



Assurance Report

Based on Green Bond Principles, 2018

Wardha Solar (Maharashtra) Private Limited
Kodangal Solar Parks Private Limited
Adani Renewable Energy (RJ) Limited

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Introduction

KPMG was engaged by Wardha Solar (Maharashtra) Private Limited, Adani Renewable Energy (RJ) Limited and Kodangal Solar Parks Private Limited and Wardha Solar (Maharashtra) Private Limited (Issuer) to undertake an independent review of the USD 362.5 million green bond issued on October 15, 2019.

This report presents our opinion on conformance of the green bond and the accompanying “Green Bond Information Report” with the Green Bond Principles, 2018.

Assurance Standard

We conducted our engagement in accordance with requirements of ‘Limited Assurance’ as per International Federation of Accountants’ (IFAC) International Standard on Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information].

Scope

The scope of assurance included information on material aspects of the framework based on the requirements of the Green Bond Principles, 2018 as listed below:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Approach

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary to obtain a meaningful level of assurance in relation to the above scope. The procedures we performed, which are set out in more detail below, were based on our professional judgment and included, as appropriate, inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies and agreement or reconciliation with underlying records. We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

To reach our conclusion we:

- Checked the Issuer’s Green Bond Framework that includes processes, systems and controls in place for management of bond proceeds; investment areas for green bond proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- Read sections of the bond disclosure documentation that also supports the objects of the green bond issue, investment areas for proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- Conducted interviews with management and key staff of Issuer responsible for the green bond to obtain an understanding of the processes, systems and controls in place for management of bond proceeds;
- Checked the list of projects to which bond proceeds have been allocated and their conformance with the eligible green project categories specified in the Green Bond Principles, 2018;

- Confirmed the amount of bond proceeds allocated to nominated projects and assets through examination of Issuer's internal system for tracking use of proceeds and statement of accounts of the Issuer; and
- Recalculated carbon dioxide emission reductions from projects using invoices generated for sale of electricity from the nominated projects and assets on a sample basis.

Exclusions

Our assurance process was subject to the following limitations as we have not been engaged to:

- Determine which, if any, recommendations should be implemented
- Provide assurance on information outside the defined reporting boundary and period
- Verify the Issuer's financial statements & economic performance
- Verify the Issuer's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and national or global socio-economic and environmental aspects provided by the Issuer

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. We apply ISQC 1 and comply with the applicable independence and other ethical requirements of the IESBA code.

Management's responsibility

The Management of the Issuer is responsible for ensuring that the Issuer and their green bond complies with the requirements of the Climate Bonds Standard. This responsibility includes designing, implementing and maintaining systems and processes relevant for the management of green bond proceeds.

The Management of the Issuer is also responsible for preventing and detecting fraud and for identifying and ensuring that Issuer complies with laws and regulations applicable to its activities.

Our responsibility

Our responsibility is to report in the form of an independent limited assurance conclusion in relation to the above scope based on the procedures performed and the evidence obtained. We conducted our engagement with a multidisciplinary team which included professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard.

This assurance report is made solely to Issuer in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to Issuer those matters we have been engaged to state in this assurance report and for no other purpose. Our assurance report

should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Issuer for any purpose or in any context. Any party other than Issuer who obtains access to our assurance report or a copy thereof and chooses to rely on our assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Issuer for our work, for this independent limited assurance report, or for the conclusions we have reached.

Conclusion

The following conclusion is based on the work performed, evidence obtained and the scope of our assurance engagement described above.

Nothing has come to our attention to suggest that the Green Bond issued on October 15, 2019 by the Issuer and the accompanying “Green Bond Information Report” are not, in all material aspects, conforming to the requirements of the Green Bond Principles, 2018.

The list of testing procedures carried out are provided in Appendix A along with the list of documents reviewed in Appendix B.

Appendix A

Assessment of Issuer's Green Bond Framework against Green Bond Principles (GBP), 2018

Requirements to be fulfilled as per GBP 2018	KPMG Assessment	Supporting Documentation
1. Use of Proceeds		
(a) Legal documentation describes utilization of the bond proceeds for Green Projects	<p>Issuer has prepared a Green Bond Framework which lays down their mechanism of fund raising from Green Bonds. It also includes a decision-making process to determine the eligibility of the nominated projects and assets.</p> <p>The Eligible Green Projects are identified and selected based on qualification of the project as a solar project and feasibility analysis (including off-taker profile, location, capacity, timelines, and other technical and commercial conditions) conducted for the projects. Environmental and Social Impact Assessment (ESIA) study in accordance with IFC Performance Standards is also undertaken for a few of the projects</p>	<ul style="list-style-type: none"> Green Bond Framework
(b) Green Project categories that will be financed through the bond proceeds should provide clear environmental benefits	The proceeds in solar projects have been utilized in a manner that is consistent with Issuer's sustainable values. The Issuer's process for evaluation and selection of nominated projects and assets assesses their eligibility with respect to this criterion.	<ul style="list-style-type: none"> Green Bond Framework
(c) Environmental benefits of the Green Projects will be assessed and, where feasible, quantified by the issuer	<p>For each nominated project re-financed through green bond proceeds, the Issuer has reported on:</p> <ul style="list-style-type: none"> Project type, capacity and location for each project under each entity; Reduction in greenhouse gases achieved through its projects 	<ul style="list-style-type: none"> Green Bond Information Report
(d) Reporting on estimate of share of financing vs. re-financing from bond proceeds (Recommended by GBP)	Bond proceeds have been used for re-financing the nominated solar projects.	-
(e) Reporting on which investments or project portfolios may be refinanced (Recommended by GBP)	The bond proceeds have been used for re-financing the nominated solar projects.	-
2. Process for Project Evaluation and Selection		

Requirements to be fulfilled as per GBP 2018	KPMG Assessment	Supporting Documentation
(a) Issuer should outline the following:		
i) Process to determine how the projects fit within the eligible Green Projects categories identified	<p>Issuer has prepared a Green Bond Framework which lays down their mechanism of fund raising from Green Bonds.</p> <p>Issuer has used the bond proceeds for refinancing the eligible green projects. Net proceeds from the bond after deducting fees and expenses have been deposited in an Escrow Account. The funds in the Escrow Account have been used to refinance existing external indebtedness and shareholder loan stemming from expenditures related to the eligible projects.</p> <p>The nominated projects and assets associated with the Issuer's green bond include ten solar projects with a cumulative capacity of 570 MW in the states of Karnataka and Rajasthan in India.</p>	<ul style="list-style-type: none"> • Green Bond Framework • List of solar projects and allocation of proceeds detail for all three entities • Statement of accounts of all three entities • End use certificate by the auditor • Offering Memorandum for green bond dated October 3, 2019
ii) Related eligibility criteria	<p>The proceeds from the green bond have been used to re-finance solar projects only which is in line with the list of broad categories for green projects recognized by GBP, 2018.</p>	<ul style="list-style-type: none"> • List of solar projects and allocation of proceeds detail for all three entities • Financing loan agreements for solar projects
iii) Environmental sustainability objectives	<p>The green bond proceeds have been used to re-finance solar projects only i.e. using proceeds in accordance with the GBP, 2018.</p>	<ul style="list-style-type: none"> • List of solar projects and allocation of proceeds detail for all three entities
(b) The GBP recommends positioning the above information within the context of the Issuer's overarching objectives, strategy, policy and / or processes applied to identify and manage potentially material environmental and social risks associated with the projects (Recommended by GBP)	<p>The Issuer conducts an environmental and social appraisal for its projects in accordance with the IFC Performance Standard which involves consideration of the key environmental and social impacts associated with these projects.</p>	<ul style="list-style-type: none"> • Green Bond Framework
(c) The GBP encourage a high level of transparency and recommend that an issuer's process for project evaluation and selection be supplemented by an external review	<p>The Issuer has appointed a third-party assurance provider to provide assurance services on the green bond in accordance with GBP 2018.</p>	<ul style="list-style-type: none"> • Green Bond Framework

Requirements to be fulfilled as per GBP 2018	KPMG Assessment	Supporting Documentation
3. Management of Proceeds		
(a) The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner	Net proceeds from the bond after deducting fees and expenses have been deposited in an Escrow Account. The funds in the Escrow Account have been used to refinance existing external indebtedness and shareholder loan stemming from expenditures related to the eligible projects.	<ul style="list-style-type: none"> Statement of accounts of all three entities Green Bond Framework
(b) The net proceeds of the Green Bonds should be attested to by the issuer in a formal internal process linked to the issuer's lending and investment operations for Green Projects	Net proceeds from the bond after deducting fees and expenses will be deposited in an Escrow Account. The funds in the Escrow Account will be used to refinance existing external indebtedness and shareholder loan stemming from expenditures related to the eligible solar projects.	<ul style="list-style-type: none"> Statement of accounts of the Issuer of all three entities
(c) Formal internal process to track net bond proceeds that is linked to the lending and investment operations for Green Projects	The Issuer's Escrow account have been used to refinance foreign currency loan, borrowings and expenditure related to the eligible projects.	<ul style="list-style-type: none"> Green Bond Framework
(d) Process to check balance of proceeds are reduced by amounts matching eligible green investments or loan disbursements made during that period	The Issuer's Escrow account manage the balance of bond proceeds basis the investment made in eligible solar projects.	<ul style="list-style-type: none"> Sample set of loan agreements for solar projects
(e) List of intended types of temporary investment instruments for the balance of unallocated proceeds	INR 44.38 crores has been set aside from the bond proceeds towards future capital investments on these projects.	<ul style="list-style-type: none"> List of solar projects and allocation of proceeds detail for all three entities
(f) The GBP recommend that an issuer's management of proceeds be supplemented by the use of an auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Green Bond proceeds	The Issuer has appointed KPMG as its third-party assurer to provide assurance services on the use of proceeds in accordance with GBP 2018.	<ul style="list-style-type: none"> Guidelines and Internal Processes for Green Bonds
4. Reporting		
(a) The issuer should make, and keep, readily available up to date information on:		
i) The use of proceeds to be renewed annually until full allocation, and as necessary thereafter in the event of new developments	The Issuer has maintained an excel sheet with internal monitoring of use of proceeds for projects eligible under Green Bonds Principles.	<ul style="list-style-type: none"> List of solar projects and allocation of proceeds detail for all three entities

Requirements to be fulfilled as per GBP 2018	KPMG Assessment	Supporting Documentation
<ul style="list-style-type: none"> ii) List of projects to which proceeds have been allocated iii) Brief description of the projects iv) Amounts allocated to projects 	<p>The green bond proceeds have been allocated towards the following projects:</p> <ul style="list-style-type: none"> • 1 solar project of 200 MW in Rawra village in Jodhpur District, Rajasthan • 1 solar project of 10 MW in Yetnal village in Vijayapura district, Karnataka • 1 solar project of 40 MW in Yetnal village in Vijayapura district, Karnataka • 1 solar project of 10 MW in Kallur, Balgera and Kudgunti village in Koppal district, Karnataka • 1 solar project of 40 MW in Nalwar village in Kalburgi district, Karnataka • 1 solar project of 100 MW in Madhuvanahalli village in Chamarajanagara district, Karnataka • 1 solar project of 50 MW in Maskal village in Bidar district, Karnataka • 1 solar project of 50 MW in Rajeshwar and Handral in Bidar district, Karnataka • 1 solar project of 50 MW in Hattiguduru and Bommanahalli village in Yadgiri district, Karnataka • 1 solar project of 20 MW in Hebbal village of B.Bagewadi taluka in Vijayapur district, Karnataka 	<ul style="list-style-type: none"> • List of solar projects under all three entities • Sample set of financing loan agreements for solar projects <p>Commissioning certificates and power purchase agreements for all solar projects</p>
<p>v) Expected impact of projects (using qualitative performance indicators and quantitative performance indicators, where feasible) with key underlying methodology and / or assumptions used in the quantitative determination</p>	<p>The Issuer reports on the following on its website (www.adanirenewables.com) and through its green bond information report :</p> <ul style="list-style-type: none"> (i) Type, capacity and location for each solar project under each entity; (ii) Reduction in greenhouse gases achieved through its projects 	<ul style="list-style-type: none"> • Green Bond Information Report
<p>vi) Regular reporting of the achieved impacts by the Issuer (Recommended by GBP)</p>	<p>The Issuer reports on the following on its website (www.adanirenewables.com) and through its green bond information report :</p> <ul style="list-style-type: none"> (i) Type, capacity and location for each solar project under each entity; (ii) Reduction in greenhouse gases achieved through its projects 	<ul style="list-style-type: none"> • Green Bond Information Report

Requirements to be fulfilled as per GBP 2018	KPMG Assessment	Supporting Documentation
<p>vii) Voluntary guidelines aiming at a harmonized framework for impact reporting exist for energy efficiency, renewable energy, water and wastewater projects</p>	<p>The green bond financed solar projects report on certain impact indicators in the annual green bond report. Some of these indicators are:</p> <ul style="list-style-type: none"> (i) Carbon dioxide emission reductions per annum (ii) Capacity of renewable energy plants constructed in MW 	<ul style="list-style-type: none"> • Green Bond Information Report
<p>5. Appendix I</p>		
<p>(a) Currently four types of Green Bonds are covered under GBP:</p> <ul style="list-style-type: none"> i) Green Use of Proceeds Bond ii) Green Use of Proceeds Revenue Bond iii) Green Project Bond iv) Green Securitized Bond 	<p>The Issuer has issued a Green Use of Proceeds Bond as confirmed in the Information Memorandum</p>	<ul style="list-style-type: none"> • Information Memorandum for Green Bond Issue dated October 3, 2019

Appendix B

List of documents reviewed

- Green Bond Framework
- Information Memorandum for the green bond
- List of sanctioned solar projects and allocated proceeds under all three entities
- Statement of Accounts of all three entities
- End use certificate by the auditor
- Green bond information report
- Undertaking for assurance under Green bond principles, 2018 of senior secured USD notes of:
 - USD 251 million for Wardha Solar (Maharashtra) Private Limited
 - USD 100 million for Adani Renewable Energy (RJ) Limited
 - USD 11 million for Kodangal Solar Parks Private Limited
- Invoices generated for sale of electricity (in Kwh) from the nominated projects and assets
- Sample set of loan agreements and commissioning certificates for all solar projects



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