

# ENVIRONMENT & SOCIAL MANAGEMENT AUDIT REPORT



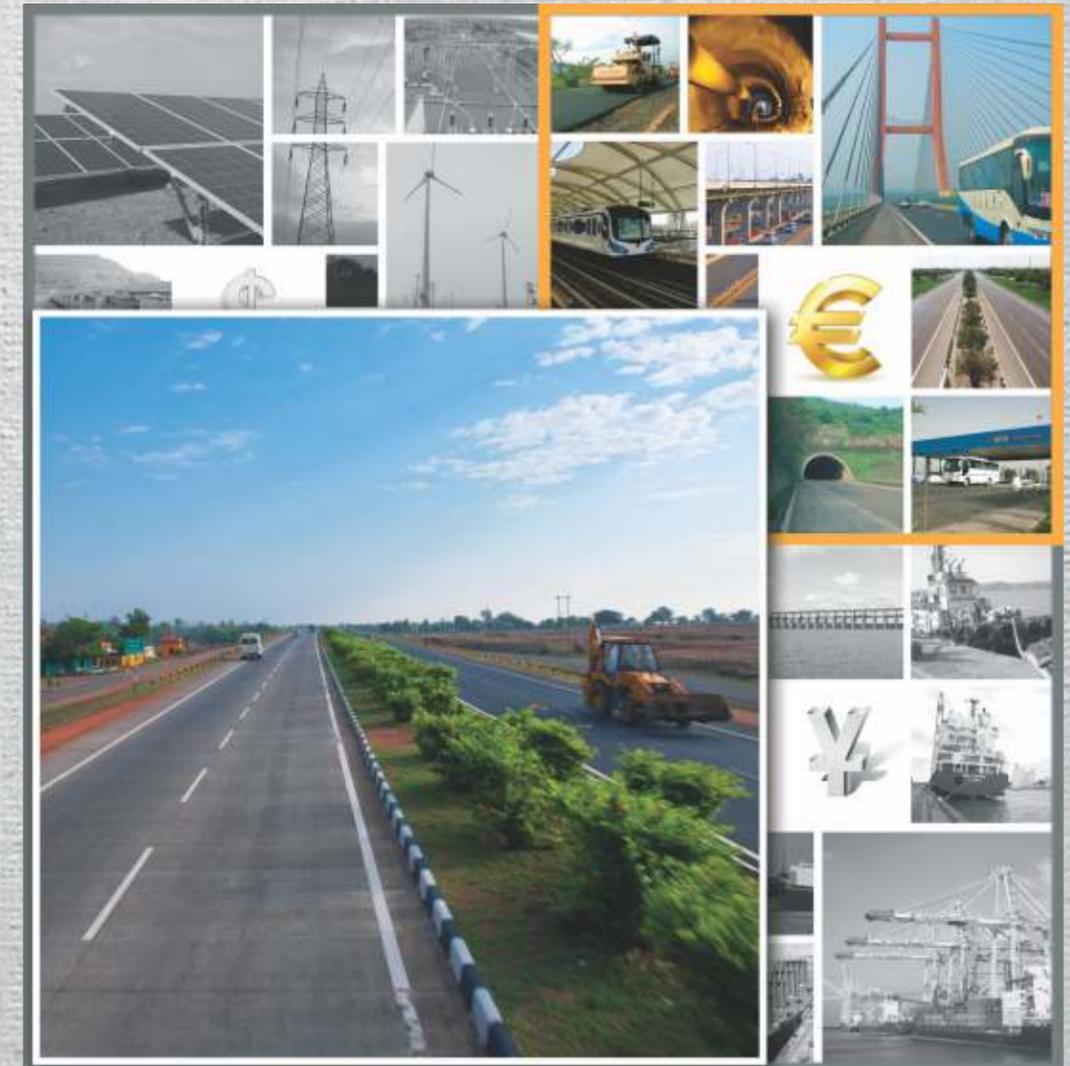
**RDF Power Projects Ltd., Bibi Nagar,  
Hyderabad, Telangana**

Hyderabad generates about 4000 Metric Tons (MT) of Municipal Solid Waste (MSW) every day. Rapid urbanization, changing lifestyles and increasing population has led to this generation of MSW. Large quantity of this MSW finds its way in landfill. In pursuit to manage MSW in a more holistic, integrated and sustainable manner, Greater Hyderabad Municipal Corporation (GHMC) had planned for three Waste to Energy (WtE) projects in Hyderabad. M/s RDF Power Projects Limited is one of the three projects.

RDF Power Projects Ltd. (RDFPPL) is located at Chinnaraavulapally Village, Bibinagar Mandal, Nalgonda District. The project was non-operative. As IL&FS was the Asset manager in the project, IL&FS agreed to revive the ailing project by putting additional Capital Expenditure. Presently, IL&FS Environment (IEISL), an Environmental arm of the IL&FS Group is managing the implementation of the project

The project will generate about 12 MW of green power by scientifically processing over 1100 Tons Per Day (TPD) of Municipal Solid Waste (MSW). The Plant is in advanced stage of completion with all statutory clearances in hand. One Boiler is likely to be fired by 30th September 2015. Second Boiler is likely to be fired by November 2015 end. After trial runs, unit will be commissioned by 31st March 2016

Once fully commissioned, the RDF Power project will provide several environmental and economic benefits to Hyderabad.



# ENVIRONMENTAL & SOCIAL MANAGEMENT AUDIT REPORT

## INDEPENDENT ASSURANCE STATEMENT

### THE BOARD OF DIRECTORS

#### INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

1. Ernst & Young LLP (“EY”) has been appointed by Infrastructure Leasing & Financial Services Limited (“IL&FS” or “the Company”) to provide an independent assurance of the implementation of the Environmental and Social Policy Framework (ESPF) for the Financial Year ending March 31, 2015.
2. The enunciation and implementation of the Policy as aforesaid and the related operational procedures are the responsibility of the Management of IL&FS.
3. Our scope of work required us to review the conformance with the ESPF in IL&FS and IL&FS Group companies during FY 2014-15 where it has been implemented i.e., IL&FS Investment Managers Limited (IIML); IL&FS Environmental Infrastructure and Services Limited (IEISL); IL&FS Maritime Infrastructure Company Limited (IMICL); IL&FS Water Limited (IWL); IL&FS Energy Development Company Limited (IEDCL); IL&FS Transportation Networks Limited (ITNL); IL&FS Cluster Development Initiative Limited (ICDI); IL&FS Renewable Energy Limited (IREL).
4. The assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence - gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000).
5. The performance of our engagement involved following key steps:
  - We have carried out a desk review of ESPF documents of IL&FS and eight IL&FS group companies and interviews at the corporate office in Mumbai with key members of each company who are responsible for the implementation of ESPF.
  - A sample of 15% - 20% of project portfolio of each company was reviewed to assess the implementation of ESPF. Our assessment was based on review of compliance of project related ESPF documentation for FY 2015 with the requirements prescribed in the ESPF manual. Our review did not involve site visits to project locations for physical verification of ESPF related systems.
6. Our key observations are as follows:
  - The ESPF manual consists of procedures, which direct IL&FS management to carry out Environmental and Social (E&S) risk assessment of projects, and accordingly prioritize actions for E&S risk management including action related to compliance with all relevant national E&S policies, laws and regulations.
  - The ESPF manual has been updated to provide guidance on linkage between ESPF and environment, health and safety management standards including ISO 14001 and OHSAS 18001.
  - Senior management of IL&FS have been providing periodic inputs to improve ESPF implementation in group companies and have made efforts to bring more companies under ESPF.
  - There is scope to improve documentation, training & capacity building and resource allocation for implementation of ESPF.
7. Based on our assessment and according to the documents, explanations provided to us and records made available to us during the review, no material exception has come to our notice that causes us to believe that IL&FS has not demonstrated conformity with its ESPF.

For Ernst & Young LLP

**Chaitanya Kalia**  
Partner  
16 June 2015, Mumbai



## Pollution Control Board Training Project

The availability of trained manpower for operation and management of Common Effluent Treatment Plants (CETPs) and Effluent Treatment Plants (ETPs) is a critical gap to ensure smooth running and compliance

To address this gap, IL&FS Academy of Applied Development (IAAD) undertook a project supported by GIZ India under its 'Indo German Environment Program (IGEP)'. Under this project to create a customised capacity building program consisting of Training of Trainers and Operators

On the basis of Training Needs Assessment, IAAD developed Training Curricula and Training Materials (both content & pedagogy), with reference to ISO – 29990 requirements. Technical support was provided by German Association for Water, Wastewater and Waste (DWA) especially for training pedagogy

IAAD conducted a Pilot Program of two days for Training of Trainers (ToT) and six weeks (2 hours each week) for Operators at the CETP of Thane Belapur Industries Association (TBIA) in Navi Mumbai. Maharashtra Pollution Control Board (MPCB) provided the necessary support

IAAD is now replicating these capacity building programs in Gujarat with active support from Gujarat Pollution Control Board (GPCB) and in Rajasthan with active support from Rajasthan Pollution Control Board (RPCB)

For example in Gujarat the number of ETPs established so far is 8,275, while the CETPs cover 7,061 industries. While in Rajasthan the number of request for installation and operations of ETPs by individual industry in Red category was 3,434 (2014 Annual report)

Considering 4-5 operators in ETP and 8-10 operators in CETPs, the potential requirement of operators is in the range of 150,000 to 200,000 nationally

Given the skill gap, IAAD is now working on up-scaling these capacity building programs at national level through Ministry of Environment (MoEF) as well as National Skill Development Council (NSDC). The objective is to influence Policy whereby training of ETP/CETP operators will become mandatory as consent condition by the regulators. This process will build a strong skilled manpower base for the sector improving overall efficiency and compliance

