

## Internal control systems and their adequacy

Internal Controls (IC) in your Company have been designed to withstand and further the interest of all stakeholders by providing an environment which is conducive to conduct its operations. Your Company's IC environment is in place to take care of, inter alia, financial and operational risks.

Your Company maintains a holistic framework to that effect with elements like a Country Management Committee, Group Directives and Instructions, Local Management Instructions, Entity-Level Controls, Process Level Controls and Management Testing Programs. The same provides a platform for adequate control processes commensurate with the size of the Company. A strong emphasis on integrity and ethics forms a part of your Company's work culture. An independent service provider, having expertise in the field, performs Internal Financial Control effectiveness testing.

## Outlook

Following a period of extreme turbulence starting February 2020, markets began to show gradual recovery in the second half of the year. The ambition for clean energy and nature-positive infrastructure remained in focus as the government set even more ambitious renewable energy targets, promoted rail electrification, incentivized electric vehicle adoption, and provided credit liquidity for distressed power entities to ensure uninterrupted power transmission.

Your Company witnessed an accelerated shift from fossil-based power production towards renewable-based generation, growing electrification of transportation, of industry and of buildings, and even higher interest in sustainable energy carriers such as green hydrogen.

As energy and electricity demand rises, significant investment in capacity addition, grid infrastructure and energy efficiency will be required. The IEA expects India's energy demand to more than double by 2040, while electricity demand could triple with current policies in place. Your Company needs to build capacity, flexibility and resilience in its power infrastructure to integrate increasing amounts of intermittent renewables and distributed energy and address new supply and demand challenges. To ensure power for all, your Company will have to make the grid stronger, smarter and greener.

Your Company believes the carbon-neutral future is electric and see itself playing a leading role in driving the Energy Transition. Your Company cares about social value – ensuring reliable and affordable energy supply; environmental value – ensuring sustainable development; and economic value – bringing cost optimization/effectiveness for our customers. Through its digital and energy platform, your Company offers intelligent solutions to customers and partners for a

sustainable energy future and contribute better to the Sustainable Development Goals.

Power demand in India has already surpassed previous year's levels and your Company sees utilities, which have traditionally been averse to the adoption of new technologies, now starting to realize the benefits of smart power solutions and investing in upscaling, digitalization and on cybersecurity. With more data coming out of customers' meters, utilities are focusing on data analytics for load forecasting, generation planning, managing peaks and increasing customers' awareness regarding energy efficiency. Big data and cloud computing are useful tools that are aiding these initiatives. Cloud models are lowering utilities' IT capital expenditure and offering unlimited computing and advanced analytics, while IoT is helping power companies remotely monitor, manage and protect their assets. The new normal has brought home the significance of investing in such technologies that are not held hostage to physical immobility or absence.

In addition, your Company has seen large corporates increasingly signing power purchase agreements (PPAs) with generators to meet their energy requirements. Most of these are signed with renewable energy generators, enabling them to increase the share of renewable energy in their total consumption. Companies such as Amazon, Facebook, Google, and Microsoft continued to sign PPAs in 2019, and this trend is expected to continue in the future due to the expansion of the datacenters market.

The rise in renewable energy will continue to challenge existing high-baseload structures in favor of distributed generation and volatile energy sources dependent on weather. As electricity generation grows increasingly volatile and decentralized, schedulers, traders, and risk managers will need to be able to react quickly to changing supply and demand conditions. Your Company will need to leverage all forms of technology, from interconnections and backbone transmission to grid edge, from storage to power quality, with digitalization across the value chain and collaboration across all stakeholders.

In 2021, your Company looks at playing an active role in renewable energy integration as government aims to increase generation capacity; in railway electrification with 27,000 kilometers yet to be electrified by 2023; in regional transport ventures such as National Capital Region Transport Corporation (Delhi – Meerut) and high-speed rail (Ahmedabad – Mumbai), and in metro projects that are either under execution or in a planning. Data centers hold vast untapped potential for your Company in India. With the Government expected to roll out a data center policy soon, your Company will likely see exponential growth and areas to pitch its products and services for segment augmentation and business growth.

Your Company is also awaiting further developments in the e-mobility space which is at a nascent stage in the country right now. With many cities coming up with a Bus Rapid Transit System, there is an opportunity area