Sustainable Fitch
a FitchSolutions Company

Corporates
Utilities - Non US
India

Adani Green Energy Limited Restricted Group 1

Second-Party Opinion — Green Bond

Excellent | Good | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	• Sustainable Fitch deems the proposed projects, which are related to solar PV energy generation facilities and the related evacuation infrastructure, to be environmentally positive and to contribute to climate change mitigation. Such projects are also eligible activities under internationally recognised taxonomies.
Use of Proceeds – Other Information	Good	• The net proceeds are used for refinancing of existing projects or assets only, which we deem to have a relatively lower additionality as compared to the financing of new projects. We positively view that the proceeds will not be used for controversial projects, as defined in the framework.
Evaluation and Selection	Excellent	• We positively view the multi-layered project evaluation and selection process, with cross-departmental representation, as this enables more checks and balances. Adani Green Energy Limited Restricted Group 1 (AGEL RG1) has separately clarified with us that its ESG department is also involved in the process. This enables more checks and balances.
Management of Proceeds	Excellent	• We positively view that the proceeds are segregated in a designated account and will be tracked appropriately, as per the ICMA Green Bond Principles' (GBP) recommendations. The use of unallocated proceeds in short-term liquid cash assets aligns with standard market practices.
Reporting and Transparency	Excellent	• The commitment to annual allocation and impact reporting for each bond until bond maturity is aligned with the ICMA GBP as well as market best practices; this provides a high level of transparency on the refinanced projects and their associated impacts.

Framework Type	Green
Alignment	✓ Green Bond Principles 2021 (ICMA), with June 2022 Appendix 1
Date assigned	26 February 2024

See Appendix B for definitions.

Relevant UN Sustainable Development Goals

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Key Debt Details

Instrument	Issue Date	Currency	Amount	Margin	Maturity Date	Type[a]
Bond	To be determined	USD	409 million	To be determined	To be determined	Green

[a]As defined by issuer.

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Use of Proceeds Summary

Green	Renewable energy

Source: AGEL RG1 green finance framework (February 2024)

Transaction Highlights

Sustainable Fitch considers the green bond issued by AGEL RG1, which references the AGEL RG1 green finance framework produced in February 2024, to be aligned with the GBP by the ICMA. The framework includes the relevant pillars from the principles, including use of proceeds (UoP); evaluation and selection; management of proceeds; and reporting. Our opinion is that the alignment to the ICMA principles is 'Excellent'.

AGEL RG1 comprises three SPVs; namely, Adani Green Energy UP Ltd, Prayatna Developers Private Limited and Parampujya Solar Energy Private Limited (henceforth known as "the issuers" or "AGEL RG1"). These SPVs are designated by its parent company Adani Green Energy Limited (AGEL) to undertake project-specific financing on its behalf.

Based on the referenced framework, the proceeds from this green bond issuance will be used to refinance existing external indebtedness related to eligible projects in the renewable energy category which is one of the categories recognised by the ICMA GBP.

Eligible renewable energy projects include investments in solar projects or assets that are related to solar electricity generation facilities or wholly dedicated evacuation infrastructure for solar electricity generation facilities. The list of eligible projects refinanced under the green bond issuance is detailed in its framework and includes 25 different solar projects across eight states in India. The projects have a total installed capacity of 930MW and are expected to mainly contribute to the avoidance of GHG emissions.

We expect the projects to contribute substantially to climate change mitigation and the UN Sustainable Development Goals (SDGs), especially SDG 7 (affordable and clean energy), by increasing the capacity of renewable energy in India. According to the latest available data from India's Ministry of New and Renewable Energy, the country's total installed renewable energy capacity reached around 182GW as of end-January 2024; of which, solar contributed around 74GW. The country targets to establish 500GW of renewable energy capacity by 2030.

Source: Sustainable Fitch, AGEL RG1 green finance framework (February 2024)

Entity Highlights

AGEL, the parent company of the issuers, is a pure-play renewable energy company headquartered in Ahmedabad, India. It is a publicly listed company within the Adani portfolio of companies and currently operates in 92 locations across 12 Indian states including Punjab, Uttar Pradesh, Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Odisha, Chhattisgarh, Karnataka, Telangana, Andhra Pradesh and Tamil Nadu.

In its latest published integrated annual report for its financial year ended 31 March 2023 (FY23), AGEL reported a total power supply revenue of INR58 billion, which represented 74.8% of AGEL's total operational revenue and was mainly generated from the sale of electricity through power purchase agreements. Power supply revenue increased by 54% in FY23 against FY22, mainly due to the addition of around 2.7GW of greenfield renewable energy capacity, analytics-driven operations and maintenance to enable higher electricity generation, and deployment of renewable energy technologies.

AGEL plays an important role in the transition of India's energy mix. Its renewable energy portfolio currently has a total locked-in capacity of around 20.4GW. Of which, its operational capacity is around 8.1GW in total; specifically, 61.5% in solar, 12.0% in wind and 26.5% in solar-wind hybrid energy. The remaining 12.3GW of capacity is under various stages of construction and implementation.

AGEL's sustainability strategy is in line with India's overarching goal to achieve net zero by 2070 and its target to establish 500GW of renewable energy capacity by 2030. AGEL has pledged in November 2021, during COP26, to contribute to this goal and to the green energy transition of India. Its pledges include its target to build 45GW of renewable energy capacity by 2030; to keep the average tariff below the average power purchase cost at the national level; and, to invest USD20 billion in the renewable energy space, which we positively view as aligned with its commitment to the SDGs at the core of its operations, especially SDGs 7, 9 (industry, innovation and infrastructure) and 13 (climate action).

Given the factors above, the intended proceeds from the green bond issued under the framework can be seen as being channelled towards projects that are aligned with AGEL's sustainability strategy and targets; however, as the proceeds are intended to be allocated to refinance existing projects or assets, the additionality generated would be less significant.

AGEL published its fourth ESG report in FY23 and the report is developed in accordance with international and global frameworks such as the Global Reporting Initiative standards, the UN Global Compact principles and the International Finance Corporation performance standards, which is in line with market best practices. The report includes annual updates of AGEL's overall sustainability strategy and management as well as performance against key ESG aspects that we have referenced in our analysis.

Source: Sustainable Fitch, AGEL RG1 green finance framework (February 2024), AGEL ESG report FY23, AGEL integrated annual report FY23

Use of Proceeds – Eligible Projects

Alignment: Excellent

Company Material

Renewable energy

- Eligible projects under the framework are related to solar projects or assets in one or more of the following activities:
  - Solar electricity generation facilities (expected to be onshore solar PV assets) where 100% of electricity generated from the facility is derived from solar energy resources; and
  - Wholly dedicated evacuation infrastructure for solar electricity generation facilities.
- The framework includes a list of projects that will be refinanced under this issuance. There are 25 projects in total across eight states in India of Andhra Pradesh, Chattisgarh, Karnataka, Maharashtra, Punjab, Rajasthan, Telengana and Uttar Pradesh. The projects have a total installed capacity of 930MW.

Source: AGEL RG1 green finance framework (February 2024)

Sustainable Fitch's View

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- We consider this UoP to be aligned with the renewable energy category of the ICMA GBP.
- We view the projects related to solar electricity generation to be environmentally positive, as it is generally associated with negligible GHG emissions and air pollution as compared to fossil fuel power generation during operations. Electricity generation from solar PV is also automatically aligned with the EU taxonomy's climate change mitigation objective, as there are no specific technical requirements to fulfill.
- However, there may be other environmental and social impacts associated with solar energy generation projects. For example, waste associated with solar assets could contain toxic materials such as heavy metals, which may pose harm to both ecosystems and populations if not recycled or responsibly disposed of at the end-of-life stage.
- We consider the issuers to have taken adequate steps to mitigate the projects' environmental and social impact. Based on the information in the framework, the issuers have undergone a process to complete an environmental and social impact assessment (ESIA) study, which is prepared in accordance with the International Finance Corporation performance standards and is also in line with the Equator Principles. Separately, we have confirmed through our engagement with the issuers that all refinanced projects under this issuance have undergone ESIA.
- As for the projects related to the evacuation infrastructure for solar electricity generation facilities, these include infrastructure dedicated to the transfer of solar power from a generating facility to the grid for distribution. As only renewable electricity is being transmitted, the projects' main objective is to increase the use of renewable electricity generation, which would fulfill the technical screening criteria for the transmission and distribution of electricity under the EU taxonomy.

Source: Sustainable Fitch

Use of Proceeds – Other Information	Alignment: Good
Company Material	**Sustainable Fitch's View**
• The proceeds from this green bond issuance will be used specifically to refinance existing borrowings at the issuer level, which were previously used on capital expenditures related to the eligible projects as defined above.	• All proceeds will be allocated to refinance existing projects or assets. We view the allocation to new projects more favourably, as that would be seen as generating more additionality. However, we acknowledge that the proceeds will be used to fully refinance capital expenditures on infrastructure with environmental benefits that are longer term in nature. • The issuers have separately communicated to us that the refinanced projects under this issuance have been operational for around six to seven years and capital expenditures related to the projects were spent two years prior to the projects being operational. For refinanced projects or assets, we consider having shorter lookback periods for the refinancing of existing projects or assets to be better in line with market best practices. • While it is not stated in the framework, we also understand through our engagement with the issuers that the UoP under this issuance will exclude non-renewable power generation projects. We view this exclusion criterion positively, as it minimises the risk of proceeds being used to finance controversial projects.
Source: AGEL RG1 green finance framework (February 2024)	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• AGEL's project management and assurance group (PMAG) will be responsible for the evaluation of projects to be refinanced using proceeds from this green bond issued under the referenced framework. • The PMAG comprises representatives from AGEL's lender management, planning and cost control as well as billing and inventory management business units. The PMAG evaluates eligible green projects based on whether the project is feasible, commercially viable (including based on resource assessment, energy yield assessment and counterparty credit profile evaluation) and aligns with AGEL's ESG purpose, goals and strategic pillars. • Based on the recommendations of the PMAG, the board of directors of the issuers selects the eligible green projects. • At the inception of every eligible green project, the issuers will ensure that the project is fully compliant with the relevant environmental and social regulations and standards. Proceeds from all green financing instruments, including this green bond issuance, will be used exclusively for eligible green projects which are evaluated to deliver long-term positive net environmental effects.	• While the projects to be refinanced have already been identified, we have reviewed the project evaluation and selection process in the framework and consider it to be clearly outlined and aligned with the ICMA GBP overall. • We positively view that the PMAG has representatives from various business units in AGEL, which would provide a mix of expertise and perspectives. • We also consider the multi-layered selection and evaluation process to be positive for the instrument's profile, as the additional layer of checks and balances gives assurance that the projects meet the objectives of the framework. • While not explicitly mentioned in the framework, we understand through our engagement with the issuers that the ESG team is also involved in the process. We also acknowledge that the evaluation process does include an assessment against alignment with AGEL's ESG purpose, goals and strategic pillars, which provides some assurance that the projects have a net-positive sustainability impact.
Source: AGEL RG1 green finance framework (February 2024)	Source: Sustainable Fitch

Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The proceeds of this green bond will be deposited into a designated account. Once released from the designated account, the proceeds will be used in accordance with the external commercial borrowing (ECB) guidelines. • The proceeds will be allocated to eligible green projects within three to six months. Until such time as the relevant portion of the proceeds has been allocated, such amounts will be kept in temporary investment instruments such as cash, demand or time deposit accounts with select scheduled commercial banks in India, certificates of deposit and debt mutual funds, maturing not more than one year after the date of acquisition thereof, which invest solely in companies organised under the laws of India. • AGEL RG1 may utilise the cash in its account in accordance with the project accounts deed (if applicable). Periodic review and adjustment of	• We consider the process for managing bond proceeds to be well defined and in line with the ICMA GBP-recommended guidelines with regards to the segregation of bond proceeds in a dedicated account. Setting up a dedicated bank account prevents the commingling of funds with other financing instruments or other sources of funding within the general account. • The management of the issuers, including the head of finance, will confirm the ongoing eligibility of the refinanced projects annually, and the PMAG will replace projects in the company's portfolio if they are no longer eligible. We deem having a monitoring process in place for projects throughout the bond term with the flexibility to remove or replace ineligible projects as aligned with best practice, as this gives investors confidence that the UoP would remain compliant with the relevant eligibility criteria in the framework.

Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
the balance of the tracked proceeds will be conducted to match the allocation to the eligible green projects. • The ECB funds may also be remitted to credit to the issuers' rupee accounts in India, pending utilisation for permissible end uses. The funds should be invested in such a way that the investments can be liquidated as and when funds are required by AGEL in India. • In none of the cases, the temporary parking of funds shall be utilised for any investments into any instrument that shall be exposed to risk of fossil fuels-related businesses and/or funds. • The PMAG must meet at least annually and track the allocation of proceeds. If a project ceases to be eligible, the PMAG will reallocate the funds to other eligible assets as soon as possible.	• Any unallocated proceeds will be held temporarily in short-term cash or cash-equivalent instruments defined in the framework; this is in line with standard market practice as well as the ICMA GBP guidelines.
Source: AGEL RG1 green finance framework (February 2024)	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• So long as the AGEL group has the green bond outstanding, AGEL will annually report on its website: – The UoP (list of projects, project type, capacity, location and amounts allocated) for each green bond issued; – The current allocated and outstanding amounts (or percentages) and contractual maturity dates, including the types of temporarily unallocated amounts placements and uses; – Percentage of amounts allocated for financing and refinancing (if applicable); – Renewable energy generated (in MWh) and carbon dioxide emissions avoided (in tonnes) for each project financed under this framework; and – Management confirmation that the UoP of the green bond is in alignment with the framework. • Wherever applicable and possible, AGEL will also report the material developments and/or other environmental impact of the investments. For the avoidance of doubt, no co-financing will be undertaken in respect of the eligible green projects.	• We assess positively the issuers' commitment to publish annual allocation and impact reporting until the maturity of the bond, which is in line with the ICMA GBP-recommended guidelines for regular reporting on allocation of proceeds and their impact. • The ICMA GBP recommend annual reports to include a list of projects to which the proceeds have been allocated, as well as brief descriptions of the projects, the amounts allocated and their expected impact; AGEL's framework is aligned with the principles in this regard. • The framework does not indicate how the issuers intend to report on allocation and impact in general; however, the issuers have confirmed to us that they intend to report on allocation at the project category level and impact at the project level for each individual bond instrument issued under this framework. We consider this level of reporting to be granular, which supports transparency and enables investors to attribute impact to specific instruments. • We consider the impact indicators to be specific, relevant and measurable. Reporting against these indicators provides a high level of granularity on the output and associated impact of the project. The sample indicators are also aligned with the ICMA Harmonised Framework for Impact Reporting. • There is no commitment to attain post-issuance independent assurance or verification on the allocation of proceeds and the impact metrics. Having such post-issuance external reviews would enhance the reliability of the reporting and be in line with market best practices.
Source: AGEL RG1 green finance framework (February 2024)	Source: Sustainable Fitch

UoP – List of Projects

Renewable energy

Project Name	Project Location	MW
H Narsipura	Karnataka	20
K R Pet	Karnataka	20
Gubbi	Karnataka	20
Tipatturu	Karnataka	20
Ramanagara	Karnataka	20
Periyapatna	Karnataka	20
Jevargi	Karnataka	20
Byadgi	Karnataka	20
Channapatna	Karnataka	20
T Narsipura	Karnataka	20
Magadi	Karnataka	20
Maaluru	Karnataka	20
Jhansi UPI	Uttar Pradesh	50
Telangana Open	Telengana	50
Telangana DCR	Telengana	50
Pavagada Open	Karnataka	100
Chattisgarh	Chattisgarh	100
Pavagada DCR	Karnataka	50
Kallur DCR	Karnataka	40
Shorapur	Karnataka	10
Maharashtra Kilaj	Maharashtra	20
Punjab	Punjab	100
Mahoba UP II	Uttar Pradesh	50
AP Ghani	Andhra Pradesh	50
Rajasthan	Rajasthan	20

Source: AGEL RG1 green finance framework (February 2024)

Relevant UN Sustainable Development Goals

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix

Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Green

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	No
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)

UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	No
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	No
Sustainable water and wastewater management	No
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	No
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

2) Project Evaluation and Selection

Evaluation and Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds

Tracking of Proceeds	
Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Type of Instrument: Green

Additional Disclosure	
Allocations to future investments only	No
Allocations to both existing and future investments	No
Allocation to individual disbursements	Yes
Allocation to a portfolio of disbursements	No
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported	
Allocated amounts	Yes
Sustainability bond-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting	
Project-by-project	Yes
On a project portfolio basis	No
Linkage to individual bond(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	No
Decrease in water use	No
Other ESG indicators	Renewable energy generated (MWh)

Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No

Reporting reviewed	No
Other	n.a.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer's green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

	ESG Framework
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.