

Independent Assurance Report

Introduction

Renew Power Ventures Pvt. Ltd., 138, Ansal Chambers II, Bhikaji Kama Place, New Delhi – 110 006 (“Issuer”) has engaged Emergent Ventures India Pvt. Ltd. (“Verifier”) for carrying out post-issuance verification of Green Bonds worth INR 500.00 Cr. issued in Financial Year 2016-17 (“Green Bond”) in accordance with the post-issuance requirements of “Limited Assurance” under Climate Bonds Standard Version 2.0. The verification has been carried out within one year of issuance of Green Bond.

Assurance standard

Verifier team has followed ISAE 3000 (Revised): *Assurance Engagements other than Audits or Reviews of Historical Financial Information* for carrying out the Limited Assurance/ Reasonable Assurance.

Assurance scope and level of assurance

The scope of this assessment includes verification of information on the material aspects of the Green Bond in accordance with post –issuance criteria including General and Technical Eligibility requirements of Climate Bonds Standard Version 2.0. Following areas have been covered in the assessment:

- 1) Selection of nominated projects and assets
- 2) Use of proceeds
- 3) Internal processes and controls
- 4) Reporting

Activities undertaken

A number of activities are undertaken for the verification maintaining the independence and objectivity of the verifier. Interview with management and key staff responsible for the Green Bond & review of internal and public documents are carried out to:

- a. Understand the purpose of use of proceeds
- b. Process of selecting eligible projects
- c. Reporting requirements, other internal processes and controls including the processes to track and earmark the proceeds of green bonds
- d. The environmental objectives of Green Bond
- e. The existence of a process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part B of the Climate Bonds Standard
- f. Investment areas for bond proceeds and temporary investment instruments for the management of unallocated proceeds
- g. List of projects nominated for green bonds and their conformance with the eligibility requirements specified in Part B of the Climate Bonds Standard
- h. Green bond proceeds are less than or equal to the fair market value of the nominated projects and assets.

Conclusions

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's Green Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.

Limitations & exclusions

The verification excludes:

- 1) Suggest or assist in implementing in any recommendations of any sort.
- 2) Assess data and information beyond the defined reporting boundary and period.
- 3) Set any expectations of the Green Bond issuance.
- 4) Verify the financial standing, economic performance and credit rating of the prospective issuer.
- 5) Verify statements by prospective issuer that describe opinions, beliefs, aspirations, expectations, aims or intentions.
- 6) Make any assessment of the environmental, social, or governance impact of the proposed projects/investments, except to the extent required for compliance with Climate Bonds Standard Version 2.0.
- 7) Assess whether the proposed projects or investments comply with local regulations.

Independence & quality control

The verification has been carried out by experts in finance, environment, social and governance due diligence, climate change and sustainability. Neither Verifier nor any member of the verifier team is involved in any way in the issuance or management of Green Bond. Verifier has applied internal procedures to confirm no conflicts of interest for this verification engagement.

Issuer's responsibility

The issuer is responsible to ensure that the proceeds from Green Bond only used for the purpose of implementing eligible projects meeting the criteria of eligibility under Climate Bonds Standard Version 2.0 and is used for no other purpose.

Verifier's responsibility

Verifier team is responsible only to the extent of verifying the Green Bond in accordance with Climate Bonds Standard Version 2.0 and as per the scope of work of Verification Engagement.

The report is intended to inform the Issuer about the compliance of Green Bond in accordance with the post issuance criteria of Climate Bonds Standard Version 2.0



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26-Sep-2016



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Annex 1: List of Nominated Projects & Assets

The proceeds of Green Bond are used for refinancing of existing long term debt of the Issuer pertaining to “90.3 MW Wind Power Project in the districts of Dhar & Ujjain in the state of Madhya Pradesh, India” and meeting expenses towards the capital expenditure of the project including related and ancillary expenditures

Annex 2: Testing procedures

S. No.	Pre Issuance Requirement as per Climate Bonds Standards Version 2.0	Assurer's Assessment	Reference/Supporting Documents
1	Nominated Projects & Assets		
1.1	The Issuer shall maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:		
1.1.1	a statement on the environmental objectives of the bond	Issuer has following environmental objectives defined in its Green Bond Framework : - Provide clean energy solutions for sustaining the earth - Be the leading renewable energy company providing the most innovative clean energy solutions to client - Foster a culture of trust, collaboration and performance to achieve our business goals	Green Bond Framework
1.1.2	a process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part B of the Climate Bonds Standard;	Issuer is primarily engaged in the business of setting up, generating and distributing the power from wind and solar power plants. Issuer has defined the eligibility criteria for Nominated Projects & Assets in "Selection and Evaluation of Eligible Green Projects" in the Green Bond Framework. The criteria for eligible project are provided under "Use of proceeds" of Green Bond Framework.	- Private Placement Offer Letter - Green Bond Framework
1.2	All Nominated Projects & Assets funded by the bond's proceeds shall meet the bond's documented objectives as stated under Clause 1.1, and shall be in conformance with the requirements of Part B of the Climate Bonds Standard.	The proceeds of Green Bond are used for refinancing of existing long term debt of the Issuer pertaining to 90.3 MW Wind Power Project in the districts of Dhar & Ujjain in the state of Madhya Pradesh, India and meeting expenses towards the capital expenditure of the project including related and ancillary expenditures. The Nominated Projects & Assets conform to the eligibility requirements set under Part B of the Climate Bonds Standard, version 2.0: • Clause 9: 'Wind' classification under 'Energy' head of Climate Bonds Taxonomy • Clause 10: Criteria for wind energy under sector-specific standards.	- Private Placement Offer Letter - Green Bond Framework
1.3	Nominated Projects & Assets shall not be nominated to other Climate Bonds unless it is demonstrated by the Issuer that distinct portions of the Nominated Projects & Assets are being funded by different Climate Bonds or that the existing Climate Bond is being refinanced via another Climate Bond.	The Nominated Projects & Assets are not nominated to any other Climate Bonds. The complete project cost of the Nominated Projects & Assets i.e. "90.3 MW Wind Power Project in the districts of Dhar & Ujjain district of Madhya Pradesh" is INR 667 Cr., out of this, INR 500 Cr. is raised through the Green Bond proceeds and balance of	Undertaking by Issuer



		INR 167 Cr. has been funded as promoter contribution.	
2	Use of Proceeds		
2.1	The Net Proceeds of the bond shall be allocated to the Nominated Projects & Assets.	<p>INR 439.92 Cr. out of total INR 500 Cr. proceeds of Green Bond has been utilized for refinancing the existing long term debt of the Issuer and INR 11.85 Cr. was utilized for payments to EPC contractor pertaining to the Nominated Projects & Assets "90.3 MW Wind Power Project in the districts of Dhar & Ujjain in the state of Madhya Pradesh".</p> <p>The unallocated proceeds of INR 48.22 Cr. is kept in temporary investment Instrument i.e. term deposit with commercial bank 'Kotak Mahindra Bank Limited' as per the company's investment policy.</p>	<ul style="list-style-type: none"> - Undertaking from Issuer - Bank Account statements
2.2	The Issuer shall allocate funds to Nominated Projects & Assets within 24 months of issuance of the bond. Funds may be reallocated to other Nominated Projects & Assets at any time during the term of the bond.	<p>The issuer has allocated INR 451.77 Cr. of the Green Bond proceeds for refinancing the existing long term debt of the Issuer and for payments to EPC contractor within 12 months of issuance of bond.</p> <p>The unallocated Green Bond proceeds of INR 48.22 Cr. which are currently held in term deposits with the commercial bank shall be used within 12 months of issuance of Green Bond for the Nominated Projects & Assets "90.3 MW Wind Power Project" in the districts of Dhar & Ujjain in the state of Madhya Pradesh" only.</p>	<ul style="list-style-type: none"> - Undertaking from Issuer
2.3	Where a proportion of the Net Proceeds of the bond are used for refinancing, the Issuer shall provide an estimate of the share of the Net Proceeds used for financing and re-financing, and identify which Nominated Projects & Assets may be refinanced.	The issuer has allocated INR 451.77 Cr. of the Green Bond proceeds for refinancing the existing long term debt of the Issuer. Remaining INR 60.08 Cr. shall be used for financing the expenses towards the capital expenditure of the project including related and ancillary expenditures Nominated Projects & Assets.	<ul style="list-style-type: none"> - Bank Account statements
2.4	The Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process as disclosed to the Verifier by the Issuer under Clause 2.1.	The Issuer has opened a dedicated account (Escrow) to track the Net Proceeds of the bond which will be operational by December 2016. Bank statements of Issuer produced the clear track of utilized proceeds.	<ul style="list-style-type: none"> - Bank Account statements - Undertaking by Issuer
2.5	The Net Proceeds of the bond shall be no greater than the investment in the Nominated Projects & Assets or the Fair Market Value of the Nominated Projects & Assets at the time of issuance.	At the time of issuance, the completed project cost of Nominated Projects & Assets "90.3 MW Wind Power Project in the districts of Dhar & Ujjain in the state of Madhya Pradesh" is INR 667 Cr. and the Net Proceeds of the bond are INR 500 Cr.	<ul style="list-style-type: none"> - Undertaking from Issuer
3	Non-Contamination of Proceeds		
3.1	The Net Proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.	The Issuer has opened a sub account (Escrow) to credit the Net Proceeds of the bond. This will be operational by December 2016. Currently all the proceeds are being managed through the loan account where in all the proceeds were received. The proceeds are traceable from bank account	<ul style="list-style-type: none"> - Bank Account statements - Undertaking by Issuer



		statements of Issuer.	
3.2	While the bond remains outstanding, the balance of the tracked proceeds shall be reduced by amounts matching eligible investments or loan disbursements made. Pending such investments or disbursements to Nominated Projects & Assets, the balance of unallocated proceeds shall be:		
3.2.1	Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or\	Issuer confirmed that the unallocated bond proceeds are held in temporary cash investment instruments i.e. FDs.	Undertaking by Issuer
3.2.2	Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or	The Net Proceeds of the bond (used and/or unused) shall be used for the Nominated Projects & Assets. "90.3 MW Wind Power Project in the districts of Dhar & Ujjain districts of Madhya Pradesh".	Undertaking by Issuer
3.2.3	Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.	Not applicable	-
3.3	In the case of a Force Majeure, the Issuer may apply to the Climate Bonds Standard Board for an extension to the asset allocation period. During the extension period the balance of unallocated proceeds shall be deemed to be conforming with Clause 5.2.	Net Proceeds of the bond are already allocated to the Nominated Projects & Assets.	Private Placement Offer Letter
4	Confidentiality		
4.1	Information about the Nominated Projects & Assets shall be provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.	The information about the Nominated Projects & Assets is provided to the Verifier and the Climate Bonds Standard Board through the Private Placement Offer Letter to support the assessment of conformance with the Climate Bonds Standard.	Private Placement Offer Letter
4.2	The Issuer should disclose information about the bond and the Nominated Projects & Assets to the market.	The Issuer has disclosed information about the bond and the Nominated Projects & Assets through the Private Placement Offer Letter. The Private Placement Offer Letter is a public document.	Private Placement Offer Letter
5	Reporting		
5.1	The Issuer shall provide to bond holders and to the Climate Bonds Standard Secretariat at least annually a report containing the list of Nominated Projects & Assets to which proceeds of the bond have been allocated (or re-allocated). The report shall include a brief description of the projects and the amounts disbursed, as well as the expected environmental objectives of the Nominated Projects & Assets.	As per the "Reporting" section defined in Green Bond Framework, the Issuer will annually report on its website, the following: <ul style="list-style-type: none"> - The use of proceeds (project type, capacity and location) for each green bond issued - Reduction in Greenhouse Gas achieved due to the generation of renewable power from the Nominated Projects & Assets. 	Green Bond Framework
5.1.1	The Issuer shall use qualitative performance indicators and, where feasible, quantitative performance measures of the environmental objectives of the Nominated Projects & Assets;	The Issuer will use quantitative performance measures "Reduction in Green House Gas achieved". The results for the same shall be disclosed at Issuer's website annually.	Green Bond Framework



5.1.2	The Issuer shall disclose the methods and the key underlying assumptions used in preparation of the performance indicators and metrics;	The Issuer will set methods to measure the quantitative performance measures “Reduction in Green House Gas achieved”.	Green Bond Framework
5.1.3	Where confidentiality agreements or competition issues limit the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, as provided in Clause 9.1.	Issuer has disclosed the Nominated Projects & Assets in Private Placement Offer Letter. This is a publically available document.	Private Placement Offer Letter
Part B	Eligible projects & Assets		
	This Part of the Climate Bonds Standard sets out a two-step process to determine the eligibility of specific projects and physical assets that, for the purposes of this Climate Bonds Standard, will be regarded as contributing to the delivery of a low carbon and climate resilient economy.		
6	Climate Bond Taxonomy		
6.1	Nominated Projects & Assets, as identified by the Issuer under Clauses 1.3 and 4.2, shall fall into one or more of the investment areas contained in the latest version of the Climate Bonds Taxonomy (see Annex A).	The Nominated Projects & Assets conform to the eligibility requirements set under Part B of the Climate Bonds Standard, version 2.0: • Clause 9: ‘Wind’ classification under ‘Energy’ head of Climate Bonds Taxonomy	Private Placement Offer Letter
7	Technical Criteria		
7.1	Nominated Projects & Assets shall meet the specific eligibility criteria provided in the relevant Sector-Specific Standard	The Nominated Projects & Assets conform to the eligibility requirements set under Part B of the Climate Bonds Standard, version 2.0: • Clause 10: Criteria for wind energy under sector-specific standards.	Private Placement Offer Letter
7.2	Where the proceeds of a bond are allocated to Nominated Projects & Assets that are covered by more than one Sector-Specific Standards (e.g. solar and wind investments in a portfolio), then each of the Nominated Projects & Assets shall meet the specific eligibility criteria provided in the Sector-Specific Standard relevant to that Nominated Project & Asset	The Net Proceeds of the bond are allocated to Wind project alone.	Private Placement Offer Letter
Part C	Requirements for Specific Bond Types		
	What types of Bond: Use of proceeds Bond/Use of proceeds revenue Bond/Project Bond/Securitize Bond	This is a Project Bond.	-
8	Project Holding - Applicable to proceeds Bond/Use of proceeds revenue Bond/Securitize Bond		
8.1	The Issuer of the bond shall continue to hold Nominated Projects & Assets which have Fair Market Value at least equal to the original principal amount of the bond at the time of issuance.	Not applicable.	-



8.1.1	Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part B of the Climate Bonds Standard and the bond's environmental objective as set out in Clause 1.1.	Not applicable	-
9	Settlement Period - Applicable to proceeds Bond/Use of proceeds revenue Bond/Securitize Bond	Not applicable	-
9.1	Issuers shall demonstrate that the Net Proceeds of the bond have been distributed to the Nominated Projects & Assets within 24 months of the issuance of the bond.	Not applicable	-
9.2	Where full distribution of the Net Proceeds is not achieved within 24 months of the issuance of the bond, the Issuer shall demonstrate that:	Not applicable	-
9.2.1	The surplus or undistributed funds have been invested in Eligible Projects & Assets not otherwise nominated for a specific Climate Bond.	Not applicable	-
9.2.2	The Issuer has made temporary investments of surplus or undistributed funds in conformance with the provisions of Clause 6.	Not applicable	-
10	Earmarking - Applicable to proceeds Bond/Use of proceeds revenue Bond/Securitize Bond	Not applicable	-
10.1	The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the Nominated Projects & Assets as disclosed under Clauses 2.1 and 2.1.3.	Not applicable	-

----End of report----