



Adani Electricity Mumbai Limited (“AEML”)

Non-Deal Roadshow Investor Frequently Asked Questions

Singapore (17 – 18 August 2022)

Hong Kong (15 – 16 September 2022)

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1. ESG and Dahanu Power Plant

1.1. What is the percentage of revenue and EBITDA from the Dahanu Power Plant?

- The Dahanu plant contributes to 15-16% of annual revenue and 10% of annual EBITDA. As of FY 2021-22, Dahanu power plant constitutes 11% of total Regulated Asset Base (RAB) of the Company.

1.2. What are your plans for Dahanu Power Plant? Is there any potential of moving Dahanu power plant? Are there any plans to decommission Dahanu in light of the renewal of arrangement with regulator in Feb 2023?

- AEML is a distribution company, primarily responsible to distribute the electricity to the residents of Mumbai. Considering, Mumbai being the financial and commercial capital of India it is necessary that there is an integrated power plant to ensure uninterrupted, reliable supply of power in the city of Mumbai. Thus, Dahanu power plant was set up in January 1996 (about 25 years) Moreover at that time since there was no national grid the Regulator had also provided that all the discoms operating in Mumbai to have their own integrated power plants.
- Over the years the national power grid has strengthened and is now more robust and a reliable source of power. Further there are two important transmission lines being established by Adani Transmission Ltd (Parent company of AEML) in coming 18-24 months which will further enable to bring upto 2500 MW of power from the national grid into the city of Mumbai.
- The cost of obtaining power from Dahanu power plant is not favorable due to higher fuel prices. Further, AEML can source power under its long term PPA at competitive pricing from renewable sources and from the national grid.
(Please refer question 3.4 below for long term PPA's from renewable sources)
- As a part of the shareholder agreement, Adani Transmission Limited (ATL) and Qatar Investment Authority (QIA) have also agreed to carve out the Dahanu power plant subject to MERC approval by 2030. Thus, both the shareholders agree to carve out the thermal power plant.

- AEML has not been making any investments or capital expenditure to expand capacity of the Dahanu power plant. The company is incurring only maintenance capex since past several years.
- In view of the all of the above the integrated power plant of Dahanu will become increasingly redundant.

1.3. Does the Dahanu plant supply power to end customers? How much of power is provided by Dahanu power and does it cover your self-sufficiency?

- Mumbai being the commercial and financial capital of India has certain network design elements to improve the reliability of power to the city.
- The city has embedded power generation units which effectively 'island' Mumbai's power network in case of grid disturbances.
- The Dahanu Power plant plays a significant role in the islanding scheme of the city
- Currently, the Dahanu power plant supplies 20%-25% of the power requirements of AEML.
- Going forward as the transmission lines are established and will be used for supplying power to the city the sourcing of the power from Dahanu plant will reduce significantly.

1.4. What would be GHG emissions of AEML without the Dahanu plant?

- Without Dahanu, GHG emissions of AEML will be reduced by approx. 80%.

1.5. What is the status of Power purchase agreement with Dahanu plant?

- Since the national grid has strengthened over the years and now is a robust and efficient source the tenors of the PPA with integrated power plants are being reduced by the Regulator. Earlier the Regulator used to provide for tenors of 10 years and more.
- The existing power purchase agreement with Dahanu Plant is for 5 years and is expiring in February 2023The existing PPA is only for 5 years.
- The same will be renewed subject to approval by the Regulator.

2. Liquidity, Capital Expenditure and Debt

2.1. How much cash does AEML have on its balance sheet?

- For the financial year ending March 2022, following is the cash balance available with the Company

Sr. No.	Account Name	Amount (INR million)
	AEML Cash and Cash Equivalents	
	AEML Project accounts	10,647
	AEML Non-PAD Account	14,100
	Cash on Hand	8
	Cheques / Drafts on Hand	91
I	Total AEML Cash & Cash Equivalents	24,847
II	PDSL Cash and Cash Equivalents	16
III	Total Obligor Group Cash Balance (I+II)	24,862

- During FY 2022-23 the company will fund its business and capex requirements through internal accruals and the free cashflows available with the company. The company will not be incurring any additional debt for capital expenditure during the current financial year

2.2. What are the working capital requirements of AEML? What is the repayment cycle? Will your working capital requirements remain high for the rest of this year?

- The total receivable days of AEML is 53 days for FY 22 vis a vis 65 days for FY 21.
- The receivable days increased during Covid, as there were delays during the pandemic. However, now the receivable days are back to pre-covid level of less than 60 days.
- After excluding the unbilled revenue, the receivable days are 30-35 days.
- Regulator allows 15 days for bill payment, 30 days grace period and an additional 30 days before disconnecting the power supply.
- Further, during Q1 FY22-23 working capital requirements had increased due to higher power purchase costs, since increase in power purchase costs were funded through short term debt. (INR 1,080 crores short term loan outstanding as on 30th June 2022).
- The Regulator has from July 2022, allowed passing the higher power purchase costs to the consumers under the FAC mechanism, which will help the company to reduce its working capital requirements, subsequently translating to lower short term debt.

2.3. How did you manage to improve your DSCR while your FFO / Net Debt declined?

- AEML managed to improve the DSCR on account of the following:
 - Interest outflow in FY21 is lower as Company has Rupee Loan carrying variable rate of interest with USD Bond carrying fixed rate of interest.
 - During FY20 company has schedule repayment of amortizing Rupee Loan which was replaced by bullet USD Bond.
 - There has been increase of opening cash carried forward from Previous Calculation Period in FY21 as compared to FY20.

2.4. Is ATL providing any liquidity support to AEML?

- It may be noted that AEML is a self sufficient business with robust cash flows. The company has sufficient internal resources and liquidity available to meet its foreseeable cash requirements for its business operations and capital expenditure requirements. . Liquidity support from ATL is not required.

2.5. Has the company raised any financing other than the USD in the past year?

- Apart from the two USD bond offerings (USD 1 billion during February 2020 and GMTN – USD 300 million Sustainability Linked Notes during July 2021) no other financing has been raised by the Company.
- AEML draws short term loan facility in the normal course of business as per the requirements.

2.6. What was your historical CAPEX spending and projections going forward? Is there a minimum CAPEX requirement to maintaining AEML's market share?

- AEML's capital expenditure in the last financial year was INR16 billion.
- The capital expenditure for this financial year is expected to be INR16-17 billion.
- The Company incurs capex only after it is approved by the Regulator, MERC.
- The following is the management estimate for the capex for FY 23- FY 25.

Amount INR million	FY 20 (A)	FY21 (A)	FY 22 (A)	FY 23 (E)	FY 24 (E)	FY 25 (E)
Capex	12,180	12,430	15,840	17,490	16,890	17,790

2.7. How much of capital expenditure would be considered regulated asset base (“RAB”)? How often does the capital expenditure get added to the RAB?

- All capital expenditure is approved from the regulator and subsequently added to the RAB.
- The entire asset base is regulated and return on the asset base is part of tariff.

2.8. What is the expected RAB for the next financial year?

- The expected RAB for the financial year 2022-23 is projected at INR 85.88 billion, vis a vis INR 75.4 billion during the end of the financial year 2021-22.

2.9. What are your internal targets for Net Debt to RAB?

- The threshold for Net Debt / RAB is <1.4. AEML has been maintaining the same well within the threshold limit since last 5 compliance. The same is summarized hereunder

Particulars	Ratios (as per Covenants)	March 31, 2022	Sept. 30, 2021	March 31, 2021	Sept. 30, 2020	March 31, 2020
Net Debt to RAB	< 1.4	0.89x	0.85x	0.81x	0.85x	0.82x

2.10. AEML's RAB has increased but EBITDA growth has been slower? What is the reason for this difference?

- The increase in RAB has been around 10% on year on year basis and the EBITDA of the company has also increased by more than 10%.
- There is a lag of 2-3 years between the increase in RAB and EBITDA.
- In the past one year, despite COVID, we have delivered stable financial performance and maintained our EBITDA at Rs 20,856 million and continue to invest for increasing the Regulated asset base by Rs 6,320 million

	RAB	YOY growth	EBITDA	YOY growth
FY19	56,478		16,640	
FY20	62,495	10.65%	18,610	11.84%
FY21	69,150	10.65%	20,804	11.79%
FY22	75,470	9.14%	20,856	0.25%

2.11. What was the reason for increase in debt?

- The increase in debt was largely due to increase in power purchase costs, which largely increased during first quarter of this financial year (Apr – Jun 2022), on account of the increase in energy prices globally, AEML had to draw short term loans to meet the timing difference of higher power costs & recovery from consumers.
- The Regulator, MERC has allowed recovery of the increase in energy prices, to be recovered as Fuel Adjustment Charges (FAC) from July 22 onwards.
- The recovery will cover the high fuel price and AEML is likely to repay the existing short term loans by the end of this financial year.

2.12. Could you provide a breakdown of your long term and short term debt? Does the QIA investment form part of long term debt?

- Long term debt is USD 1.3 bn, while short term debt is USD 140 mn and 30th June 2022.
- Investment by QIA comprises of:
 - Equity share capital – 25.10%
 - Subordinated shareholder debt (Quasi equity) – USD 282 mn.
- QIA's investment in subordinated debt forms part of the debt from an accounting perspective. However, rating agencies don't consider such investment as part of the debt.
- The rating agencies (FITCH and S&P) considers the sub debt as 100% equity credit, whereas Moody's considers the same as 75% equity credit for the purpose of calculations.

2.13. Looking at where your USD bonds are trading and given that spreads are widening, would you consider buying back your bonds?

- The buy back of the Bonds is subject to Reserve Bank of India (RBI) extent regulations on External commercial borrowings (ECB's) with respect to the average maturity and other requirements.

2.14. AEML made an investment to an Adani group entity in FY21. What was the purpose of this investment? Is it interest bearing instrument?

- This is in the nature of "Investment classified as Loan" given out of distributable surplus. It is an interest-bearing advance to Adani Properties Private Limited at 11% p.a.
- INR 1,437 crore is available for transfer to Distribution Account in accordance with the Operating Account Waterfall as per Compliance Certificate for the year ended March 2020 and this advance is part of such Distribution account.

- This amount is available with the Company and can be recalled on demand to meet any shortfall for the business or capex requirements of the Company as and when required.

2.15. What is the current size of the regulatory deferral account?

- The total regulatory asset as on March 31, 2022, is INR 11,220 million as per following details

Details	Amt-INR mn
On account of reduction in Sales	3,230
On account of higher power purchase	7,000
Others (such as efficiency gains, additional ROE, depreciation etc.)	990
Regulatory Deferral Account	11,220

2.16. What is your FX management policy and how does your hedging strategy work?

- The Company has fully hedged its foreign currency exposure of USD borrowings.
- As an internal policy we compulsorily hedge 95-100% of forex risk in our books.
- We use a mix of cross-currency swaps (CCS), principal only swaps (POS) and forward and option contracts as instruments for the hedging purpose. We have instruments with a tenor up to 5/10 years and post that we roll forward till the maturity of the bond
- We hedge Interest payment liability upto 1 year and Principal repayment liability basis the tenor and repayment using the available instruments. Our cost of hedging lies between 3.5% to 5%.
- Further, any gains or losses on account of forex movement doesn't impact our cashflow and this gets reflected as mark-to-market gain/loss in books from accounting point of view.

2.17. How often do you reconcile the revenue deficit and surplus?

- The revenue deficit and surplus are reconciled on monthly basis

2.18. Did you pay any dividends in FY22? What is the dividend policy?

- AEML's dividend are governed by the waterfall mechanism that is tied to the minimum levels of the DSCR and are committed under the Bond Documents. The DSCR ratio to be maintained at a threshold above 1.1x. The distribution of dividends is linked to the following thresholds of DSCR as specified under the documents:

DSCR < 1.55x	DSCR < 1.45x	DSCR < 1.35x	DSCR < 1.10x
Distribution to the extent of 40% of the amount available for distribution	Distribution to the extent of 50% of the amount available for distribution	No Distribution	Event of Default

- The Board of Directors of the Company will determine distribution of the dividends based on the capital requirements availability.
- After the tariff reset is approved by the Regulator and the effects of the pandemic are completely washed out, the Company will be in a better position to decide on the dividend distribution.
- As such, AEML did not pay any dividends in FY22.

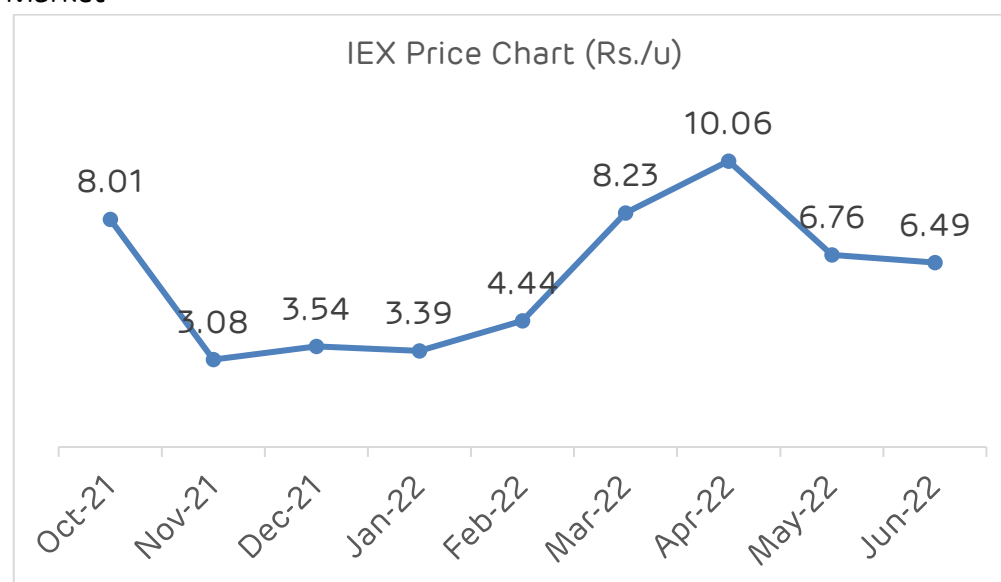
2.19. What is the obligor Group?

- The obligor group includes the businesses of AEML and Power Distribution Services Ltd ("PDSL").
- Power Distribution Services Limited ("PDSL") provides specialized services to ATL group companies (including AEML). The services provided includes human resource management, administrative support, information technology support, finance and accounts, audit and assurance support, treasury management, tax advisory, security support and training, other corporate support.

3. Operations

3.1. What is the impact of high energy price on the business?

- With the increase in energy prices, the regulator has allowed all distribution companies in Maharashtra to pass the higher costs to consumers.
- The average increase in tariff is INR 0.92 per unit effective July 2022, with commercial and industrial users bearing higher charges.
- The Regulator, MERC has allowed recovery of the increase in energy prices, to be recovered as Fuel Adjustment Charges (FAC) from July 22 onwards.
- The following is the movement of increase in energy costs in India Exchange Market



3.2. What is the current length of concession for distribution of electricity in Mumbai?

- The current length of concession is expiring in 2036.
- Distribution license renewed for a period of 25 years from August 16, 2011, and is until Aug 15, 2036. Moreover, till now there has been no case in India where the same incumbent distribution license holder has not been allowed to continue post license period expiry. Existing license for AEML (applicable till 2036) was last reissued in Aug 2011 for 25 years. Tata Power was also reissued license by MERC for Mumbai in Aug 2014 for another 25 years. It is important to note that the asset is almost century old utility serving the Mumbai city and the license has been renewed on expiry since the last 100 years.

3.3. What is the current guaranteed regime for the rate of return?

- This is a regulated return on assets business on which any equity investment will earn 14.00% plus 1.50% towards efficiency linked additional ROE (Total 15.50%) in Generation, Transmission and Distribution – Wires business.
- This will exclude Interest on Long term loans, Depreciation and Tax Gross up

3.4. Have you started procuring renewable power from AGEL on a regular basis? Are there other third-party providers of the renewable energy to AEML other than AGEL?

- We ended the financial year 2021-22 with 8% renewable power and currently that ratio stands at 20%, with AEML's commitment to achieve 30% by the end of the FY 23 This is due to the tie-up of long term 25 years PPA for a 700 MW hybrid power with AGEL. We have further submitted the application for long term PPA for 500-1000 MW renewable power which will enable us to achieve the target of 60% of renewable power procurement by the end FY 2060.

3.5. What is the tenor and size of PPA with AGEL?

- The PPA with AGEL is 25-years.
- The PPA will provide 700 MW of power using wind or solar energy. (With 51% CUF)

3.6. Does rooftop solar power provide a part of your supply?

- Given the smaller houses and rooftops in Mumbai, this source of energy is not very efficient on a large scale and AEML doesn't rely on rooftop power.

3.7. Can you describe the bidding process for AGEL's renewable energy PPA?

- As per the guidelines of Ministry of Power, AEML has floated a tender based on competitive bidding guidelines. AGEL was the successful bidder after due process of reverse auction.
- AEML after the result of the reverse auction approached the Regulator for adoption of tariff discovered under the competitive bidding process.
- AEML has also obtained approval from MERC.

3.8. What is the percentage of related party transactions?

- AEML is regulated business and agreements with related parties are subject to regulatory approval.
- Related party transactions are done on arm's length and based on competitive bidding.
- The percentage of power purchase from AGEL would be around 30-35%

3.9. How is extreme weather impacting AEML? How do you improve resilience of infrastructure? Is there any insurance protection on your assets?

- Weather conditions have limited impact on AEML given our mesh network and that our entire distribution network is underground.
- AEML's engineers are very experienced and use AI to handle outages. Should there be a heavy rainfall in one area, AEML can disconnect supply from the area and activate another area. This is done through remote systems and software.
- A case in point was cyclone Tauktae that hit the Mumbai coast in May 2021 marked by high wind, heavy rains, and uprooted trees. Due to the highly skilled networking and technology team the company provided uninterrupted supply to 97% of the consumer and restored 88% of the supply of consumers in less than 2 hours of receiving the complaints.
- All AEML assets are adequately insured in line with the industry practices.

3.10. What is the pass-through cost to customers? Is there any segment of expenses that are not passed through?

- AEML operates under section 62 of The Electricity Act 2002, wherein all costs are passed through subject to prudent check by the Regulator. All expenses incurred by the Company are pass through in nature.
- All four components of AEML's expenses are covered by the tariff. These components include [power purchase cost, O&M expenses, transmission charges and employee benefits plus depreciation and interest on loans].
- Thus, all the costs are pass through to the customers and are included in the tariff.

3.11. Is there different pricing between residential and commercial?

- Yes, there is a difference in tariffs between residential and commercial customers.
- Even within residential consumers the tariffs are lower for low consumption consumers and high consumption consumers.

3.12. In recent quarters, were there any fuel shortages?

- AEML did not have any deficit in coal procurement since coal has become a smaller proportion of the energy supply. The Company has already Fuel Supply Agreement (FSA) in place with South Eastern Coalfields Limited (SECL).
- AEML is becoming increasingly reliant on renewable energy.
- AEML also has long term PPA in place for 700 MW and 500 MW medium term power purchase.
- The company also procures power from the National Grid for its medium, short term requirements.

3.13. What is the current count of smart meters?

- Smart meters are web-based meters which enable to reduce the commercial losses, monitor the consumption of energy on real time basis, and thus enhance revenue and customer satisfaction. During the year the company has installed 1 lacs smart meters and replaced the conventional meters and we target to install 7 lacs smart meters during FY 2023-24.

3.14. Is there an implied inflation used in the tariff?

- The regulator refers to the WPI (Wholesale Price Index) and CPI (Consumer Price Index) data releases and incorporates them in the tariff. It considers 70% of WPI and 30% of CPI towards increase in costs while determining the tariffs. (WPI is published by the office of economic advisor of the Ministry of Commerce and Industry. CPI is published by the Central Statistical Office of the Ministry of Statistic and Program Implementation.)

3.15. Renewable makes up 8% in FY22, what about the remaining 92%? How would you achieve 60% renewable energy source by 2027?

- Our target is increase the share of renewable power in the overall power purchase mix. We ended the financial year FY 22 with 8% and currently that ratio stands at 20%, and are committed to achieve 30% by the end of FY 23.
- AEML has tied up 700 MW hybrid power (solar plus wind) with 51% guaranteed CUF and has also filed petition for 1000 MW RE-RTC power with MERC, which is under the approval process with the Regulator.
This PPA will enable us to achieve the target of 60% of renewable power procurement by the end FY 2027.
- The remaining power is obtained from the grid.

3.16. Does the electricity of AGEL pass through the grid?

- Yes, AGEL supplies electricity to the grid and AMEL receives the corresponding electricity from the grid.

3.17. What is the expected power demand for this fiscal year and beyond?

- Due to resumption of the economic activity post the lockdowns due to the pandemic there has been a significant increase in the electricity demand in the country. AEML also has recorded a 11% yoy growth during FY 22. It is estimated that all India electricity demand to increase by 6-7% during the current year. Further due to severe summer in India Mumbai and AEML recorded an all time

high peak-demand during the month of April 2022 (Peak Demand for AEML during April 22 – 2,056 MW and Mumbai city was around 3,850 MW) The company is expanding its consumer base with high energy consumption industries/consumers. During the year the company has some major wins in Data Centers, EV charging stations, Metro rail and the Airport.

3.18. What is the average billing rate and power purchase cost?

- Average power purchase cost was fairly constant in FY 22 and was around INR 4.64/unit. The Average Billing Rate for the year ended FY 22 stood at INR 7.53

3.19. How does AEML handle the rising power costs? How has shortage in coal affect AEML?

- AEML is increasing its renewable energy mix which is cheaper than conventional sources.
- AEML has filed for an additional renewable energy PPA for 500MW with the regulator.
- In addition, regulated asset base has been growing. AEML has been able to make this shift without government support/subsidy.
- Further the increase in power purchase costs can be recovered by way of Fuel Adjustment Cost (FAC) on a regular basis by the Company.
- Further MERC as per its recent order dated 1st July 2022, has accorded approval to AEML for the combined recovery of higher energy prices from July 2022.

3.20. What is the receivable profile and the trend?

- Average receivable for AEML was around 60-65 days during the last financial year.
- The receivable period increased during COVID and there were delinquencies. However, relievable period is now back to pre-covid level of less than 60 days.
- Regulator allows 15 days for bill payment, 30 days grace period and an additional 30 days before disconnecting the power supply.

3.21. Tata Power's distribution loss is between 2-3%. Is there further scope to reduce distribution losses by AEML from the current 7%?

- Given Tata are second entrant, their base is low and mostly has commercial users.
- AEML users are residential and hence numbers aren't comparable. Most distributors in India would have double digit losses.

3.22. Could you elaborate on the dispute claims by Reliance Infrastructure?

- Reliance Infrastructure Ltd (R-Infra), part of the Reliance Anil Dhirubhai Ambani Group, has initiated arbitration proceedings under the Share Purchase Agreement (SPA).
- AEML had purchased the asset from R-Infra in 2018.
- R-Infra initiated the arbitrations proceedings with INR 500 crore of claims in December 2021.
- Following due process, ATL/AEML rejected the R-Infra claim.
- This year, in February and August, R-Infra filed supplementary arbitration requests, raising additional disputes and claims amounting to INR 13,500 crores.
- In our strong opinion, these claims are mere afterthoughts and based on untenable positions and lacks any merit.
- All of these claims:
 - Either have been comprehensively settled under the SPA.
 - Or are sub judice at various courts and regulatory authorities.
- We are following due process laid out in the SPA for dispute resolution and will present our claims against RInfra in the arbitration proceedings.

4. Shareholder and Board

4.1. For the QIA investment, was this common equity?

- Investment by QIA comprises of:
 - Equity share capital (Common Equity) – 25.10%
 - Subordinated shareholder debt (Quasi equity) – USD 282 mn.

4.2. What is QIA's exit plan? Do they expect dividend distribution?

- QIA participation in AEML is long term equity investment in a regulated business.
- QIA will be seeking dividends from AEML, subject to the waterfall structure as prescribed under the bond documents.

4.3. What are the changes at AEML following QIA investment?

- The Board structure was changed thereby appointing two Directors nominated by QIA on the AEML Board
 - Mr. Quinton Choi (QIA nominee)
 - Mr. Kenneth McLaren (QIA nominee)

4.4. What is the board composition of AEML?

- AEML's board is independent and comprise of two independent members, two members from QIA and three from Adani Group.
 - Mr. Anil Sardana
 - Mr. Kandarp Patel
 - Mr. Sagar Adani
 - Mr. K Jairaj (Independent)
 - Mrs. Chandra Iyengar (Independent)
 - Mr. Quinton Choi (QIA nominee)
 - Mr. Kenneth McLaren (QIA nominee)

4.5. Does the Adani family have long term plans to manage all the businesses?

- The founder family has significant shareholding across the portfolio and have a long-term hold to maturity approach thus providing continuity on strategic direction.

5. Strategy and Industry

5.1. What is AEML's M&A strategy?

- AEML is the market leader in Mumbai in the licensed area for distribution of electricity.
- With the current market being an oligopoly and regulated, we see limited M&A opportunities in the licensed area of Mumbai.

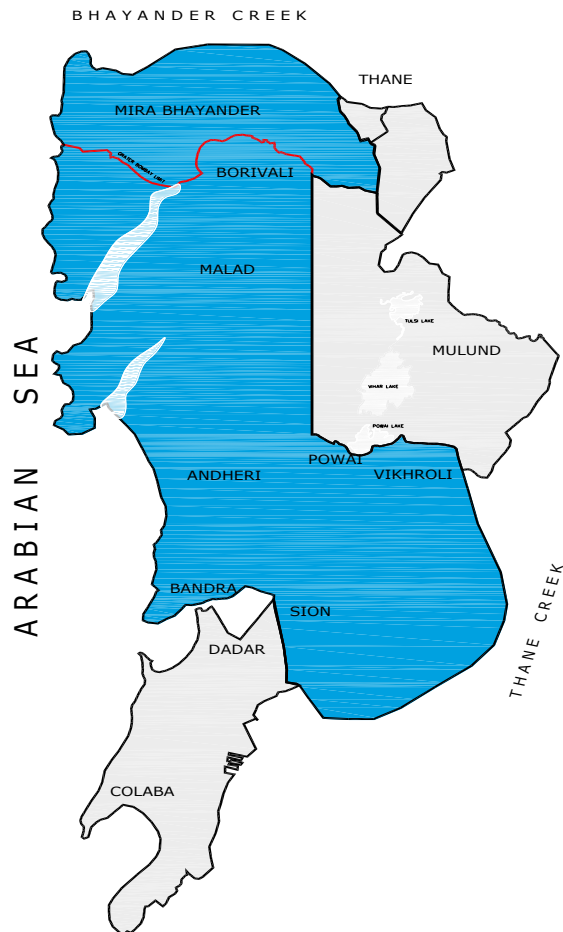
5.2. Has your consumer base changed since COVID? Do you have corporate customers?

- Electricity consumption was lower during COVID as businesses in the commercial and industrial arena were not operating at full capacity.
- Energy consumption continues to increase and AEML is targeting consumers who require high electricity. This includes data centers, airports and public transportation.

5.3. What proportion of electricity in Mumbai is supplied by AEML?

- AEML is servicing 85% of Mumbai licensed area of 400 sq.km. and providing electricity to 2 / 3 households of Mumbai.

- The below map of Mumbai region depicts the area served by the Company (marked



in blue)

5.4. Do your competitors in Mumbai supply to the commercial consumers of Mumbai? Are all distribution companies in your jurisdiction privately owned?

- AEML operates in an oligopoly and its competition in Mumbai is with Tata Power, which is a private owned company in the jurisdiction.
- AEML competes for commercial and related consumers based on superior service.

5.5. Are your tariffs competitive as compared to competition? Do you see that you are gaining market share because of more competitive tariffs?

- AEML is more competitive than peers and service is much better.
- The power distribution by AEML is superior in terms of Reliability, Affordability and Sustainability.
- The company's focus on customer centricity and service has made it the supplier of choice.
- The Company is gaining market share due its high presence of 85% in the geographical area of the Island city of Mumbai and as part of its business strategy,

is targeting consumers who are in the high consumption zones like data centers, airports, and public transportation.

5.6. Has there been a price cap imposed by the government?

- Tariffs for AEML's generation, transmission and distribution businesses are determined and approved by Maharashtra Electricity Regulatory Commission (MERC) in accordance with Section 62 of the Electricity Act, 2003, after following due process of stakeholder consultation including Public Hearing.
- AEML operates under section 62 of The Electricity Act 2002, wherein all costs are passed through subject to prudent check by the Regulator. All expenses incurred by the Company are pass through in nature.
- All four components of AEML's expenses are covered by the tariff. These components include [power purchase cost, O&M expenses, transmission charges and employee benefits plus depreciation and interest on loans].
- Thus, all the costs are pass through to the customers and are included in the tariff.
- And there is no price cap imposed by the Regulator.

5.7. What is the split between households and other users, and the expected growth for each segment?

- The consumers mix basis the Volumes and revenues is as follows

	Residential (%)	Commercial (%)	Industrial (%)
Consumer Mix - Volume	54	34	12
Consumer Mix - Revenue	48	40	12

- Retail electricity consumption growth is not expected to be high.
- Highest growth would be industrial segment as AEML is capturing a larger share.

5.8. Is it easy for consumers to switch service provider of electricity?

- Consumers can switch service providers based on their preference.
- Currently, AEML supplies electricity to 2/3 of households in Mumbai.
- Consumer business is relatively sticky, and consumers will not change their supplier, unless there is a compelling reason.
- AEML remains the preferred supplier of electricity in Mumbai.