optical Ground Wire (OPGW) peak were observed in the ground]. During the site visit, it was observed that the failure of towers was caused due to heavy water flow / flood in the area. Water flow had naturally created a new water course towards the line route, washing out the soil and causing damage to the tower foundation, which resulted in tower collapse. No technical deficiencies were observed in the collapsed tower.

Case Study

ERS Deployment

During the site visit, it was observed that the failure of towers was caused due to heavy water flow / flood in the area. Water flow had naturally created a new water course towards the line route, washing out the soil and causing damage to the tower foundation, which resulted in tower collapse. No technical deficiencies were observed in the collapsed tower.

We constantly leverage the opportunities and minimise risks by improving project execution proficiency and operational efficiency. We build our business strategies based on the identified risks and opportunities to meet the needs of diverse stakeholders and to remain competitive. We have identified the following risks, along with the impacted capitals and processes to manage these risks.
One of the major risks that could affect the project execution stage is commodity price fluctuation. Steel, zinc and aluminium ingot are the primary materials used in manufacturing tower parts and Aluminium Conductor Steel Reinforced (ACSR) conductor respectively. We continue tracking the prices of these commodities as they are the main cost drivers of the transmission line project. To mitigate the price fluctuation risk of these commodities, various strategies are adopted based on their volume and risk profile.

To mitigate the risk of fluctuations in market price of aluminium ingots, we take future position price and establish future contracts. For protecting zinc and steel price, we are entering into long-term and short-term Memorandum of Understanding (MoU) with suppliers in order to mitigate the prices risk. Going forward, to strengthen the above process, a committee will be constituted to derisk and mitigate commodity price fluctuation. This will help us improve our cost efficiency.

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Grievance management impacts an organisation’s activities and relationships with multiple internal and external stakeholders. Therefore, we believe a healthy workplace should have adequate and effective modes of registering grievances freely. We understand that all concerns are not grievances. If there is a recurrent problem with something or someone that is hard to resolve or that can infringe upon the legal rights of someone or can lead to legal violation, it is understood as a grievance.

‘MyConcern’ is a form-based system introduced for registration of grievances of all regular employees. For our contract workforce, the department or site head at the project and operating sites acts as an interface between the workers and the top management. The HR department also actively interacts with contract workers to ensure that all legal requirements are met. For contract-related grievances, we keep the contact of our techno-commercial officials in every contract document.

The grievances of business partners are received by the business development team. Our CSR team acts as an interface between the Company and the community and records and handles any grievance related to the community. Besides, there is a dedicated investor relationship team at the Group level for receiving and redressing investors’ grievances, which is disclosed in the Company’s Annual Report 2017-18.

According to the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder, we have constituted an Internal Complaints Committee (ICC), which is responsible for redressing complaints related to sexual harassment. During the year under review, there were no complaints pertaining to sexual harassment.

Timely resolution of grievances remains our top priority. There is a system to receive and redress grievances at all locations, including escalation to the CEO.

We have adopted a Code of Conduct and Ethics (the Code), approved by our Board of Directors. The Code is applicable to all members of the Board and senior management employees and is also adopted by Adani Transmission business for all its employees. The expected behaviour of contract workman is governed through general terms and conditions of the contract, communicated along with all contract documents and also through instructions on the job.

The objective of the Code is to maintain the standards of business conduct of the Company and ensure compliance with applicable laws. Standards and values that can enhance the image of the Company, set the standards for business transactions and deter wrongdoing in all business-related activities have been laid down in the Code.

The Code expects all members of the Board and the Company’s senior management to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct.

For seeking advice or clarifications on ethical and lawful behaviour, employees can consult the HR Head or the Audit Committee Chairman either through emails or directly. External advice is sought on ethical and lawful behaviour and matters related to organisational integrity on a case-to-case basis, when any such situation arises.
We have set up a Whistleblower Policy for all stakeholders to report genuine concerns. The objective of this mechanism is to provide a framework for responsible and secure whistleblowing and also protect stakeholders raising concerns about any irregularities within the Company. Protected disclosures can be made under this mechanism in relation to matters concerning the Company in one of the following ways:

- By sending an e-mail to whistleblower@adani.com, with the subject line ‘Protected disclosure under the Whistleblower Policy’
- By sending a letter in a sealed envelope, superscribed as ‘Protected disclosure under the Whistleblower Policy’, to the vigilance and ethics officer

Integrity, anti-corruption and work ethics are key constituents of the Group policies. Powered by our vision to be a globally admired leader and to maintain our adherence to high standards of business, including corporate governance and the law of the land, we observe zero tolerance towards corruption.

As part of our operational as well as organisational-level risk identification and management process, all our businesses undergo assessment for risks. This also includes aspects related to corruption, internal audits, statutory audits, formal and informal information to top management by employees, suppliers and other stakeholders. Such a strategy enhances in-system transparency.

There were no reported cases of corruption during FY 2017-18. Suitable actions are initiated in the system whenever any corruption-related cases are identified. During the reporting year, no significant fines or non-monetary sanctions related to non-compliance with applicable financial, environmental and social laws and regulations were imposed on our businesses, including subsidiaries.

Compliance and Internal Controls

As a responsible corporate, we have developed robust internal controls and are committed to comply with applicable laws and regulations, locally and nationally. Initiated as part of our business process transformation exercise, Management Audit & Assurance Services (MAAS) is a centralised function with direct administrative reporting to the Chairman of the Board. The role of MAAS comprises internal audit and control and the team reports to the Board’s Audit Committee.

A legal compliance review of all operating locations and projects is done in a systematic manner. Our internal legal team consults top legal experts in all significant cases and assesses the risk and merit of each case. The Company’s legal head submits the disclosure on legal compliance to the Board-level committee. Environmental due diligence and assessment of risks are also done for the projects that we consider for acquisition. We are of the view that any other legal case filed under other laws of the land in which the Company has been made a respondent and which was sub-judice during the reporting year does not pose any risk to the business.

As part of the management system implementation, our compliance with EHS and quality standards is audited regularly. Our acquisitions, mergers and significant contracts are subjected to due diligence and assessment of existing and potential risks related to human rights, environment and labour practices are conducted through an independent third party.

During the reporting year, we had two acquisitions, i.e. Western Transco Power Limited (WTPL) and Western Transmission (Gujarat) Limited (WTGL). A due diligence and assessment of risks are also done for the projects that we consider for acquisition.

A legal compliance review of all operating locations and projects is done in a systematic manner. Our internal legal team consults top legal experts in all significant cases and assesses the risk and merit of each case. The Company's legal head submits the disclosure on legal compliance to the Board-level committee. Environmental due diligence and assessment of risks are also done for the projects that we consider for acquisition. We are of the view that any other legal case filed under other laws of the land in which the Company has been made a respondent and which was sub-judice during the reporting year does not pose any risk to the business.
We are working in a complex and dynamic external environment, which significantly influences our business. An understanding of the following strategic factors helps strengthen the Company’s competitive edge to remain sustainable in the short, medium and long term.

**Growth opportunities in transmission sector**

- 33%: The expected share of investments of the transmission sector in the power sector in FY 2017-21 (in %)
  - Compared to 20% in FY 2012-16
  - UDAY Uljwala DISCOM Assurance Yojana (UDAY) was launched by the MoP on 5th November 2015 with the aim to improve the financial health of DISCOMs and revive the demand of the power sector

**Government reforms**

- Ministry of Power (MoP)
  - The MoP is concerned with perspective planning, policy formulation, processing of projects for taking investment decisions, monitoring the implementation of power projects, training and manpower development, and enactment of legislation related to power generation, transmission and distribution
- Central Electricity Authority of India (CEA)
  - This advisory arm of MoP deals with matters relating to the National Electricity Plan and formulates guidelines for the development of the sector
- Central Electricity Regulatory Commission (CERC)
  - The CERC regulates tariff and grants licenses
- State Electricity Regulatory Commission (SERC)
  - The SERC regulates tariff, formulates policies regarding subsidies and grants licenses in respective states
- Central Transmission Utility (CTU)
  - The CTU ensures the development of an efficient, coordinated and economical system of inter-state transmission lines
- State Transmission Utility (STU)
  - The STU ensures development of an efficient, coordinated and economical system of intra-state transmission lines
- National Load Dispatch Centre (NLDC), Regional Load Dispatch Centre (RLDC) and State Load Dispatch Centre
  - NLDC, RLDC and State Load Dispatch Centre are apex bodies that ensure integrated operations of power system at the national, regional and state levels, respectively
- Building Block-Multiyear (4 to 5 years) Reset Basis
  - Return on equity set by CERC / SERCs
- Competitive Bidding-License Period Basis
  - Annual transmission charge for a 35-year period is set through the bidding process

**Stable regulatory framework**

- Lower per capita power consumption and sustained power deficits driving significant capacity additions
- All projects are being awarded through tariff-based competitive bidding, except for projects that are of strategic importance
- Strong payment security mechanism

**Sustainable revenue model**

- State Electricity Regulatory Commission (SERC)
  - The SERC regulates tariff, formulates policies regarding subsidies and grants licenses in respective states
- Central Transmission Utility (CTU)
  - The CTU ensures the development of an efficient, coordinated and economical system of inter-state transmission lines
- State Transmission Utility (STU)
  - The STU ensures development of an efficient, coordinated and economical system of intra-state transmission lines
- National Load Dispatch Centre (NLDC), Regional Load Dispatch Centre (RLDC) and State Load Dispatch Centre
  - NLDC, RLDC and State Load Dispatch Centre are apex bodies that ensure integrated operations of power system at the national, regional and state levels, respectively
- Legacy of Maintaining and Defining Tariffs
  - 18 years of track record of CERC
  - 17 years of track record for SERCs

**Installed capacity estimated by FY 2021-22 (in GW)**

- 557 GW
- Lower per capita power consumption and sustained power deficits driving significant capacity additions
- All projects are being awarded through tariff-based competitive bidding, except for projects that are of strategic importance
- Strong payment security mechanism
Adani Transmission Edge

Mature Operational Assets
Long Life Assets and Contracts
Operational Assets with Minimal Ongoing Maintenance

<table>
<thead>
<tr>
<th>Business</th>
<th>Regulator</th>
<th>License Period</th>
<th>Commercial Operation Date</th>
<th>Remaining Life (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adani Transmission (India) Limited</td>
<td>CREC</td>
<td></td>
<td>Jul 2009</td>
<td>22 + 10</td>
</tr>
<tr>
<td></td>
<td>MERC</td>
<td></td>
<td>Oct 2012</td>
<td>18 + 10</td>
</tr>
<tr>
<td>Maharashtra Eastern Grid Power Transmission Company Limited</td>
<td>MERC</td>
<td></td>
<td>Aug 2012</td>
<td>20 + 10</td>
</tr>
<tr>
<td>Aravali Transmission Service Company Limited</td>
<td>RERC</td>
<td>25 years + 10 years</td>
<td>Feb 2014</td>
<td>21 + 10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Apr 2014</td>
<td>20 + 10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mar 2015</td>
<td>20 + 10</td>
</tr>
<tr>
<td>Maru Transmission Service Company Limited</td>
<td>RERC</td>
<td>Oct 2013</td>
<td>20 + 10</td>
<td></td>
</tr>
<tr>
<td>Western Transmission (Gujarat) Limited</td>
<td>CERC</td>
<td>Dec 2015</td>
<td>22 + 10</td>
<td></td>
</tr>
<tr>
<td>Western Transco Power Limited</td>
<td>CERC</td>
<td>Dec 2013</td>
<td>20 + 10</td>
<td></td>
</tr>
</tbody>
</table>

Value Chain Context

We have identified the impact areas related to our value chain activities and linked it back to our business partners. In our trading business, the impact is directly linked to the buying and selling of agro-products such as castor oil, which is transactional in nature. Since our key business focus is transmission and distribution, we have focused our disclosures related to material topics on transmission in this report.

Value Creation Report 2017-18
Making an Impact through Value Leadership

Refer to ‘Social and Relationship Capital’ on Page 38 of this report for more details on our procurement process.
**Business Model**

**Input (Measure)**
- **Equity (₹)**
- **Reserves and Surplus (₹)**
- **Debt (₹)**
- **PAT (₹)**
- **Credit Rating**

**Manufactured Capital**
- **Transmission Lines (ckm)**
- **Sub-stations (MVA)**
- **Solar Generating Capacity for Auxiliary Consumption (MW)**
- **Structural Steel for Transmission (MT)**
- **Aluminium and Zinc (MT)**

**Social and Relationship Capital**
- **Regulatory Partners**
- **CSR Partner- AP and Existing Communities around Us**
- **Financial Institutions (Nos)**
- **CSR Expenditure of Last Year (₹)**
- **Training Partner (APTRI)**

**Intellectual Capital**
- **Business Processes (AGILE, DISHA etc) (Nos)**
- **Management Systems (SMS etc) (Nos)**
- **Knowledge Data Bank**
- **E-learning Platform for Employees**

**Human Capital**
- **Employees, including FTA (Nos)**
- **Contract Workforce (Nos)**
- **Average Age of Manpower (Yrs)**

**Natural Capital**
- **Ecosystem Services (land Acquired or Leased for New Substations (Ha)**
- **Forest Area Diversion (Ha)**

---

**Goal**
- **20,000 ckm by 2022**

---

**Business Process**
- **Trading of Agri commodities**
- **Power Transmission and Distribution**
- **Investment Decisions/Plans based on Long-term Vision and Mission**
- **Asset Creation**

**Business Activities**
- **AGILE**
- **Synergy**
- **DISHA**

**Supporting Mechanisms**
- **Governance and Risk Management**
- **Risks and Opportunities**
- **Performance**
- **Strategy and Resource Allocation**
- **Outlook**

---

**Output (Value Created)**
- **Revenue (₹)**
- **PAT (₹)**
- **Debt/Equity Ratio (%)**
- **Earnings Per Share (₹)**
- **Total Asset (₹)**
- **Market Cap (₹)**
- **MSCI**

**Outcome (Value Generated for Relevant Stakeholders)**
- **Investors**
  - Refer to Pages 3, 9, 59, 146 and 147 of our Annual Report 2017-18 for more details
- **Beneficiary**
  - Refer to Page 50-61 of our MDA in our Annual Report 2017-18 for more details
- **Community, Beneficiaries, and Regulators**
  - Refer to Page 82-89 of our MDA in our Annual Report 2017-18 for more details
- **Investors, Beneficiaries, and Vendors**
  - Refer to Pages 52 and 61 of the report for more details
- **Employees and Workforce**
  - Refer to Page 46 of the report for more details
- **Environment**
  - Refer to Page 62 of the report for more details

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**Value Creation (Perservation and Diminution) over Time**

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Our Value Creation Capitals

Key Capitals

Financial Capital
Manufactured Capital
Intellectual Capital
Human Capital
Social and Relationship Capital
Natural Capital
India’s economic growth is powered by Government initiatives and supported equally by the private sector, which commits significant investments towards nation-building. We consider our growth to be a testament to our commitment to nation-building as we operate several energy assets that help address the country’s energy deficit.

Consequently, ATL considers economic sustainability critical to its operations. At ATL, we are focused on appropriate returns to shareholders and lenders through a strategy of growth and expansion, while ensuring sustainability for our business partners such as vendors. Our growth has been and continues to be inclusive of employees and community development to generate direct and indirect economic benefits.

We have set milestones in pursuit of our business objectives and targets and have been playing a strategic role in the Indian energy sector by creating an extensive and dependable transmission network that interconnects generating stations with load centres and distribution networks.


### Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16 $ million</th>
<th>FY 2016-17 $ million</th>
<th>FY 2017-18 $ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Capitalisation</td>
<td>37,779</td>
<td>70,550</td>
<td>2,13,030</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>22,673.9</td>
<td>28,978.1</td>
<td>40,551.9</td>
</tr>
<tr>
<td>Total Debt</td>
<td>85,849.5</td>
<td>89,748.1</td>
<td>1,04,283.4</td>
</tr>
<tr>
<td>Total Equity</td>
<td>26,718.1</td>
<td>29,465.3</td>
<td>60,564.9</td>
</tr>
<tr>
<td>Consolidated Net Profit</td>
<td>3,679.4</td>
<td>4,164.3</td>
<td>11,429.4</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>1,712.0</td>
<td>4,981.8</td>
<td>6,654.9</td>
</tr>
<tr>
<td>Operational EBITDA Margin</td>
<td>95%</td>
<td>94%</td>
<td>94%</td>
</tr>
</tbody>
</table>
Value Creation Report 2017-18
Making an Impact through Value Leadership

US Bond Issuance — Rule 144A / Regulation S Offerings

In FY 2016-17, your Company priced rule 144A/Regulation S offering of $500 million 4.00% Senior Secured Notes due 2026. This was the first USD public market international bond by an Indian investment grade private sector corporate issuer since July 2015. These Notes are rated Baa3 (Moody’s), BBB- (S&P) and BBB- (Fitch).

Credit Rating: AA+ / BBB-
- Best-in-class Domestic Rating
- Investment Grade Rating from all three International Rating Agencies, i.e. Moody’s, S&P and Fitch

Table 1: Economic Performance

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Value Generated</td>
<td>22,673.9</td>
<td>28,978.1</td>
<td>40,591.9</td>
</tr>
<tr>
<td>Revenue from Operations</td>
<td>20,484.7</td>
<td>21,201.8</td>
<td>31,287.0</td>
</tr>
<tr>
<td>Other Income (Incl. Revenue</td>
<td>2,189.2</td>
<td>7,776.3</td>
<td>9,264.9</td>
</tr>
<tr>
<td>Economic Value Distributed</td>
<td>13,398</td>
<td>19,121.3</td>
<td>23,328.4</td>
</tr>
<tr>
<td>Operating Cost</td>
<td>2,378.7</td>
<td>8,416.5</td>
<td>10,674.4</td>
</tr>
<tr>
<td>Employee Wages and Benefits</td>
<td>3071</td>
<td>459.1</td>
<td>422.5</td>
</tr>
<tr>
<td>Payment to Providers of Capital</td>
<td>9,572.9</td>
<td>9,040.1</td>
<td>8,856.3</td>
</tr>
<tr>
<td>Payment to the Government</td>
<td>1,424.4</td>
<td>1,158.3</td>
<td>3,292.9</td>
</tr>
<tr>
<td>Community Investment</td>
<td>14.9</td>
<td>47.3</td>
<td>82.3</td>
</tr>
<tr>
<td>Economic Value Retained</td>
<td>9,275.9</td>
<td>9,856.8</td>
<td>17,223.5</td>
</tr>
</tbody>
</table>

For more details on our financial performance, refer to Page 141-150 of our Annual Report 2017-18

Rupee Denominated Bonds — Masala Bonds

In FY 2016-17, your Company priced Rupee Denominated Bond of ₹5,000 million 9.10% Senior Secured Notes due 2021. This was the first private power sector issuance from an Indian investment grade issuer in international bond markets.

Project Financing and Refinancing

Project finance is the long-term financing of transmission projects based on the projected cashflows and not on the balance sheets of its sponsor. A project financing structure involves equity from its sponsor, ATL and a ‘syndicate’ of lenders that provides loans to the operation, normally led by one lead lender.

The financing is secured on the basis of an SPV formed for the purpose of project execution. Transmission projects are sanctioned by the lender, based on due diligence of various project documents, including a detailed project report, site due diligence, financial model, contracts with EPC, approvals and licenses and project insurances. The interest cost, payment terms and tenure were renegotiated with the lender. Refinancing is done for operational projects where there is historical cashflow data available and the risk of project execution is mitigated.

Debt and Debt Servicing

During the reporting year, the Company serviced its long-term debt obligations within the stipulated time. External Commercial Borrowings (ECB) outstanding at the beginning of the year were $650 million and during the year, net increase was $10 million. This makes the closing balance of $660 million, which is fully hedged.

Government’s Assistance or Benefits

Under Section 80-IA of the Income Tax Act, 1961, ATIL and Maharashtra Eastern Grid Power Transmission Company Limited (MEGPTCL) are entitled to deduct all gains on account of transmission system operations for 10 consecutive years within the first 15 years from the date they began operation. In case of ATIL, the benefit has been elected to commence the 10-year period from the reporting year for transmission lines from Mundra to Dehgam and Mundra to Mohindergarh; however, it has not been elected in case of MEGPTCL. LIC forms a part of ATL’s shareholding (2.61% in FY 2017-18). Only one share the face value of ₹10 is held with the Government of Rajasthan out of the 25 lakh shares of Adani Transmission Rajasthan Limited (ATRL). We have not received any financial assistance from the Government in terms of tax reliefs, subsidies, investment grants, royalty holiday or other financial incentives.
Manufactured Capital

Creating Value by Adopting Best-in-class Systems and Technologies

As India’s largest private sector energy transmission company, we focus on adopting new and evolving technologies. Systems and technologies suitable for bulk power transfer over long distances — such as high-capacity Extra High Voltage/ Ultra High Voltage (EHV/UHV) AC systems, HVDC systems, compact towers/ substations, mitigating devices to address high short-circuit level and intelligent grids — have been developed by us.

System Efficiency and Availability

To enhance our revenue, we continuously monitor cumulative availability and number of outages across our different established assets and our performance against internally set KPIs. Transmission losses are kept to the optimal level as per design specifications that have been provided by regulatory authorities such as the Central Electricity Regulatory Commission (CERC), Rajasthan Electricity Regulatory Commission (RERC) and Maharashtra Electricity Regulatory Commission (MERC). Our engineering department ensures that the designs conform to specifications.

Our operating performance continues to set a national and industry benchmark in terms of system availability of 99.83% and EBITDA margin (Operations) of 94% for the transmission business. Our robust performance can be inferred from consistent system availability of over 99% in the preceding three years of operation. The availability is measured as a function of outages as per applicable regulations.
The extent of availability of our infrastructure is essential for our end user as per SLAs and our performance on this aspect is monitored by comparing cumulative availability numbers. These numbers are provided on a monthly basis by regulatory authorities, with normative availability values.

### Table 2: System Availability

<table>
<thead>
<tr>
<th>Asset Name</th>
<th>System</th>
<th>FY 2015-16</th>
<th>Cumulative Availability (%)</th>
<th>FY 2016-17</th>
<th>Cumulative Availability (%)</th>
<th>FY 2017-18</th>
<th>Cumulative Availability (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATIL asset-1</td>
<td>HVDC</td>
<td>95.00</td>
<td>99.61</td>
<td>96.60</td>
<td>99.07</td>
<td>96.00</td>
<td>99.80</td>
</tr>
<tr>
<td>ATIL asset-1</td>
<td>EHVAC</td>
<td>98.00</td>
<td>99.99</td>
<td>98.00</td>
<td>99.85</td>
<td>98.00</td>
<td>99.94</td>
</tr>
<tr>
<td>ATIL asset-2</td>
<td>EHVAC</td>
<td>98.00</td>
<td>99.86</td>
<td>98.00</td>
<td>99.90</td>
<td>98.00</td>
<td>99.79</td>
</tr>
<tr>
<td>ATIL (Tiroda-Warora)</td>
<td>EHVAC</td>
<td>98.00</td>
<td>99.93</td>
<td>98.00</td>
<td>99.92</td>
<td>98.00</td>
<td>99.83</td>
</tr>
<tr>
<td>MEGP TCL</td>
<td>EHVAC</td>
<td>98.00</td>
<td>99.83</td>
<td>98.00</td>
<td>99.86</td>
<td>98.00</td>
<td>99.77</td>
</tr>
<tr>
<td>ATSCL</td>
<td>EHVAC</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>MTSCL</td>
<td>EHVAC</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>WTPL</td>
<td>EHVAC</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>WTGL</td>
<td>EHVAC</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

### Table 3: Material Consumption

<table>
<thead>
<tr>
<th>Unit</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel (Tower Part)</td>
<td>MT</td>
<td>3,000</td>
<td>45,871</td>
</tr>
<tr>
<td>Aluminium Alloy (Conductor)</td>
<td>MT</td>
<td>163</td>
<td>16,030</td>
</tr>
<tr>
<td>Steel Wires (Conductor and Earth Wire)</td>
<td>MT</td>
<td>0</td>
<td>5,792</td>
</tr>
<tr>
<td>Transformer Oil</td>
<td>KL</td>
<td>0</td>
<td>71,251</td>
</tr>
<tr>
<td>SF₆ (Top-up)</td>
<td>KG</td>
<td>163</td>
<td>57,26</td>
</tr>
<tr>
<td>Concrete (M20, M15 and M10)</td>
<td>M³</td>
<td>13,388</td>
<td>94,341,05</td>
</tr>
<tr>
<td>Polymer Insulator</td>
<td>Number</td>
<td>2,271</td>
<td>56,364</td>
</tr>
<tr>
<td>Porcelain Insulator</td>
<td>Number</td>
<td>3,089</td>
<td>55</td>
</tr>
</tbody>
</table>

### Material Consumption

Adopting best-in-class technologies in our business is essential to ensure and maintain global performance benchmarks. We acknowledge the fact that to be competitive, we need to invest in innovation, absorb emerging technologies and pursue R&D initiatives. Our engineering department has carved out R&D initiatives with focus on process improvement and design customisation, without compromising on technical requirements.

The R&D initiatives are reviewed by dedicated management teams and we report our R&D efforts, including savings, to the Board every quarter. We also internally circulate our achievements to inspire young engineers to contribute towards innovation through internal newsletters.

Our engineering department unveils new and improved designs of towers used for transmission. The key focus is on cost reduction through less consumption of materials such as steel, aluminium and insulators, among others. Additionally, in-house designs help customise environmental and technical parameters, which would not be possible with standard designs.

We are exploring usage of Geo Synthetic material in designs for protecting soil from erosion against conventional use of RCC or Masonry walls which will help in optimal utilisation of natural resources.
Waste Management

In our business, we generate wastes during project execution and O&M. Wastes generated during project management are handled according to the waste management systems agreed with EPC contractors. Wastes generated in the supply chain, such as fabrication of tower components, are handled by respective vendors. We have also redesigned the contracting philosophy to mitigate the risk for the management of scrap material.

Earlier, we used to procure ACSR conductor in wooden drum, which generate wooden scrap at project completion. Subsequently, we continue to use returnable steel drums. For the disposal of smaller quantities of wooden scrap generated from earth wire and packing material for insulators, we allow the contractor to dispose the scrap from the site, wherein the contractor passes on the proceeds of the scrap’s salvage value.

We also evaluate the environmental impact related to our O&M operations generate certain hazardous and non-hazardous materials such as metal scrap from tower parts, insulators, waste oil from transformers, used batteries and waste from offices. Our IMS includes a system for waste segregation at source and disposal as per waste categorisation. As a general practice, we dispose waste as per the following methods and in compliance with relevant regulations wherever applicable:

• We sell metal scrap through auction
• We dispose used batteries through authorised vendors as per Batteries (Management and Handling) Rules, 2001
• We dispose used transformer oil and empty containers through authorised recycler/re-processor according to the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008
• For other waste items than those mentioned above, we undertake a suitable disposal mechanism responsibly on a case-to-case basis as documented in our IMS

We ensure that our contractors follow ATL’s policies and guidelines and the environmental impact related to their operations are minimised.

Table 4: Total Waste Items Generated

<table>
<thead>
<tr>
<th>Category</th>
<th>Units</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
<th>Disposal Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous Waste</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Battery Oil Drums</td>
<td>Numbers</td>
<td>118</td>
<td>100</td>
<td>10</td>
<td>Buyback</td>
</tr>
<tr>
<td>Numbers</td>
<td>*</td>
<td>392</td>
<td>250</td>
<td></td>
<td>Authorised recycler</td>
</tr>
<tr>
<td>Non-hazardous Waste (Scrap from Construction and Operational Assets)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insulator Scrap</td>
<td>Numbers</td>
<td>3,318</td>
<td>316</td>
<td>2,502</td>
<td>Auctioned by vendors</td>
</tr>
<tr>
<td>Wood Scrap</td>
<td>MT</td>
<td>4.37</td>
<td>8</td>
<td>22.02</td>
<td></td>
</tr>
<tr>
<td>Steel Scrap</td>
<td>MT</td>
<td>74.8</td>
<td>16.425</td>
<td>10.58</td>
<td></td>
</tr>
<tr>
<td>Aluminium Scrap (Conductor)</td>
<td>MT</td>
<td>61.16</td>
<td>0</td>
<td>13.39</td>
<td></td>
</tr>
<tr>
<td>Aluminium Scrap (Others)</td>
<td>MT</td>
<td>0.27</td>
<td>0</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Galvanized Iron Scrap</td>
<td>MT</td>
<td>78.23</td>
<td>0.6</td>
<td>1.05</td>
<td></td>
</tr>
<tr>
<td>Project/ O&amp;M Waste (Aggregates)</td>
<td>MT</td>
<td>–</td>
<td>6.39</td>
<td>0.57</td>
<td></td>
</tr>
<tr>
<td>Plastic Scrap</td>
<td>MT</td>
<td>0.1 MT</td>
<td>60,000 cement bags</td>
<td>0.15 MT and 3,52,265 cement bags</td>
<td></td>
</tr>
</tbody>
</table>

As a part of India’s commitment to the Stockholm Convention on Persistent Organic Pollutants, only non polychlorinated bi-phenyl (PCB) transformer oil is used in all our substations. PCBs are Persistent Organic Pollutants (POPs) used as an insulating medium in electrical equipment.

Our IMS monitors leaks and spills of hazardous substances and there were no significant spills of transformer oil during the reporting period.

Besides, we have not transported/ imported/ exported/ treated wastes deemed hazardous under the terms of the Basel Convention Annexures I, II, III and VIII, nor shipped them internationally.
We recognise our accountability to stakeholders and acknowledge that our success depends on understanding the interests and requirements of stakeholders. Our endeavour is to find common and acceptable solutions in collaboration with them. Our key stakeholders are those who can create considerable business impact and be significantly impacted by it.

Social & Relationship Capital

Sharing Value with Partners, Communities and the Society

Stakeholder engagement processes, outcomes and concerns

- We recognise our accountability to stakeholders and acknowledge that our success depends on understanding the interests and requirements of stakeholders. Our endeavour is to find common and acceptable solutions in collaboration with them. Our key stakeholders are those who can create considerable business impact and be significantly impacted by it.
Our Stakeholder Engagement Approach

The following stakeholders have been identified based on the significance of their impact on the business and the impact of the business on them. Key concerns were discovered through our interactions over the course of the business and through various modes of engagement with them.

Table 5: List of Identified Stakeholders and Engagement Details

<table>
<thead>
<tr>
<th>Key Stakeholders</th>
<th>Key Stakeholder Concerns</th>
<th>Frequency of Engagement</th>
<th>Mode of Engagement and Communications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders, Investors and Financial Institutions</td>
<td>• Compliance to laws and regulatory requirements</td>
<td>Quarterly, Annual, Need-based</td>
<td>• Annual Reports • Sustainability Reports • Annual General Meetings • Communications to stock exchanges • Investor meets • Quarterly conference calls • Rating agency notes • Engagement with bankers for research reports on the company</td>
</tr>
<tr>
<td>Human Resources (Employees + Workforce)</td>
<td>• Respect and dignity</td>
<td>Continuous, Monthly, Half-yearly, Need-based</td>
<td>• Appraisal • Monthly newsletters • HR online surveys • Emails • Town hall/open-house meetings • Health, Safety and Environment (HSE) committee meetings • Apex meetings • Policy communication • Portal/intranet • Family get-togethers</td>
</tr>
<tr>
<td>Customers</td>
<td>• Conformity to contractual conditions, SLAs and availability</td>
<td>Continuous, Need-based</td>
<td>• Emails • In-person meetings/letters • Telephone calls • Progress and performance reports</td>
</tr>
<tr>
<td></td>
<td>• Compliance to regulatory requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Grievance redressal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Timely project delivery</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Anti-corruption and ethical behaviour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governments, Local Administration and Statutory and Regulatory Authorities</td>
<td>• Compliance and taxes</td>
<td>Need-based</td>
<td>• Emails • In-person meetings/letters • Telephone calls • Progress and performance reports • Petitions • Accident/incident • Reports • Returns under applicable laws</td>
</tr>
<tr>
<td></td>
<td>• Timely responses to queries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Anti-corruption</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Disaster and relief management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Timely project delivery</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• System reliability</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• CSR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPC and Supply Chain Partners</td>
<td>• Fairness and transparency in contractual process</td>
<td>Continuous, Need-based</td>
<td>• Contracts/general conditions of contract audits • Feedback and evaluation reports • Supplier meets • In-person meetings • Tool-box talks • HSE meetings • Emergency response drills • Progress reports • Monthly meetings</td>
</tr>
<tr>
<td></td>
<td>• Competence development of supply chain partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Security at workplace</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Timely payment and honouring commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Long-term association</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Create a win-win situation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Clarity in terms and conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Work environment - Guidance and co-ordination related to quality, environment, health and safety at site</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Anti-corruption and ethical behaviour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Communities, NGOs and General Public</td>
<td>• Anti-corruption and ethical behaviour</td>
<td>Continuous, Need-based</td>
<td>• Community engagement and local community meetings • Newspapers and CSR volunteers • Hoardings • One-on-one meetings with farmers • Gram Panchayat / Gram Sabha • Sustainability Reports</td>
</tr>
<tr>
<td></td>
<td>• Infrastructure development and maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Social need identification and community welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Grievance redressal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fair process and evaluation for any losses and compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Proactive communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Health and safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Environmental protection and non-pollution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Human rights honouring commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Indigenous rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Emergency response and disaster management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Vendors

ATL’s business philosophy is based on a reliable and sustainable supply chain to drive efficiency in business operations. As part of the Company’s business transformation agenda, we have now formulated a structured and uniform supply chain management process. Given the nature of our business, vendors (suppliers and contractors) are partners and act as enablers for success.

Vendors play a significant role in determining the successful completion of a project in terms of schedule, quality and cost of the asset being constructed. Therefore, from a business sustainability point of view, ATL is committed to supporting vendors to provide the best quality with optimum cost, while considering the HSE aspects.

We actively invest in developing our vendor ecosystem to ensure that none of the vendors employ child labour and abide by the applicable regulatory requirements. Implementing a detailed process of onboarding vendors through pre-qualification ensures vendor credentials and capability to execute assignments, adhere to HSE norms and comply with statutory requirements. We are aligning ourselves with our Group initiative towards standardisation of business processes to make them reliable and future ready. Through our business transformation processes — DISHA and ADILE — our Group has developed a common vendor base across our Group companies. DISHA is focused on operations, while ADILE is focused on projects. To build a sustainable business relationship with vendors, we measure the performance of the vendor and provide feedback for improvement and development.

The Company follows a Vendor Relationship Management (VRM) programme that involves collaborative working and relationship building with vendors to meet relevant business objectives.

Vendor Assessment Practices

Our key vendors are primarily divided into the following categories:

- **Supplier of key materials for projects and O&M**
- **Contractors for civil construction works**
- **Contractors for transmission line and substation on a turnkey basis**
- **Contractors for O&M services on KPI-based model**

The major supply items are transmission line towers, insulators, conductors, hardware fittings and accessories, earth wire, OPGW under transmission lines, transformers, reactors and other substation equipment for transmission and substation projects.

Suppliers are evaluated based on their manufacturing capability, past records, current commitment, manufacturing quality plan, environmental and social obligation, and whether they are operating with the required management system. This includes risk assessment, compliance to environment, labour, human rights, and occupational health and safety.

Contractors are evaluated based on the construction capability i.e. manpower and equipment mobilisation, executed work in the past, current commitment, field quality plan, safety procedure and accident score card, environmental and social obligation, and whether they are operating with the required management system. This includes risk assessment, compliance to the environment, labour and human rights, and occupational health and safety.

We carry out comprehensive environmental management system assessment during the selection of supply chain partners. Our vendor assessment is conducted in two phases — initial vendor registration and thereafter based on the risk profile of the vendor. Vendors are screened for actual and potential negative impact, if any, on the environment, labour practices, quality and human rights. We are in the process of developing a safety scorecard for each vendor. This will be made part of the pre-qualification criteria for our upcoming projects. We conducted 20 assessments of our new and existing supply chain partners in FY 2017-18, which covered various environmental parameters, including waste.

Contractors for turnkey jobs are evaluated based on their manufacturing strength for major supply items leveraged for cost optimisation and smooth supply chain management. Besides, they are evaluated based on manufacturing and field quality plan, environmental and social obligation, and whether they are operating with the required management system.

This includes risk assessment, compliance to environment norms, labour and human rights, and occupational health and safety. For any new vendor, we gather feedback from their clientele references to confirm and ensure their performance.

Efficient Procurement System

For the supply of tower parts and aluminium conductor, we have evaluated and compared both backward integration practices and direct procurement of finished goods to optimise cost and to have better control over quality and delivery.

For instance, where we have opted for a backward integration model, the converters for tower parts and conductors are strategically selected considering the raw material cost and logistics, for optimised cost of finished material.

Additionally, metal commodities are being monitored closely and based on the market price trend, past data and future projection, we take a strategic call for forward positions of aluminium ingot and zinc. We then enter into a Memorandum of Understanding (MoU) for steel, etc. to mitigate the price escalation risk and to optimise the overall project cost.
Steps Involved in Procurement

The following steps are key to our vendor management process:

1. Vendor identification and on-boarding
   - To manage vendor expectations and resolve queries, we have an online vendor satisfaction survey. As part of our vendor on-boarding process, all vendors go through the defined steps and are screened using the specified parameters.

2. Managing vendor performance
   - The vendor on-boarding process broadly covers four aspects: identification, pre-screening, pre-qualification and approval. The on-boarding requires multiple level screenings to ensure that capable vendors are pre-qualified and taken on board. During the tendering process, successful vendors are transferred into our Vendor Master List. A vendor code is generated for new vendors following which the buyer / senior buyer begins formulating the contract.

3. Managing vendor queries and expectations
   - To maintain a healthy and mutually beneficial relationship with vendors, it is important to measure vendor performance and identify vendor development requirements. Vendor performance is measured through five groups of indicators, including EPC contracts, equipment packages, Bill of Quantity (BoQ) packages, bulk material and consultancy services.

Local Vendor Development

- Indigenisation of critical equipment and increasing our local (domestic) vendor base is a priority for us and this is measured and reviewed on a half-yearly basis.

To maintain a healthy and mutually beneficial relationship with vendors, it is important to measure vendor performance and identify vendor development requirements. Vendor performance is measured through five groups of indicators, including EPC contracts, equipment packages, Bill of Quantity (BoQ) packages, bulk material and consultancy services.

We have different sets of parameters for each type and set criteria to conduct performance evaluation. To manage the system, we have a standardised percentage contribution and weightages for each section to evaluate the vendor’s performance. Vendor performance data is reviewed for all ongoing projects. Inputs from the vendor scorecard are taken for the following parameters:

- Quality of deliverables
- Cost
- Delivery
- Vendor Management System
- Engineering deliverables
- HSE deliverables

Community Engagement

We identify the community as one of our key stakeholders. Our community engagement starts with identifying specific requirements (through formal and informal interaction with members of the community) early in the stage of project planning and runs through the entire project lifecycle. Before project commencement, we also take help of external expert agencies whenever required for need identification in a formal manner.

Community Grievance Mechanisms

During FY 2017-18, no community grievances were reported through formal channels. Suggestions and demands by local communities (shared informally) are routed through the Gram Panchayat and discussed in the presence of the rural development committee. Our CSR team provides support to the community if suggestions are related to the community’s advantage. We periodically conduct impact assessment studies of our CSR initiatives at all operating locations. The impact assessment of CSR initiatives is done on a rolling basis so that every individual location is covered once in five years.

Resettlement and Rehabilitation

We comply with all applicable regulations for Resettlement and Rehabilitation (R&R) in respective states. There were no cases of infringement of rights of indigenous community groups across our locations. We did not have any significant negative impact on local communities at any of our locations. There were no cases of physical or economic displacement of local people at our operations within the boundary of this report during FY 2017-18.

For more details on our CSR activities, refer to our CSR Report, Page 20, in our Annual Report 2017-18
The insight of our people is critical to the long-term value creation and sustainability of our Company. We work to maintain a productive and robust organisation, hire and develop talented people, strengthen our leadership and enhance employee performance through engagement.

The transmission industry by nature requires resources with unique skills and varied capabilities to achieve a shared vision and purpose. We are proud of being innovative and agile in our endeavours, the result of a vibrant workforce capable of responding quickly to changing market dynamics.

Our team goes beyond the usual boundaries of talent acquisition, performance reviews and remuneration and focuses on the areas of holistic well-being of our workforce. As a young company in a complex business environment, we recognise the need to continually revisit our HR systems, focus on recruitment, retention and development of our people.

Our HR strategy during FY 2016-17 focused on the following broad themes and we have retained it during FY 2017-18:

- Adhering to established Standard Operating Procedures (SOPs) and HR policies of the Adani Group. We have achieved full compliance to the Group SOPs. This was confirmed during our internal audits carried out by MAAS. We are in the process of further strengthening our SOPs to meet the new challenges identified based on employee engagement.

- The implementation of a structured Learning Management System (LMS) continued through FY 2017-18 and shall continue as a medium-term target till 2020. Further, based on the evaluation through LMS we are revamping and strengthening the existing learning systems and training modules to ensure end-to-end integration, simultaneously developing a new and robust system. We are engaging third-party experts to help implement training requirements in line with ATL’s requirements.

- We had set a target of identifying and developing high-potential talent and our business continuity and growth and we have completed the identification of these key resources for succession. Seventy-one employees have been identified through Harvard Courses while five employees were identified in the North Star category. We are also partnering with experts to develop customised courses, which include a mix of virtual and classroom training and set an ambitious target by 2022, in line with personal and business guidelines.

- As a Group initiative, during the year, we analysed our rewards and recognition programmes through idea generation and identification of SPOCs at each business level.
We treat our resource like family, taking every opportunity to invest in their personal and professional development. We have implemented Group policies to ensure that the well-being of our employees is upheld across our operations. Further, our total employee strength, including contract workforce, as on 31st March 2018 was 290; 43.28% were local employees i.e. employed in the state of domicile.

We believe, this is attributed to opportunities through other projects, which has strengthened employee engagement.

For our new members, we have rolled out programme to engage with them even before having them on-board. A dedicated resource from the recruitment team remains in touch with prospective employees to guide them through the joining process. When an employee joins ATL, we have a ‘Sahyogi’ programme to engage with them for familiarisation and formal orientation. We have a mechanism in place to gather feedback after 7 days, 30 days and 90 days.

The voluntary employee attrition rate at ATL in FY 2017-18 was 5.31%. Attrition numbers in FY 2017-18 reduced over the years. We believe, this is attributed to opportunities through other projects, which has strengthened employee engagement.

Around 1.99% of employees are due to retire in 5 years and 10.45% are due to retire in 10 years. We strive to fill our vacancies by hiring internally. Processes for identification of successors for different positions are in place. During the year, we hired 16 new recruits. The average age of our workforce as on 31st March 2018 was 34.68 years.

Our strategy for meeting human resource requirements is based on development from within. We ensure that we constantly enhance knowledge and skill, because unavailability of talent can have repercussions on new project planning and expansion, including our objective of 20,000 ckm by 2022. Hence, retaining existing talent is essential for smooth execution of all our projects. Additionally, we also engage contract workmen in our projects and O&M and have planned their development through on-the-job and off-the-job training.

We need to ensure that we achieve planned targets and also our projects are delivered on time. Hence, our human resource play a vital role at all stages of our business. We ensure constant dialogue with workforce and have established a robust grievance management system. We further strive to maintain cordial relationships between our workforce and the management, as any disruption in relationships can impact time and cost overrun.

During the year there was no attrition of key resources. We believe this was a result of our employee engagement including specially designed intervention (“North Star”) in collaboration with the Harvard Business School. The objective is to build competencies in specific areas such as business acumen, execution and people.

We have instituted the following measures to support our people and retain talent:

• Preparing employees for their new roles by taking them through a robust induction process that introduces them to the company, structure and work culture

• Focusing on our retention strategy to provide our employees with adequate training and development support to grow professionally

• Ensuring we are an equal opportunity employer

• Offering fair and comparable compensation and benefits to all our employees

• Rewarding and recognising meritocracy

• Mapping the talent pool across the Adani Group and encouraging internal transfers when opportunities arise

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Employee Engagement

Our engagement methods include the Grievance Redressal Mechanism, Employee Outreach programmes and regular one-on-one communication. These help us resolve employee concerns promptly. We have an open-door policy and any employee can approach the management with his/her concerns without fear of reprisal. We have also implemented and continued during reporting year a grievance redressal portal named ‘My Concern’, which serves as a platform for employees to voice any concern or grievance. Going forward, we have taken initiatives wherein any employee can share his/her views / concerns / issues / suggestions / grievances to HR as well as MD and CEO through dedicated email id and various other interactive forums.

Employee Benefits

We have a host of benefits which we provide to our employees, some of which go beyond what is required by law.

In addition to personal insurance, life insurance cover for employee’s spouse and children are also provided; this also covers maternity benefits over and above life insurance.

- Earlier, from 2016, for those employees working for more than three years in the company, parental insurance was covered additionally. This policy was revised during the reporting year and parental insurance for critical illness is covered additionally for employees having completed one year.
- Interest free loans for marriage, education and medical reasons, housing loan interest subsidy, car lease and educational loans for spouse and children are some of the benefits provided to our employees.
- In case an employee wants to continue their higher education, benefits like sponsoring a portion of the fees are provided.
- To engage our employees and their family members, every year we organise an event under the signature of "Saraswati Samman". This initiative is about to encourage academic performance of children of our employees and to provide a platform to showcase their talent.
- Our sister concern, AIIM (Adani Institute of Infrastructure Management) provides concessional fee structure to employees interested in pursuing higher education.

Although we have a process of signing a bond, we ensure that the terms and conditions of the bond are fair and transparent; and it is not construed as forced labour.

Table 8: Return to Work and Retention Rates after Parental Leave

<table>
<thead>
<tr>
<th>Gender</th>
<th>Entitled to parental leave</th>
<th>Takes parental leave</th>
<th>Returned to work after parental leave ended</th>
<th>Returned to work after parental leave ended and were still employed 12 months after returning to work</th>
<th>Percentage of employees returning to work after parental leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>201</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>201</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
</tbody>
</table>

Effective performance management plays a critical role in nurturing our people and promoting excellence. To evaluate the performance of our employees, we use a performance management framework that is linked to individual development goals and targets and provides inputs for the Training Need Identification (TNI) process as each employee’s reporting manager assesses his/her developmental needs. These, along with the specific inputs from individual employees about his/her own training needs, help us chart out the training calendar for the year.

This framework is supplemented by ongoing formal and informal feedback discussions with each employee and focuses on objective goal setting, identification of required competencies and annual appraisals. To ensure a common understanding, objectives are defined specifically for each function and two key workshops are conducted at the beginning of the year - when identifying and setting Key Performance Indicators (KPIs) and prior to the year-end assessment, aiming to engage our staff on how the process operates. This ensures that performance appraisals are conducted in a fair and transparent manner.

While we conduct annual performance reviews for all of our employees, we have introduced mid-year performance reviews to make proactive, mid-course assessments of our employees’ progress. The mid-year review also acts as a medium where employees can voice their opinions and exchange feedback.

Employees are guided on how they may improve their performance and be recognised for the areas in which they have excelled. Furthermore, reviewing performance parameters every six months leads to a deeper level of engagement between employees and their managers.

Promoting Excellence as a Way of Life
Enhancing People Potential

Our organisational culture encourages employees to grow at all stages of their association with the Company. We provide staff the space to cultivate team and leadership qualities, adopting the approach across hierarchies. Our HR development strategy is geared to provide adequate tools to equip our employees with the necessary skills to excel.

We have a clearly defined training and development policy, including the elements of the organisation’s vision, mission and values. All employees, irrespective of their grade and status, are provided with many opportunities to develop as professionals and achieve their aspirations. Our performance management system provides inputs for the Training Need Identification (TNI) process as each employee’s reporting manager assesses his/her developmental requirements.

These, along with specific inputs from individual employees about their own training needs, help us chart out the training calendar for the year. Our trainings are aligned with the competency requirements for various positions in our organisation.

A TNI is undertaken to assess areas for further development. Structured training modules are offered to employees to strengthen capacities and upgrade skills based on their individual departmental roles and specific needs.

Anchoring conversations at every level and ensuring that all managers are skilled in doing so has been an area of focus. The needs are converted into various learning solutions/training programmes offered to employees through an annual training calendar.

To support this, we have adequate infrastructure with audio visual aids and training classrooms. In addition, various training programmes in line with the training calendar are facilitated by external consultants and trainers.

A significant effort is made towards developing strong leadership potential across the organisation through highly focused leadership development programmes. These programmes are aimed at strengthening our team and supporting their career progression.

Our training programmes are both technical as well as behavioural in nature. Behavioural trainings cover leadership, soft skills training and include classroom trainings and practical field-based trainings. The programmes are evaluated for their effectiveness to ensure that they are relevant and impactful. For the current year, the organisation designated an average of five person-days of training for each grade. Around 100% of employees achieved this target in FY 2017-18.

Technical training:

The transmission value chain requires specific technical capabilities that are unique to the business. To keep our workforce abreast with various technical aspects, covering construction, O&M of transmission lines and substations, we identify and design tailored training modules to equip our people with job-related skills and competencies.

Functional development needs are additionally strengthened through our sister institutions such as Adani Power Training and Research Institute (APTRI), Adani Institute of Infrastructure Management (AIIM) and Adani Management and Development Centre (AMDC) which offer state-of-the-art facilities to deliver learning and development programmes to employees throughout the year.

Behavioural training:

The primary objective of behavioural training interventions is to create a culture of learning in the organisation, which is anchored around our vision, values and culture. In addition, the training aims to include capability building through various tools to prepare employees for future assignments and challenges. Each employee is required to undergo a minimum of 2.5 man-days of behavioural training every year and all eligible employees have achieved this target.

Training and development needs are additionally strengthened through our sister institutions such as Adani Power Training and Research Institute (APTRI), Adani Institute of Infrastructure Management (AIIM) and Adani Management and Development Centre (AMDC) which offer state-of-the-art facilities to deliver learning and development programmes to employees throughout the year.

eVidyalaya - Learn anywhere, anytime

We are encouraging employees to develop knowledge and skills through an e-learning platform called ‘eVidyalaya’, to support and reinforce learning within and across Adani Group’s diverse businesses and locations. eVidyalaya ensures that learning at Adani is not bound by time or place, and can be delivered in an effective manner at an employee’s convenience.

eVidyalaya combines a variety of rich media and interactive modules, including audio, video, quizzes and simulations that are designed to enhance learning retention, ensure a stronger grasp of the topics and strengthen employee capabilities. We have set an internal target of five courses per employee during the year, which is linked with Performance Management System. Hundred and seventeen employees undertook fifty seven courses through eVidyalaya.
Human Rights

Our employees and contract workforce working on our O&M and projects are sensitised on human rights during their induction process and thereafter regular updates are provided on aspects related to human rights. Information on human rights is also communicated in an informal manner using various case studies and news articles. This ensures that the workforce is updated and sensitised towards human rights issues.

The Company’s security personnel are also regularly sensitised on non-use of force and human rights. They are also provided training on managing a situation which may trigger human rights issue. The training of security personnel is conducted at the projects and O&M level by utilising the services of both internal and external resources.

At ATL, we believe that an engaged workforce is key to innovation, performance and ensuring we meet our business objectives. In addition to initiatives aimed at training and nurturing our people, we have developed ongoing team building activities to foster a trusting and collaborative working environment.

The aim of our engagement programmes is to encourage communication, keep employees informed about our organisation’s progress and to listen to what our people have to say. A monthly newsletter has been launched to provide updates on recent developments, events and stories about our employees from across our operations. There is a structured process in place in the organisation to take feedback from all employees regarding policies. Based on the feedback relevant policies are relooked and suitable changes are brought in. A senior leadership meeting is organised to orient them to changes in the policy and new initiatives. All stakeholders are communicated through various communication channels for any change in policy. Recently, we have modified policies around benefits with focus on enhanced benefits.

Data management of our employees is supported by our ERP solution. We are working to have a dedicated ERP for data management of all contract workforce, including statutory compliances. We are also upgrading our IT-enabled platform for further integration of HR processes, starting from sourcing to exit.

We ensure that stakeholders are protected against human rights abuses and are given the opportunity needed to realise their full potential without any bias. We are committed to fair employment practices and freedom of expression, supported by a strong, company-wide value system. Our practices for human capital management eliminates discrimination in any form at the workplace.

We have comprehensive disciplinary and grievance procedures in place that meet all requirements in terms of fairness or as required in the applicable legislation. We are committed to the labour rights principles provided in the International Labour Organisation core conventions and IFC performance standards including freedom of association and collective bargaining, health and safety of workforce eradication of child or forced labour and IFC performance standards including freedom of association and collective bargaining, health and safety and IFC performance standards including freedom of association and collective bargaining, health and safety.

We consider high safety risks in our projects and electrical safety risks in our O&M. We ensure strict adherence to industry-best practices across our operations and strive to improve our occupational health and safety performance to create a safe and secure workplace. Therefore, we have implemented Safety Management Systems (OHSAS 18001:2007) as part of our IMS across our projects and O&M to identify and manage hazards, risks and emergencies. We have a group policy on safety. During FY 2017-18, we identified specific resource requirements to strengthen our safety culture, practices and also increased team strength in our safety function.

Our IMS is supported by a Safety Manual for the transmission business which covers regulations to ensure that sector-specific safety procedures and protocols including Central Electricity Authority (CEA) regulations and other requirements are addressed. We have communicated these requirements to be abided by our employees and contractors. Our legal compliance tracker monitors compliance to central and state legislations; and we had no significant non-compliances in the last three years.

We have also strengthened our safety culture through engagement of all workforce in our safety committees at all sites to meet our set objective of zero harm - 100% of our total workforce is represented in formal joint management systems. During the year, monthly safety committee meetings were organised and action plans were developed. Our employees actively participate in the management of occupational health and safety and are provided regular training on health, safety, security, emergency preparedness and crisis management.

There were no fatalities or Lost Time Incidents (LTIs) either in our projects or in our O&M operations in FY 2017-18 and FY 2016-17. We initiated monitoring of safety observations, first aid and near miss cases during the reporting year and we recorded 15 first aid cases; i.e. 0 in O&M and 15 in projects and 34 near miss cases; i.e. 11 in O&M and 23 in projects.

We have a robust system to capture safety observations – consisting of unsafe acts and unsafe conditions through various mechanisms such as site safety inspection by top management, site safety representatives, internal audits, external audits and mock drill by the Group safety department.

We have set a system to monitor various Lead and Lag safety indicators to measure our safety performance at all sites. We focus on leading indicators, which include near miss, safety observation, safety training, mock drill, safety promotional campaign, tool box talk, safety committee meeting. It is ensured that labels, indicators, posters, tags and signage related to safety aspects are displayed for awareness.

Occupational Health and Safety
During the year, we carried out 1,296 safety observations. We observed 100% compliance to the observations raised as per Adani Group’s safety standards and IMS requirements.

We are in the process of establishing systems for monitoring absenteeism and identification of occupational diseases and the same shall be reported in subsequent reports.

### Table 9: Safety Statistics

<table>
<thead>
<tr>
<th>Job Category</th>
<th>First Aid Injuries</th>
<th>Injury Rate</th>
<th>Lost Day Rate</th>
<th>Absentee Rate</th>
<th>Work-related Fatality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td>15</td>
<td>0.02</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Contractual Workforce

### Table 10: Percentage of Workforce represented by Health & Safety Committees

<table>
<thead>
<tr>
<th>Job Category</th>
<th>Workforce represented through Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td>100%</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>100%</td>
</tr>
</tbody>
</table>

At ATL, safety has also been placed at the forefront of training, ensuring that each employee has the appropriate knowledge to be able to prevent injuries in his/her role. The safety training workshops are also extended to contractors to help improve safety performance and reduce the number of health and safety incidents across our supply chain.

Our Occupational Health and Safety (OHS) Policy is a statement of commitment towards working in a safe and responsible manner which protects our workers and communities, preserves the environment and maintains the integrity of our assets.

A central Corporate Safety Team monitors the safety performance of all locations, while the OHS function facilitates effective implementation of all policies and protocols. On-site emergency plan and safety operating procedures are in place at all our locations. We maintain an incident log register to record all health and safety cases. This register is reviewed when we develop new preventive measures to improve our approach to OHS across ATL’s operations.

Apart from personal accident, mediclaim and workman compensation policy, we have launched power privilege services for employees and their dependents, which are valid everywhere across India. These privileges cover subsidised services for our employees for access to specialist and super-specialist doctors, health check-ups, medical diagnostics and pharmacies. Our employees also have prioritised access at our network hospitals.

### Managing Occupational Health and Safety

#### Safety Training

We ensure that each worker, permanent or contractual, undergoes relevant trainings on health and safety before being deployed. During FY 2017-18, a total of 5,911 persons, including floating workforce, were provided safety induction training. Identifying safety risks and sensitising our workforce is an integral part of our orientation programme and on-site trainings for both employees and contractors. The awareness sessions on health, safety, environmental issues, the Company’s policies and applicable laws are imparted through in-house modules and external trainings.

We conducted 577 safety training programmes on various topics during the year and 100% of the employees and workforce under manpower contract were imparted relevant safety training. In safety trainings, we achieved 15,383.5 manhours during FY 2017-18. In addition to safety trainings, we conducted periodic mock drills (50 number in FY 2017-18) across ATL locations including the Head Office.

Employees in our corporate office located in Ahmedabad are trained on health and safety during their induction and through periodic refresher training as per our HSE policy. However, we have initiated the collection of data related to HSE training at the corporate office and it shall be reported going forward.

To strengthen our occupational health, safety systems and processes across our transmission business, we initiated the implementation of OHSAS 18001:2007 safety management system during FY 2015-16; and we got certified for OHSAS 18001:2007 covering all our O&M locations (Substations, Transmission Lines & HVDC System), Project Sites for Transmission Lines, Substations’ and associated facilities during the reporting year.

### Safety Event - Highlights

- Fire Safety Week celebrated across locations on 14th April to 20th April 2017
- Noise awareness day celebrated
- Road Safety Week celebrated from 8th January 2018 to 14th January 2018 at all locations
- National Safety Week celebrated from 4th March to 10th March 2018 at all locations
We believe intellectual capital is essential from a long-term perspective and growth of our organisation. We have adopted a three-tier strategy to enhance our intellectual capital. This includes strengthening the capability of our human resources, bringing in structural changes in terms of systems and processes and enhancing the relationship capital through co-operation and collaboration activity with research organisation, academia and peers.

Our key focus areas to enhance our intellectual capital are:

- Collaborate for research & development (R&D) and innovation activities, enabling to improve the overall efficiency and reliability
- Engage with business partners for supply of new, more efficient products and services
- Continuous process optimisation through business transformation and management of the lifecycle of facilities and equipment
- Encourage employees and business partners for reducing operating and maintenance costs and decreasing environmental impact
- Identify best-in-class technology available in the market and adopt new products and services to meet contractual requirements
- Adopt emerging standards and management systems
- Encourage employees to learn and share tacit knowledge
During FY 2017-18 we invested ₹4.7 million on R&D expenses. This majorly included cost related to validation of our designs at approved test beds, procuring and renewal of new software licenses.

We are exploring the design of tower with circular sections (tubular sections) in place of conventional angle sections, which is more reliable in wind storm. This increases the reliability and safety of transmission lines, resulting in higher system availability and reduction in O&M cost. Based on our preliminary analysis, transmission towers with tubular sections require 10-15% less steel than the conventional tower with angle sections.

Adopting ahead-of-the-curve technologies in our business is essential to ensure and maintain global performance benchmarks. To optimise cost and conserve our resources, we have put in place relevant software to customise and design in-house towers. By developing in-house designs of transmission towers and foundations, we are in a position to carry out our engineering design and estimation much in advance. This allows more time for project execution within set timelines.

Recently, IS code applicable for tower design has been revised and tubular sections are also allowed in tower structures. We are evaluating the usage of tubular sections as we envisaged that wind load gets reduced by almost 40%, and this may increase the reliability and safety of transmission towers during extreme weather conditions such as cyclones. Considering uncertainties in weather conditions in the coming years we expect towers with tubular section to be more reliable.

The reliability of our towers is very critical, and we evaluate our tower designs through robust testing processes involving approved test beds as per Central Board of Irrigation and Power (CBIP) requirements.

Additionally, to continually improve efficiency and as a stepping stone to developing smart grid systems, we are in the initial stages of identifying opportunities leading to integration of isolated systems. We also participate in both national and international technical forums such as CBIP seminars, the Conseil International des Grands Réseaux Electriques (CIGRE) presentations among others for upgrading our knowledge, as well as understanding technology advancements for optimal resource utilisation.

‘DISHA’ process for O&M: A systematic process called DISHA has been evolved and established for sustainable operations and maintenance practices across the transmission business. We have mapped our primary processes such as maintenance process, which includes equipment classification, Root Cause Analysis (RCA), PM schedule and inventory management, which facilitates better monitoring of KPIs to improve productivity.

‘AGILE’ process for projects: AGILE is a business transformation initiative focused on creating a common control platform for various activities related to projects. The effective and efficient project management requires various inter-departmental inputs. There were separate SOPs for various departments like Engineering, Projects, Procurement, Safety and Quality. To improve on our practices of project management by giving bird eye view of projects status and life cycle a common platform has been evolved and established. We have standardised inputs, processes and outputs for each department. Eighteen numbers of work packages were identified and implemented using SAP modules and Primavera (P6). This process also helps in indicating top five risks for a project.
Natural Capital

Conserving Value through Environment Sensitivity and Resource Efficiency

Our business growth in line with our Goal 2022 for 20,000 ckm will require execution of new projects and interaction with environmentally sensitive areas. However, transmission businesses have minimal environmental impact and are inherently non-polluting in nature, when compared with other industrial sectors.

We are cognizant of the fact that we may require funding through external commercial borrowings which will bring international standards and criteria for funding such as IFC guidelines into the picture. As a management approach we have implemented an integrated management system comprising the requirements of ISO 9001:2015, ISO 14001:2015 and OHSAS: 18001:2007. This includes a detailed impact analysis of key management programmes to manage key aspects, internal audits and management reviews at regular intervals. The management system has helped us to mitigate key environmental risks proactively.

Our key challenges in transmission business comprise:

- SF6 free circuit breakers
- Putting project wastes into the circular economy
- PCB free transformer oils
- Controlling EMF radiation
- Ensuring safety avian
- Avoiding biodiversity hotspot and corridors
Biodiversity Management and Conservation

At ATL, we are committed to conserving our biodiversity. We avoid ecologically sensitive areas such as forests, sanctuaries, national parks, biosphere reserves and Coastal Regulation Zones (CRZs) to the extent possible as part of our due diligence. This is done in line with our agenda of biodiversity management and conservation.

We evaluate various alternatives and adopt an optimum plan for each project. The adopted plan entails least impact on biodiversity. The plans are submitted to local regulatory bodies (forest departments) and upon receipt of necessary clearances, we execute the projects. The stated requirements in such clearances are incorporated in our environment management plan.

Different ecosystems, such as forests, grasslands, mangroves and urban areas, provide different services to society and these services are collectively known as ecosystem services and at ATL we are committed towards preserving these ecosystems.

During our project stage, we make efforts to ensure that our lines and substations are not located in the path of ecologically sensitive areas. Our surveys ensure this through route selection criteria and consultation with local forest departments wherever necessary.

However, in case of transmission lines, traversing through forest land may be unavoidable due to terrain or technical reasons. In such cases, the involvement of such area is restricted to the minimum possible extent. Our efforts towards environment conservation include programmes that comprise Compensatory Afforestation, Voluntary Plantation and Environment Management and Conservation Plan Implementation.

During the reporting year, we did not execute any operation/project which falls in ecologically sensitive areas, which are owned, leased, managed in, or adjacent to, protected areas; and areas of high biodiversity value outside protected areas. Hence, we did not create any significant impact due to our project and transmission activities. However, we monitor the performance of our existing transmission lines. Our lines passing through the Wild Ass Sanctuary in Kutch, Gujarat are:

- 500 kV Mundra-Dehgam transmission line, which cuts across 11.34 km and 46 metres right of way, covering 58.9680 hectares of sanctuary area (18.2 hectares forest and 40.77 hectares non-forest)
- 500 kV Mundra-Mahndergarh transmission line, which cuts across 5.917 km and 52 metres right of way, covering a total sanctuary area of 30.7684 hectares (18.2 hectares of forest area and 25.1056 hectares non-forest)

The plans are submitted to local forest departments. Additionally, we are working towards restoration by providing artificial habitats as required by the regulatory bodies (forest departments) and upon receipt of necessary clearances, we execute the projects. The stated requirements in such clearances are incorporated in our environment management plan.

Based on environmental and social impact studies and ecological studies and surveys carried out for the areas through which transmission lines passes, there are no significant impacts on biodiversity including species due to our operations. Besides, we implemented conservation plans. Based on our nature of operations, projects and Environment and Social Impact Assessment (ESIA) studies, we did not adversely impact any habitats including International Union for Conservation of Nature (IUCN) Red List species and Schedule II species during the reporting period. We have also carried out afforestation as required by the local forest departments. Additionally, we are working towards restoration by providing artificial habitats as proposed for the RRWTL and CWRTL lines.

### Table 11: Operation Sites and Offset Habitats

<table>
<thead>
<tr>
<th>Operational Lines</th>
<th>Forest Area (ha)</th>
<th>Location</th>
<th>Compensatory Afforestation Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>+500 kV Bi-pole Mundra – Mohindergarh Transmission Line</td>
<td>48.8132</td>
<td>Mundra to Mohindergarh</td>
<td>28.8132</td>
</tr>
<tr>
<td>400 kV D/C (Twin) Mundra – Dehgam Transmission Line</td>
<td>35.90</td>
<td>Mundra – Dehgam</td>
<td>38.0</td>
</tr>
<tr>
<td>400 kV D/C (Quad) Tirola – Warora Transmission Line</td>
<td>25.4193</td>
<td>Tirola – Warora</td>
<td>25.4193</td>
</tr>
<tr>
<td>400 kV D/C Aurangabad – Pune Transmission Line</td>
<td>0.414</td>
<td>Aurangabad – Pune</td>
<td>2.00</td>
</tr>
<tr>
<td>400 kV D/C Limbdi – Vadavi Transmission Line</td>
<td>0.4416</td>
<td>Limbdi – Vadavi</td>
<td>3.00</td>
</tr>
<tr>
<td>400 kV DC Vadavi – Kansari Transmission Line</td>
<td>0.9939</td>
<td>Vadavi – Kansari</td>
<td>3.00</td>
</tr>
<tr>
<td>400 kV DC Rajgarh – Karamsad Transmission Line</td>
<td>48.66</td>
<td>Rajgarh – Karamsad</td>
<td>50.1859</td>
</tr>
</tbody>
</table>

### Under Construction Lines

- 765 kV D/C Rajnandgaon – Warora Transmission Line | 204.3302 | Rajnandgaon – Warora | 204.3302 |
- 765 kV S/C Champa – Dharamjaygarh | 22.182 | Champa – Dharamjaygarh | 22.182 |
- 400 kV Surajgarh – Bikaner Transmission Line | 2.9624 | Surajgarh – Bikaner | 3.9248 |
- 132 kV S/C LIL of 132 kV Mahaveer Nagar Deoli Manthli line | 61.6661 | Rampur-Kota | 43.3322 |
- 132 kV S/C Loonkarnasar associated with 132 kV OSS Sheikhsar Transmission Line | 1.00 | Bikaner | +100 trees |
We are cognizant of the fact the climate change impact all sectors including transmission sector. Studies published in National Building Code shows that the wind velocity zones in India are slowly changing due to climate change. This may require the upgradation of many transmission infrastructures in the overall sector. As a member of many technical forums, we are involved in discussions with CEA and other technical bodies to re-evaluate the applicability of wind zones to safeguard the reliability and safety of the infrastructure.

**GHG Emissions**

Fossil fuels are known to contribute to climate change and increase GHG emissions. Considering this, ATL has taken measures to reduce energy consumption and thus reducing GHG emissions. The primary energy-consuming activities include lighting and cooling at substations and offices. The energy requirement is met from grid electricity purchased from state electricity utilities and in case of exigencies (non-availability of power from grid), met through DG sets installed in the facilities.

As a proactive approach, we are exploring the feasibility of solar power to cater to auxiliary power requirements of substations in future.

To optimise energy consumption, energy efficiency measures like conversion/retrofitting of equipment and process redesign are continuously being explored as per our identified management programmes. During the year, the following energy conservation initiatives were ongoing:

- Though air emissions due to DG set of operations and accidental release of Ozone Depleting Substances (ODS) are not significant; however, in line with our policy and the government’s mandate and global convention, we have stopped purchasing cooling systems designed on ODS. However, at Mohindergarh, the central air-conditioning system uses R-22. During the year, we used 240 kg of R-22 Gas.

- During the year, we used 69.19 kg of SF₆ for refills and top-ups across all substations.

- Considering the CO₂ release of 22.8 tonnes per kg of SF₆.

- Considering 3 km/L mileage.

- Considering 0.82 tCO₂e/MWh.

- Considering international flights of 3,000 km and domestic of 1,000 km and IPCC emission factors of 0.083 kg CO₂ e/pax. km and 0.171 kg CO₂ e/pax.km.

- Considering CO₂ release of 22.8 tonnes per kg of SF₆.

- Considering 10 L consumed by one truck in local transportation at the project stage.

We have converted 60,153 MT input materials (ex. Aluminium Ingot, Steel, Zinc or Any other) and currently are in the process of evaluating the energy expended in these processes for reporting in subsequent reports.

* We estimated the emissions involved in logistics from local factory to project site stores using trucks with 35 MT capacity.

We did not estimate the energy intensity values in FY 2015-16.

**Climate Change**

We are conscious of the fact that energy consumption and waste disposal in our supply chain including fabrication and transportation of tower components contribute significantly to GHG emissions. Hence, we continue to actively work with our supply chain partners to develop systems for the reduction of energy and waste and data collection for reporting our Scope 3 emissions; and we plan to report the significant Scope 3 emissions in short term.
Independent Assurance Statement

Scope and Approach

DNV GL, represented by DNV GL Business Assurance India Private Limited (‘DNV GL’) was engaged by Adani Transmission Limited (ATL), Corporate Identity Number L40300GJ2013PLC077803 to undertake an independent assurance of the Company’s Value Creation Report 2017-18 (‘the Report’). The Report is based on the International Integrated Reporting Council’s (IIRC) Guidance Principles and Content Elements. The Report uses disclosures selected from the Global Sustainability Reporting Guidelines (GRI) Standards for the identified material topics. We planned and performed our work to obtain the information we considered necessary to provide a basis for our opinion on the fair presentation of the Report. As part of our work, we conducted in-person interviews with top and senior management, as well as the engagement of third-party subject matter experts in verifying the value creation disclosures related to the six capitals (including the International Finance Corporation (IFC) Performance Standards and the United Nations’ Sustainable Development Goals (SDGs)) to bring out the various Content Elements of <IR>. The intended user of this Assurance Statement is the management of the Company. Our assurance engagement was planned and carried out in May 2018 – November 2018 for the financial year ending 31st March 2018.

We performed our work using Accountability’s AA1000 Assurance Standard 2008 (AA1000AS) and DNV GL’s assurance methodology VeriSustainTM, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI’s Sustainability Reporting Guidelines.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our opinion for providing a Type 2 Moderate Level of assurance based on AA1000 AS. In doing so, we evaluated the qualitative and quantitative disclosures presented in the Report using the <IR> principles, together with ATL’s protocols for how the data was measured, recorded and reported. The performance data in the agreed scope of work included the qualitative and quantitative information on non-financial performance which were disclosed in the Report prepared by ATL based on GRI’s identified material topics covering economic, environmental and social performance for the activities undertaken by the Company over the reporting period 1st April 2017 to 31st March 2018.

The reporting topic boundaries of non-financial performance is based on the internal and external materiality assessment predominantly covering ATL’s operations in India as set out in the Report in the section “About the Report”.

We understand that the reported data on economic performance, including CSR expenses incurred by the business and contribution to Adani Foundation towards CSR expenses, are based on disclosures and data from ATL’s Annual Report 2017-18, which is subjected to a separate independent statutory audit process, and is not included in our scope of work.

Responsibilities of the Management of ATL and of the Assurance Provider

The Management team of the Company have the sole accountability for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analysing and reporting the information presented in the Report, including the references to the Company’s website. ATL is responsible for ensuring the maintenance and integrity of reported and referenced non-financial disclosures in its website. In performing assurance work, our responsibility is to the management of ATL, however, statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of ATL.

DNV GL provides a range of other services to ATL, none of which constitute a conflict of interest with this assurance work. DNV GL was not involved in the preparation of the Report or the selection or data included in the Report even for this Assurance Statement and Management report highlighting our assessment findings for future reporting. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith and free from any misstatements. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at ATL’s Corporate Office at Ahmedabad and visited Nagpur site of ATL. We adopted a risk based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to Company’s power transmission and trading business, and its key stakeholders. We undertook the following activities:

- Reviewed the Company’s approach to addressing the requirements of <IR> Framework including stakeholder engagement and its materiality determination process;
- Verified the value creation disclosures related to the six capitals and claims made in the Report, and assessed the robustness of the data management system,
- Examined and reviewed documents, data and other information made available by the Company related to disclosures;
- Conducted in-person interviews with top and senior management team of Company and other representatives, including data owners and decision-makers from different divisions and functions of the Company to validate the disclosures;
- Performed sample-based reviews of the mechanisms for implementing the Company’s sustainability related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report based on the selected GRI Standards.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention that causes us to believe that the Report does not properly describe ATL’s adherence to the criteria of reporting (Guiding Principles and Content Elements) related to the <IR> framework, representation of the material topics, business model, disclosures on value creation through six capitals, related strategies and management approach and chosen topic-specific disclosures from the GRI Standards for identified material topics. Without affecting our assurance opinion, we also provide the following observations.

AA1000 Accountability Principles Standards (2008)

Inclusivity

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability

The Report has disclosed the process of stakeholder engagement, its outcome and stakeholder concern of key stakeholders i.e. government, local administration, statutory and regulatory authorities, Engineering, Procurement and Construction (EPC) and supply chain partners, local community, non-governmental organisations and general public, to find common and acceptable solutions in collaboration with those stakeholders. Further the outcomes of stakeholder engagement are used as inputs in shaping the business strategies and respond to significant sustainability topics.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Inclusivity.

Materiality

The process of determining the issues that is most relevant to an organisation and its stakeholders

The Report articulates identified material issues emerging from materiality analysis based on <IR> and as required by AA1000AS. The materiality determination process is based on inputs from key stakeholders including global and peer sector reports, Company and Group policies, value chain impacts of operations, business risks, and inputs from the senior management at ATL and has not missed out any known material topics. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness

The extent to which an organisation responds to stakeholders issues

The Company has established formal and informal process (at Operation and Maintenance, and Project level) to respond to stakeholder concerns and feedback. These processes have been established both. We contemplate the Report has fairly disclosed the strategies and management approach related to identified key sustainability topics including challenges considering the overall sustainability context of the transmission sector for its Projects, Operation and Maintenance and related activities defined within the Report. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Specific Evaluation of the Information on Sustainability Performance

We consider the methodology and process for gathering information developed by ATL for its sustainability performance reporting to be appropriate, and the quantitative and qualitative data included in the Report was found to be identifiable and traceable. Personnel responsible could demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the reported non-financial disclosures for the reporting period.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems

1 The VeriSustain protocol is available on request from www.dnvgl.com
2 Assurance Engagements other than Audits or Reviews of Historical Financial Information.
The Report has disclosed ATL’s non-financial performance through selected GRI Topic Specific Standards for the identified qualitative and quantitative disclosures and these are captured in data formats generated by ATL’s Enterprise Resource Planning system. The majority of data and information verified at the Corporate Office and sampled operational and project site were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors were communicated and subsequently corrections made in the reported data and information. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Additional principles as per DNV GL VeriSustain Completeness
How much of all the information that has been identified as material to the organisation and its stakeholders is reported
The Report has fairly brought out the disclosure requirements of <IR> including the value creation through six capitals, business model, strategy, management approach, monitoring systems and sustainability performance indicators considering the scope and boundary of its reporting i.e., its transmission business. The Company is establishing systems to capture its sustainability performance related to its agro-trading business. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality
The extent to which a report provides a balanced account of an organisation’s performance, delivered in a neutral tone
The Report has disclosed non-financial issues, challenges and performance in a fairly neutral tone, in terms of content and presentation, and has also considered the sustainability context and external environment in bringing out its value creation perspective on six capitals during the reporting period. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

For and on behalf of DNV GL AS
Bengaluru, India, 24th December 2018

Nandkumar Vadakepatth
Prasun Kundu
Lead Verifier,
Head – Regional Sustainability Operations – India
DNV GL Business Assurance India Private Limited, India

DNV GL Business Assurance India Private Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com

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**Key Highlights, Natural Capital**

- **Energy consumption within the organisation**

- **Energy consumption outside of the organisation**

- **Energy intensity**

- **Reduction of energy consumption**

- **304-1: Operational sites owned, leased in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.**

- **304-2: Significant impacts of activities, products, and services on biodiversity**

- **304-3: Habitats protected or restored.**

- **305-1: Direct (Scope 1) GHG emissions.**

- **305-2: Energy indirect (Scope 2) GHG emissions.**

- **305-3: Other indirect (Scope 3) GHG emissions.**

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**Value Creation Report 2017-18**

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### Abbreviations

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<th>DESCRIPTION</th>
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<tr>
<td>AC</td>
<td>Alternating Current</td>
</tr>
<tr>
<td>AIIIM</td>
<td>Adani Institute of Infrastructure Management</td>
</tr>
<tr>
<td>AMC</td>
<td>Annual Maintenance Contract</td>
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<tr>
<td>AMDC</td>
<td>Adani Management and Development Centre</td>
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<tr>
<td>AP</td>
<td>Air Pollution</td>
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<tr>
<td>APTRI</td>
<td>Adani Power Training and Research Institute</td>
</tr>
<tr>
<td>AR</td>
<td>Annual Report</td>
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<tr>
<td>ASCR</td>
<td>Aluminium Conductor Steel-Reinforced</td>
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<tr>
<td>ATL</td>
<td>Adani Transmission (India) Limited</td>
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<tr>
<td>ATL</td>
<td>Adani Transmission Limited</td>
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<tr>
<td>BBB</td>
<td>Better Business Bureau</td>
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<tr>
<td>BD</td>
<td>Business Development</td>
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<td>BRR</td>
<td>Business Responsibility Report</td>
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<td>CEA</td>
<td>Central Electricity Authority</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CERC</td>
<td>Central Electricity Regulatory Commission</td>
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<td>CI Group</td>
<td>Conseil International des Grands Réseaux Électriques</td>
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<td>CIR</td>
<td>Circuit Kilometre</td>
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<td>CRO</td>
<td>Chief Risk Officer</td>
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<td>CRZs</td>
<td>Coastal Regulation Zones</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>CTU</td>
<td>Central Transmission Utility</td>
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<tr>
<td>CuM</td>
<td>Cubic Meter</td>
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<tr>
<td>CWRTL</td>
<td>Chhattisgarh-WR Transmission Limited</td>
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<tr>
<td>D/C</td>
<td>Double Circuit</td>
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<td>DG</td>
<td>Diesel Generator</td>
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<tr>
<td>EAR</td>
<td>Erectos’ All Risk</td>
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<tr>
<td>EBITDA</td>
<td>Earnings Before Interest, Taxes, Depreciation and Amortisation</td>
</tr>
<tr>
<td>EHV</td>
<td>Extra High Voltage</td>
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<tr>
<td>EPA</td>
<td>Environmental Protection Agency</td>
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<td>EPC</td>
<td>Engineering, Procurement and Construction</td>
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<td>ERS</td>
<td>Emergency Restoration System</td>
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<td>F&amp;A</td>
<td>Finance and Accounts</td>
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<td>FSC</td>
<td>Fixed Series Compensation</td>
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<td>FTA</td>
<td>Fixed Term Appointment</td>
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<td>FY</td>
<td>Financial Year</td>
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<td>GHG</td>
<td>Green House Gas</td>
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<td>Human Resources</td>
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<td>High Voltage Direct Current</td>
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<td>ICC</td>
<td>Internal Complaints Committee</td>
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### Other Disclosures

- **EU-16**: Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.
  - **Human Capital**: 46-8 - Occupational health and safety.
  - **Observations**: PS-2, PS-4.

- **EU-17**: Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.
  - **Key Highlights**: IC-8 - Occupational health and safety.
  - **Observations**: PS-2, PS-4.

- **EU-21**: Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.
  - **Risk Management and Maturity**: 9-1.11 - Disaster/emergency planning and response.
  - **Observations**: PS-1 to PS-4.
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<td>IFC</td>
<td>International Finance Corporation</td>
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<tr>
<td>IMS</td>
<td>Integrated Management System</td>
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<td>INR</td>
<td>Indian Rupees</td>
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<td>IPG</td>
<td>IPG photonic</td>
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<tr>
<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<tr>
<td>ISTS</td>
<td>Inter State Transmission System</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>IUCN</td>
<td>Union for Conservation of Nature</td>
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<tr>
<td>KG</td>
<td>Kilo Gram</td>
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<tr>
<td>KL</td>
<td>Kilo Litres</td>
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<tr>
<td>km</td>
<td>Kilometres</td>
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<td>KPIs</td>
<td>Key Performance Indicators</td>
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<td>Key Result Areas</td>
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<td>KV</td>
<td>Kilo Volts</td>
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<td>LMS</td>
<td>Learning Management System</td>
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<td>Mergers and Acquisitions</td>
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<td>MD</td>
<td>Managing Director</td>
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<td>MAAS</td>
<td>Management Audit &amp; Assurance Services</td>
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<td>MEGPTCL</td>
<td>Maharashtra Eastern Grid Power Transmission Company Limited</td>
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<tr>
<td>MERC</td>
<td>Maharashtra Electricity Regulatory Commission</td>
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<tr>
<td>MT</td>
<td>Metric Tonnes</td>
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<tr>
<td>MVA</td>
<td>mega Volt Amp</td>
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<tr>
<td>MW</td>
<td>Mega Watts</td>
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<tr>
<td>MWH</td>
<td>Megawatt Hours</td>
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<td>M3</td>
<td>Cubic Meter</td>
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<td>North Karanpura Transco Limited</td>
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<tr>
<td>NOx</td>
<td>Nitrogen Oxides</td>
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<tr>
<td>O&amp;M</td>
<td>Operation &amp; Maintenance</td>
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<tr>
<td>ODS</td>
<td>Ozone Depleting Substances</td>
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<tr>
<td>OHS</td>
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<tr>
<td>OPGW</td>
<td>Optical Fibre Ground Wire</td>
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<tr>
<td>PCB</td>
<td>Polychlorinated bi-phenyl</td>
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<td>PF</td>
<td>Provident Fund</td>
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<td>POPs</td>
<td>Persistent Organic Pollutant</td>
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<tr>
<td>R&amp;D</td>
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<td>Standard &amp; Poor’s</td>
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<td>Sustainable Development Goals</td>
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<td>Tariff Based Competitive Bidding</td>
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<tr>
<td>tCO₂e</td>
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