

April 26, 2018

Mr. Khushro A. Bulsara-  
Senior General Manager  
Listing Compliance & Legal Regulatory  
**BSE Limited**  
Corporate Relations Department  
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Mumbai - 400 001  
Tel.: 2272 8013/8015/8058/8307  
**BSE Scrip Code: 532648**

Mr. Avinash Kharkar,  
AVP - Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza  
Plot no. C/1, G Block,  
Bandra - Kurla Complex  
Bandra (E), Mumbai - 400 051.  
Tel.: 2659 8235 / 8236/8458  
**NSE Symbol: YESBANK**

Dear Sirs,

**Sub.: Disclosure made in pursuance of Circular No. CIR/IMD/DF/51/2017 dated May 30, 2017 pertaining to Green Infra Bonds issued by Securities Exchange Board of India ("SEBI Circular")**

This is in continuation to our submission of the yearly financial results. In terms of para 2.3(a) of the aforesaid SEBI Circular, an issuer who has listed its Green Debt Securities shall provide disclosure pertaining to utilisation of the proceeds of the issue and the allocation of funds towards the project(s) from the proceeds of Green Debt Securities; and the details of unutilized proceeds.

In this regard, please find enclosed herewith the disclosure on Green Debt Securities for the year ended March 31, 2018.

Further, additional disclosures as prescribed under para 2.3(b) of the SEBI Circular will form part of the Annual Report of the Bank for FY 2017-18.

You are requested to take note of the above.

Thanking you,

Yours faithfully,  
For YES BANK LIMITED

  
Shivanand R Shettigar  
Company Secretary



**Encl: As above**

## DISCLOSURES UNDER GREEN INFRASTRUCTURE BONDS FOR FY 17-18

Since the first issuance by YES BANK in February 2015, green bond issuances in India are witnessing a steady growth, making India one of the top ten largest green bond markets globally. These instruments are playing a pivotal role in the realization of India's renewable energy potential and towards achieving its globally committed target of 175 GW of renewable capacity by 2022. YES BANK has issued three green bonds:

- **February 2015:** YES BANK issued India's first-ever Green Infrastructure Bonds, raising an amount of INR 1000 Cr. This 10 year tenor bond witnessed strong demand from leading investors including Insurance companies, Pension & Provident Funds, Foreign Portfolio Investors, New Pension Schemes and Mutual Funds
- **August 2015:** YES BANK raised INR 315 Cr, through the issue of Green Infrastructure Bonds to International Finance Corporation (IFC), on a private placement basis which is the first investment by IFC in an Emerging Markets Green Bond issue, in the world. The bonds are for a tenor of 10 years. IFC paid for the placement using the proceeds from its first Green Masala Bond program, that aimed at raising capital in the offshore rupee market
- **December 2016:** YES BANK has raised INR 330 Cr, through an issue of a 7-year Green Infrastructure Bonds to FMO, the Dutch Development Bank, on a private placement basis. This is FMO's 1st Investment in a Green Bond issued by a bank in India. FMO has paid for placement using the proceeds from their sustainability bonds issued in 2015

The amount raised is used to finance green infrastructure projects as per 'Eligible Projects' outlined in the Bank's internal guidelines that were put in place in adherence to Green Bond Principles by International Capital Market Association. KPMG, India has provided assurance on the internal tracking method and the allocation of funds of green bonds for FY 17-18.

### Green Bond Principles (GBP)

The Green Bond Principles are voluntary process guidelines, intended for broad use by the market that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market. The GBP has the following four key components that YES BANK has adopted:

- **Use of Proceeds:** The proceeds raised are used in eligible project categories and include all projects funded in whole, or in part, in the fields of renewable and clean energy projects including Wind, Solar, Biomass, Hydropower and other such projects
- **Process for Evaluation and Selection of Eligible Projects:** The process includes interactions with potential borrowers to understand the overall aspects of the project and a preliminary comparison against the eligibility criteria. Post preliminary consideration, based on the merits of the project, the evaluation moves to the risk team which assesses it and confirms the eligibility of the project. Further documentation is sought as per the Bank's policies and GBP
- **Management of Proceeds:** Green Bond allocations to eligible projects are tracked through an MIS based asset tagging system on a quarterly basis. The unallocated proceeds, if any, are placed in liquid instruments (Government Securities) on a quarterly basis
- **Reporting:** Communication to investors through an annual update includes:
  - List of projects to which Green Bond proceeds have been allocated to with brief description including amounts disbursed, installed capacity
  - Summary of Environmental and Social (E&S) impacts associated with these projects, if any
  - Information on investment of unallocated proceeds in liquid instruments

## Impacts

The proceeds of the green bonds have been utilized in augmenting solar and wind energy capacities, with a significant impact of avoidance of emissions of CO<sub>2</sub>, SO<sub>2</sub> and NO<sub>x</sub> apart from other air pollutants associated with energy generation. Estimated CO<sub>2</sub> emission reductions are shared along with project details. Through financing solar and wind power plants, these bonds contribute to positive environmental impact and also strengthen India's energy security by reducing fossil fuel dependency.

List of projects against which green bonds proceeds have been allocated as on 31<sup>st</sup> March 2018 is provided below:


Proceeds Utilization Against Bond Issuance Size of INR 1000 Cr (February 2015)					
Sr. No	Project Location	Description	Total Fund Based Utilization, INR Cr (as on Mar 31, 2018)	Estimated** positive E&S impacts - CO <sub>2</sub> Emissions Reduction (tCO <sub>2</sub> /yr)	Known significant negative E&S Impacts
1	Madhya Pradesh	12 MW wind energy project	42.74	21,410.66	None
2	Telangana	15 MW solar energy project	9.66	26,953.59	None
3	Telangana	15 MW solar energy project	9.66	26,953.59	None
4	Andhra Pradesh	10 MW solar energy project	1.24	17,241.84	None
5	Maharashtra	31.5 MW wind energy project	130.54	66,324.86	None
6	Karnataka	50 MW solar energy project	20.70	94,073.31	None
7	Telangana	143 MW solar energy project	142.48	2,49,460.44	None
8	Telangana	42 MW solar energy project	84.79	83,070.33	None
9	Andhra Pradesh & Rajasthan	155.4 MW wind energy project	239.70	3,57,426.16	None
10	Karnataka	40 MW solar energy project	115.00	86,555.90	None
11	Madhya Pradesh	250 MW solar energy project	1.00	4,92,140.83	None
12	Karnataka	46.2 MW wind energy project	2.91	1,11,340.52	None
13	Karnataka	40 MW solar energy project	23.00	64,265.81	None
			<b>823.42*</b>	<b>16,97,217.84</b>	
Proceeds Utilization Against Bond Issuance Size of INR 315 Cr (August 2015)					
Sr. No	Project Location	Description	Total Fund Based Utilization, INR Cr (as on Mar 31, 2018)	Estimated** positive E&S impacts - CO <sub>2</sub> Emissions Reduction (tCO <sub>2</sub> /yr)	Known significant negative E&S Impacts
1	Andhra Pradesh	100 MW wind energy project	214.62	2,26,621.55	None
2	Telangana	30 MW solar energy project	1.85	59,335.95	None
3	Telangana	5 MW solar energy project	6.53	7,610.43	None
			<b>223.00*</b>	<b>2,93,567.93</b>	
Proceeds Utilization Against Bond Issuance Size of INR 330 Cr (December 2016)					
Sr. No	Project Location	Description	Total Fund Based Utilization, INR Cr (as on Mar 31, 2018)	Estimated** positive E&S impacts - CO <sub>2</sub> Emissions Reduction (tCO <sub>2</sub> /yr)	Known significant negative E&S Impacts
1	Telangana	20 MW solar project	100.13	42,719.85	None
2	Gujarat	30 MW wind energy project	142.00	69,001.19	None
3	Telangana	50 MW solar energy project	9.14	86,420.61	None
4	Telangana	10 MW solar energy project	50.27	21,359.93	None
5	Rajasthan	50 MW solar energy project	15.45	98,893.25	None
6	Telangana	10 MW solar energy project	13.01	21,359.93	None
			<b>330.00</b>	<b>3,39,754.76</b>	
<b>Total CO<sub>2</sub> Emissions Reduction (tCO<sub>2</sub>/yr)</b>				<b>23,30,540.53</b>	

\* The shortfall (of INR 176.58 Cr and INR 92 Cr in allocation of proceeds of 1000 Cr bond issued in February 2015 and INR 315 Cr bond issued in August 2015 respectively) is due to the repayment of disbursement. The temporary unallocated proceeds have been invested in Government Securities and will be allocated back to new eligible projects.

\*\* The total CO<sub>2</sub> emission reduction for individual projects have been calculated based on methodology outlined in the document 'CO<sub>2</sub> Baseline Database for the Indian Power Sector User Guide Version 12.0 May 2017' along with other relevant factors such as project PLF/CUF estimates, installed project capacity, resultant annual unit generation etc.

The assurance statement issued by KPMG India is attached herewith.

For **YES BANK Limited**

A handwritten signature in black ink, appearing to be "Rana Kapoor", written over a circular stamp or seal.

Rana Kapoor  
Managing Director & CEO



**KPMG (Registered)**  
Building No.10, 4th Floor, Tower-C  
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## **Independent Assurance Statement**

To the management of Yes Bank Limited, Nehru Centre, 9th floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai – 400 018, Maharashtra, India.

### **Introduction**

We were engaged by Yes Bank Limited ('Issuer') to undertake an independent review of the following green bonds:

- Green bonds for INR 1,000 crores issued on 24 February 2015
- Green bonds for INR 315 crores issued on 05 August 2015
- Green bonds for INR 330 crores issued on 29 December 2016

Our responsibility was to provide "limited assurance" on conformance of the aforementioned green bonds and the accompanying report "Disclosures under Green Infra Bonds for FY 17-18" with the Green Bond Principles, 2017 during the period of the Financial Year (FY) 2017-18.

### **Assurance Standards**

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].

### **Assurance scope and level of assurance**

Our scope of assurance included information on material aspects of the green bond during FY 2017-18 based on the requirements of the Green Bond Principles, 2017 as listed below:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

### **Specific limitations and 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



## **Work undertaken**

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 detail below, were based on our professional judgment and included, as appropriate, inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and 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 support 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 responsible for the green bond to understand how the processes, systems and controls defined in the Green Bond Framework have been implemented in the financial year;
- Checked the list of projects to which bond proceeds have been allocated in the financial year and their conformance with the criteria defined in the Green Bond Framework;
- Confirmed the amount of bond proceeds allocated to projects at the end of each quarter in the financial year through examination of a sample set of statements of accounts;
- Confirmed the allocation of unallocated bond proceeds to government securities at the end of each quarter in the financial year through examination of statements from Financial Management team of the Issuer; and
- Recalculated estimated carbon dioxide emission reductions from projects using information collected by the Issuer.

## **Conclusions**

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

Nothing has come to our attention to suggest that the green bonds issued in February 2015, August 2015 and December 2016 by the Issuer and the accompanying report "Disclosures under Green Infra Bonds for FY 17-18" are not, in all material respects, conforming to the requirements of the Green Bond Principles, 2017, during the period of FY 2017-18.

## **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 Green Bond Principles, 2017. 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.



**Manpreet Singh**

Director  
KPMG India  
12 April 2018