



Hero Future Energies

H1 - FY'24 Update on Restricted Group (CREPL Bond)

January 2024





About HFE & Hero Group

Restricted Group (RG)

Financial Performance of RG

Operational Performance of RG

Appendix

Introducing Hero Future Energies

Established in 2012, Hero Future Energies HFE, is a leading Indian Renewable Energy provider focused on providing Sustainable, Clean Energy solutions across the globe.

3.1 GW*

Renewable Portfolio
spread across geographies & technologies

HYBRID

Capabilities
wind, solar, battery storage

>\$200 Mn / \$140 Mn

Annual Revenue / EBITDA
from operational portfolio of ~1.8 GW in FY'23

GLOBAL

Projects



International Finance Corporation (IFC) group infused US\$ 125 million

2017

2012

Hero
Hero Group diversified into power generation from clean energy sources

2022

KKR
Kohlberg Kravis Roberts (KKR) – infused US\$ 450 million along with promoters

Our growth plans

On course for 5X in 5 Years



HSE highlights

16 million
safe hours achieved across previous five years

14 million
tonnes of CO2 mitigated till FY '23

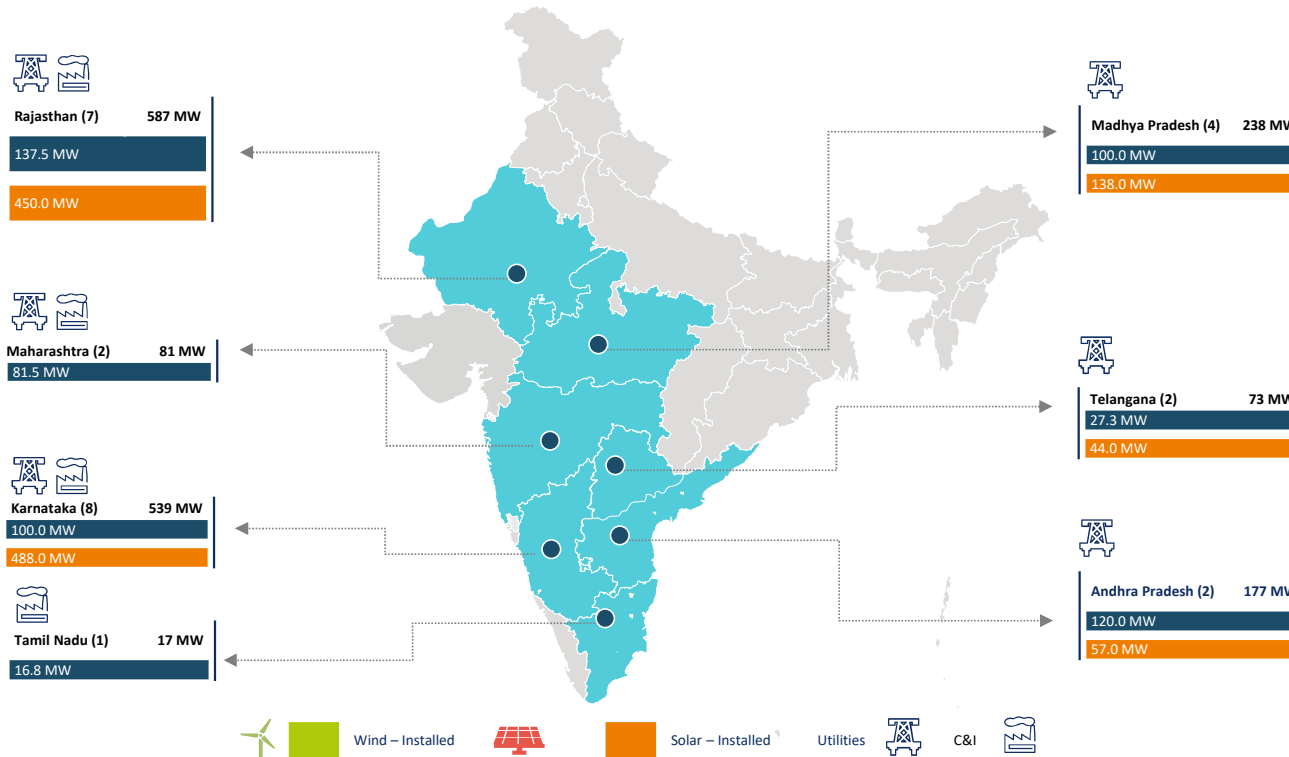
Zero
instances of non-compliance



* All capacities mentioned in DC; Includes capacity won in competitive bid for which HFE has been awarded LOA; does not include secured battery storage capacity

HFE has an established presence across India...

Capacity (MW)	Wind	Solar	Total	% Wind	% Solar
Operational	583	1177	1,760	33 %	67 %
Under construction**	510	732	1,242	41 %	59 %



Operational Portfolio

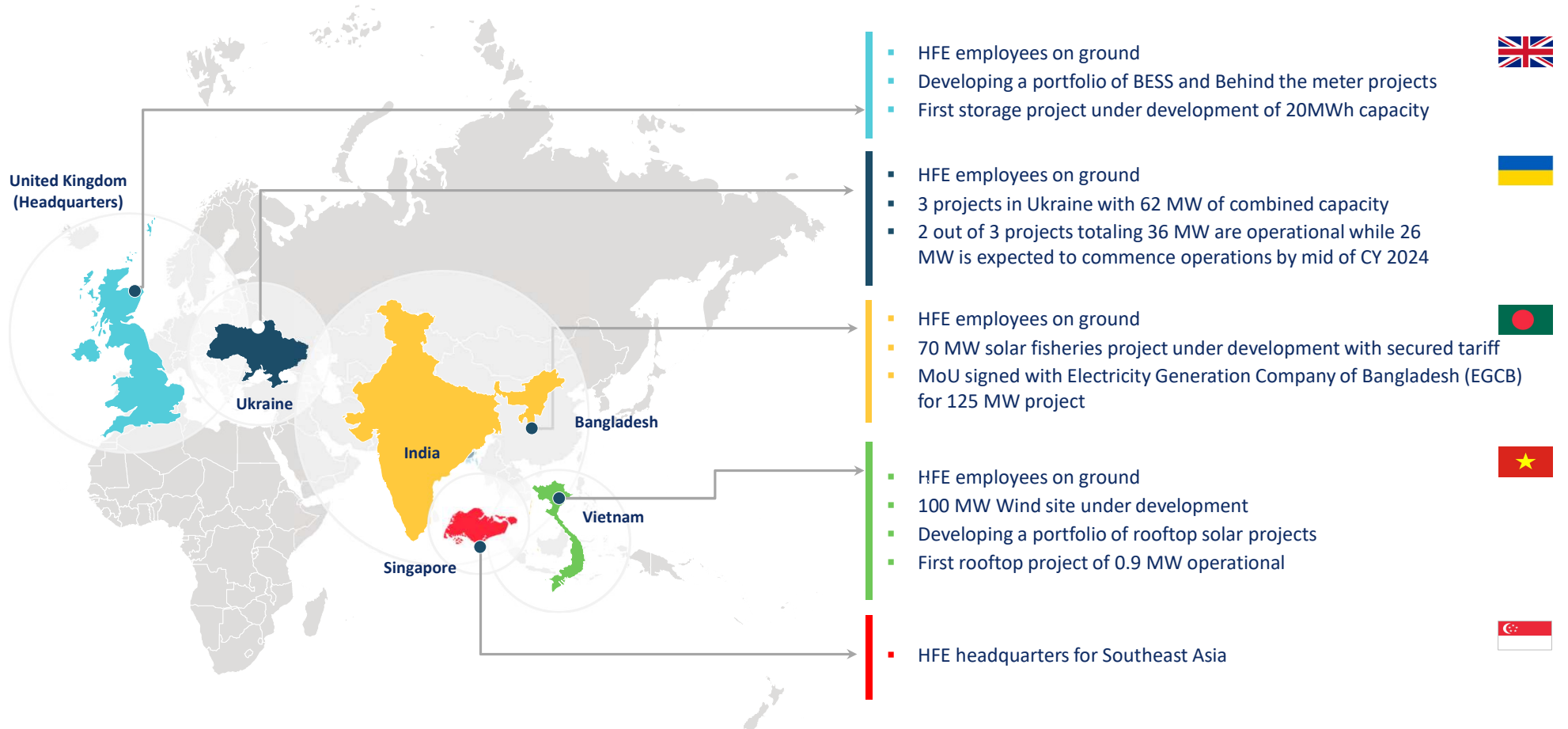
- 1.76 GW operational portfolio in India spread across 7 states
- 43% of operational capacity is contracted by SECI*
- Long-term offtake agreements with local Distribution Companies and SECI (**average remaining PPA life – 17 years**)
- Attractive offtake tariffs with Group Captive customers (e.g., Hero Group companies)

Under Development Projects

- SECI-Hybrid Tranche-VI: Peak power (with battery storage)
- SJVN Peak Power + Greenshoe Peak power (with battery storage)
- Intra-state C&I project in Karnataka
- Intra-state solar C&I projects Uttar Pradesh / Karnataka / Maharashtra

Note: Numbers in parentheses denote number of projects in the respective states; *SECI – Solar Energy Corporation of India

...and growing global footprint across geographies



HFE Corporate Structure

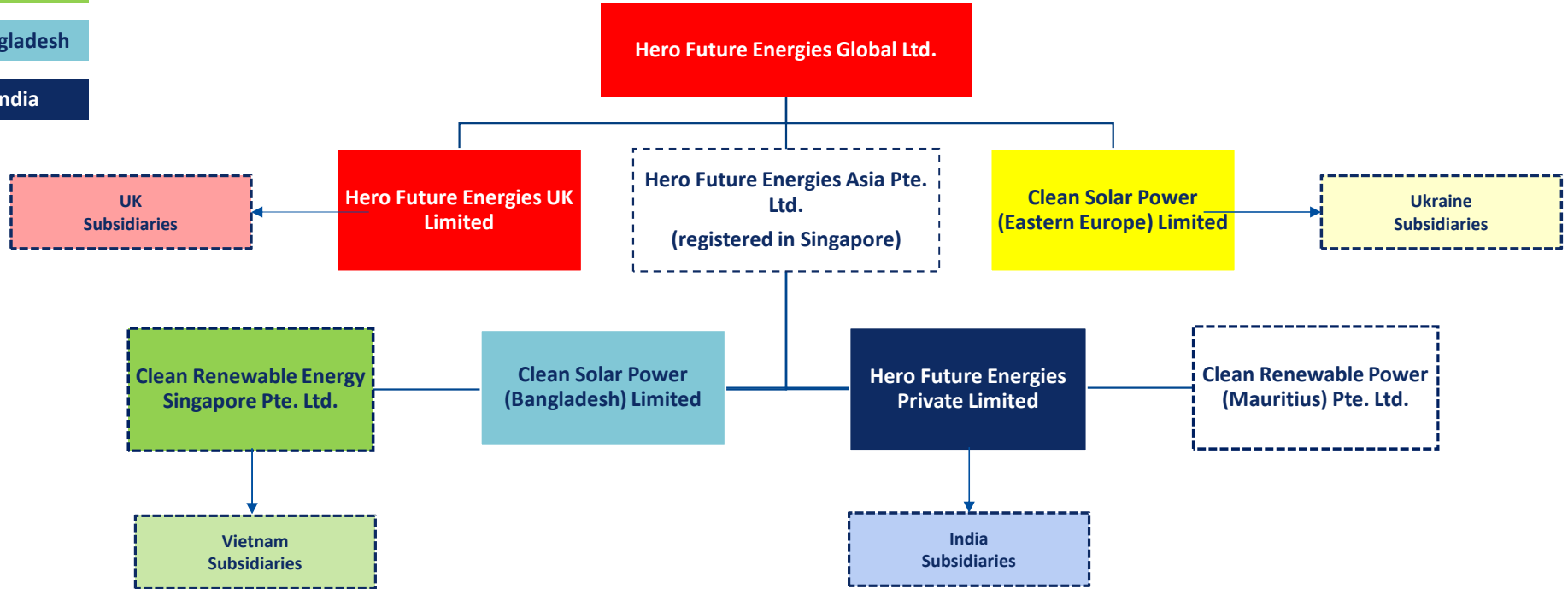
- UK
- Ukraine
- Vietnam
- Bangladesh
- India

SHAREHOLDERS

Kohlberg Kravis Roberts
(KKR Group)

Hero Group
(BME Private Limited)

International Finance
Corporation
(IFC Group)



Board of Directors

Hero Group



Rahul Munjal
Chairman



Pawan Munjal



Abhimanyu Munjal



Pooja Munjal

IFC Group



Sumeet Thakur



Inderbir Dhingra

KKR



Ami Momaya



Mahek Mehta

Independent Director



Andrew Hall

Strong management team with experience across the value chain



Srivatsan Iyer
Global Chief Executive Officer

- Several leadership roles in Braskem for over a decade, including CEO of Braskem Europe GmbH and Group Vice President of Strategy & Planning and Innovation & Technology
- Rich experience in due diligence, M&A, JVs and post-merger integrations while working at McKinsey and at Braskem
- Worked with Exxon Mobil in R&D and Technology development
- Chemical engineer from IIT Madras, MS and PhD in Chemical Engineering from Virginia Polytechnic Institute and State University, MBA from University of Texas at Austin



Ben Fraser
Global Chief Financial Officer

- Seasoned CFO with over 25 year of experience, including for a company with a premium listing on the LSE and for a national flagship exploration & production company with GDR listing
- Brings on board a background of financial discipline and strong corporate governance from experience across diverse industries including energy natural resources and financial markets.
- Previously worked with Rothschild and HSBC. Chartered Accountant (ICAEW), trained with Deloitte



Arun Tripathi
Business Head – Solar, Wind & ESS

- 23 years of experience in Energy storage (complete value chain including PCS, batteries and EMS) and design solutions
- Previously led lithium-ion batteries procurement at Indus and Reliance Jio
- Bachelor of Engineering in Electronics from Pune University, Maharashtra



Oman Singh
Business Head – SE Asia

- Over 16 years of experience; of which 14 years in renewables
- Previously COO of Seawind Ocean Technology. Also served as General Manager of a JV between SMEC, Pacific Hydro and Mitsui & Co., and held a series of leadership roles at EcoSecurities-JP Morgan
- Bachelors in Electrical & Electronics Engineering and an MBA from Imperial College



R Sunder
Business Head – C&I India & South-Asia

- Strong sales & marketing experience in both B2B & B2C space with over 20 years of experience
- Previously worked with Havells, Bharti Aircel, Olam, Newark, Godrej GE Appliances and SRF
- B.E (Chemical) from IIT Roorkee and an MBA from IIM Lucknow



Robert Ayres
Business Head - EMENA

- Joined HFE in 2017 to lead their business in Europe, Middle and North Africa
- Vastly experienced in renewable energy sector since early 1990's; delivered hydro-electric, anaerobic digestion, solar PV, battery storage and wind projects in the Middle East, Africa, and Europe
- Graduate of Brunel University and a Postgraduate from Imperial College University of London



Harish Pant
Head – O&M

- Over 30 years of experience in Operations of Marine Engines, Thermal power and Renewable sector
- Previously associated with GMR Energy, Suzlon Energy Limited and Engie Solar



Sudhir Pathak
Head - Engineering

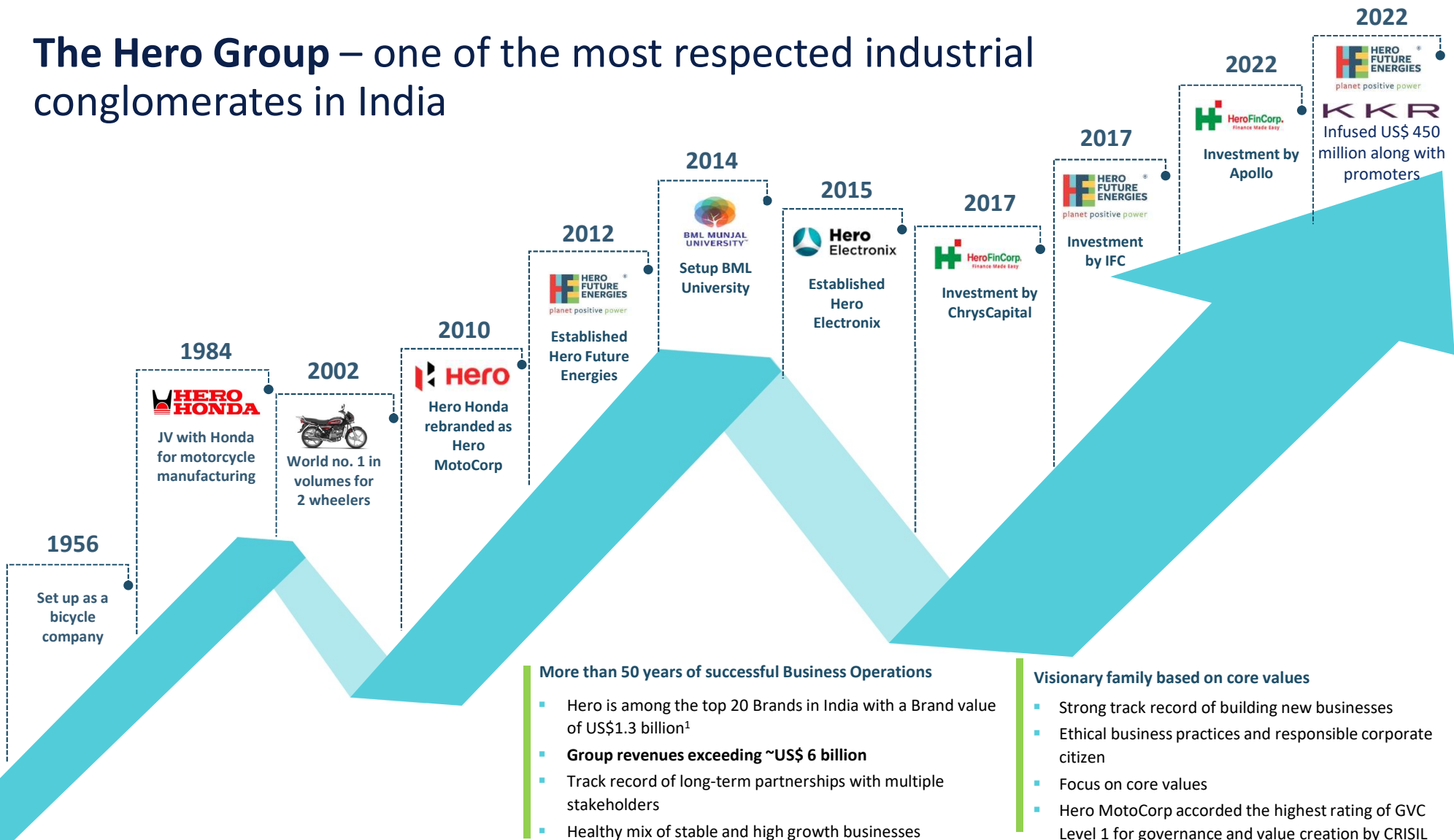
- Over three decades of experience in Design, Engineering, Erection, Testing & Commissioning of renewable energy (>4.5 GW) and thermal power.
- Previously worked with ACME, Tata motors, NTPC, Lanco Infratech, Welspun energy.
- B.Tech in Electrical Engg (Hons.) from IIT BHU



Nitesh Nath
Head – Projects, Land

- Over 25 years of experience in the power sector
- Previously worked with Atria Power (Head of Operations), Tata Power and Essar Power
- Engineering graduate from VNIT Nagpur

The Hero Group – one of the most respected industrial conglomerates in India



More than 50 years of successful Business Operations

- Hero is among the top 20 Brands in India with a Brand value of US\$1.3 billion¹
- **Group revenues exceeding ~US\$ 6 billion**
- Track record of long-term partnerships with multiple stakeholders
- Healthy mix of stable and high growth businesses

Visionary family based on core values

- Strong track record of building new businesses
- Ethical business practices and responsible corporate citizen
- Focus on core values
- Hero MotoCorp accorded the highest rating of GVC Level 1 for governance and value creation by CRISIL

1: Economic Times (August 2016)

The Hero Group – diverse footprint across sectors

Manufacturing



- World's largest manufacturer of motorcycles and scooters
- Market cap of **US\$9.2 bn¹**
- Rated AAA (stable) by CRISIL



- Industry leader for aluminium die casting, machined and painted assemblies
- Supplier to global motorcycle manufacturers and automotive OEMs

Renewables



- Global Independent Power Producer experienced in grid-connected hybrid, wind and solar projects as well as rooftop and open access

Corporate Finance



- India's no. 1 two-wheeler financier with 65% market share
- Assets under Management of **US\$ 5.5 bn²**

Technology



- Executing new age digital technologies (including IoT, Defense electronics, Auto-tech) for **100+ enterprise clients across 10+ countries**



- Multinational semiconductor engineering solution provider
- Expertise in Semiconductor IC Design, Test & Product Engineering, PCB design



- Learning platform with centered around data science, ML, AI & innovation
- Collaboration with MIT and Singularity University

Not for Profit



- Transforming higher education in India by creating a world-class, innovation-led, teaching, learning and research environment



- Dedicated to enriching and energizing lives by helping the less privileged and thus building a happier and healthier community and society

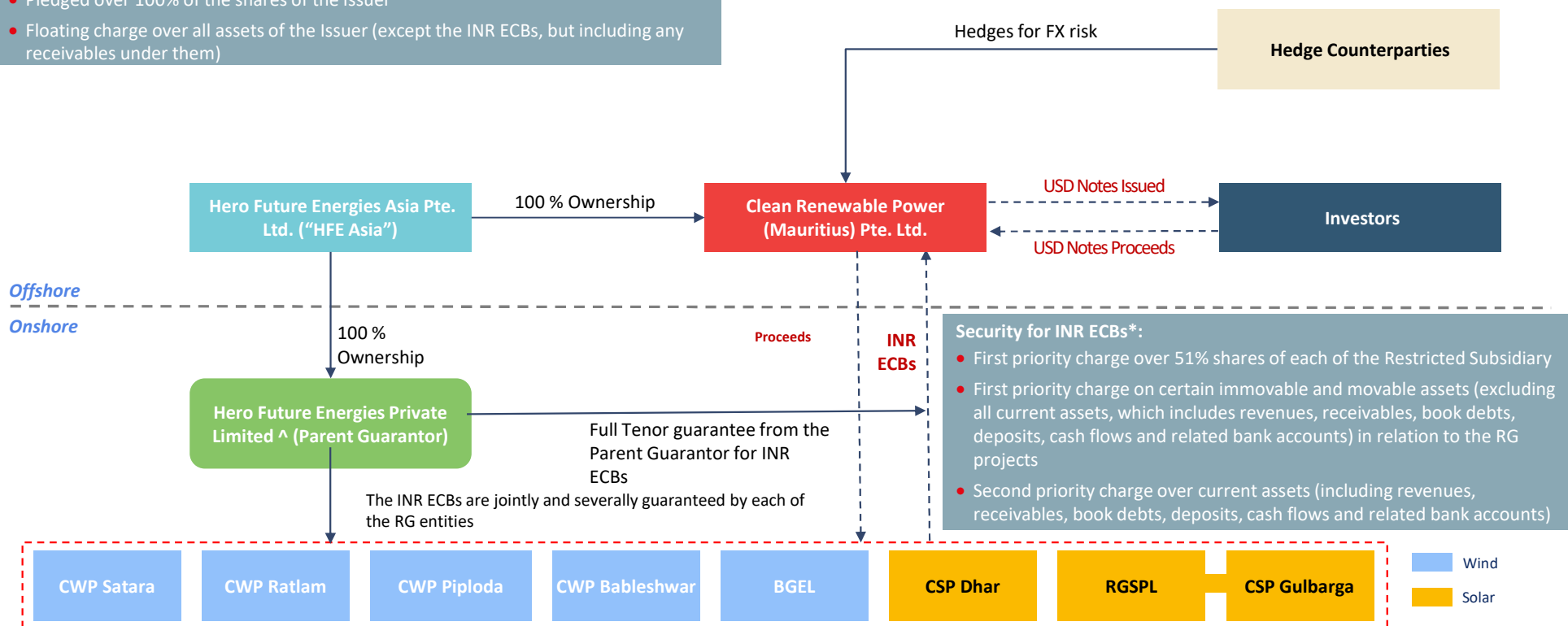


1: As on December 2023
2: As on December 2023

Issuance Structure

Security for the USD notes :

- Pledged over 100% of the shares of the Issuer
- Floating charge over all assets of the Issuer (except the INR ECBs, but including any receivables under them)



Security for INR ECBs*:

- First priority charge over 51% shares of each of the Restricted Subsidiary
- First priority charge on certain immovable and movable assets (excluding all current assets, which includes revenues, receivables, book debts, deposits, cash flows and related bank accounts) in relation to the RG projects
- Second priority charge over current assets (including revenues, receivables, book debts, deposits, cash flows and related bank accounts)

Clean Renewable Power (Mauritius) Pte. Ltd. together with the INR ECB borrowing entities called the Restricted Group ("RG"); the INR ECB borrowing entities called Indian Restricted Subsidiaries

Note:
 ^All Restricted Subsidiaries are 100% owned by Hero Future Energies Private Limited indirectly through two holding companies for wind and solar unless otherwise indicated. The above simplified corporate structure is for illustrative purposes. Please refer to the Offering Memorandum for the detailed corporate structure
 *External Commercial Borrowings

Strong Transaction Structure vs Peers

Transaction strengths overview

Parent guarantee	<ul style="list-style-type: none"> ✓ Full tenor unconditional and irrevocable guarantee on the INR ECBs by the Onshore Parent – Hero Future Energies Private Limited.
Cash lock-up	<ul style="list-style-type: none"> ✓ No leakage of cash generated within the RG during bond tenor; no DSCR linked Restricted Payments ✓ Excess cash post statutory payments, operation and maintenance costs and expenses and debt servicing 100% trapped in the RG, ensuring enough liquidity in the RG to take care of any unforeseen disruptive events
Lower refinancing risk	<ul style="list-style-type: none"> ✓ Excess cash in the RG is used for scheduled amortizations and mandatory cash sweeps (MCS), amounting to c. 30% of the USD notes, thereby reducing refinancing risk through debt amortization ✓ Residual cash post amortization and MCS is further trapped in the RG ensuring build of liquidity buffers within the RG
Static RG	<ul style="list-style-type: none"> ✓ No additional assets and debt can be added to the RG, except a working capital basket and incremental debt of US\$ 5 million

Debt payment schedule

	Settlement Date (Month-Year)	Mar-22	Sept-22	Mar-23	Sept-23	Mar-24	Sept-24	Mar-25	Sept-25	Mar-26	Sept-26	Total
As a % of notes size	Scheduled Amortization	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	2.75%
	Mandatory Cash sweep	1.50%	2.25%	2.25%	2.75%	2.75%	3.00%	3.00%	3.25%	3.25%	3.00%	27.00%
	Total repayment	2.00%	2.50%	2.50%	3.00%	3.00%	3.25%	3.25%	3.50%	3.50%	3.25%	29.75%

*Principal repayment of ~\$36 m has been done till Sep 2023 from issue date corresponding to scheduled amortization and MCS

RG represents c. 30% of operating HFE Portfolio (1/2)

Well diversified portfolio across technologies, offtakers and geographies

1

Projects in RG represent Important Part of HFE's Portfolio...

- High quality assets selected for RG
- 8 operational projects with an aggregate installed capacity of 531.5 MWp
 - 3 solar projects with a total installed capacity of 300.0 MWp
 - 5 wind projects with a total installed capacity of 231.5 MW
- 47% of RG by capacity contracted with SECI

2

With All Projects Having Achieved Commercial Operation...

- **No construction risk** as 100% of the capacity is constructed
 - c.100% capacity of the RG portfolio has been operational for more than 3 years
 - Weighted average operating life of assets is c.6.2 years

4

... And Well Positioned to Generate Stable Cash Flows with long-term PPAs

- **Most of the portfolio contracted through long term PPAs** with weighted average balance PPA tenor of 16.1 years as on 31st Dec 2023
- RG has achieved EBITDA of INR 4,167 m in FY22, INR 4,597 m in FY23 and INR 2,289 m in H1 of FY24
- Stabilized operations for entire RG capacity

3

Diversified Across Key Parameters ...

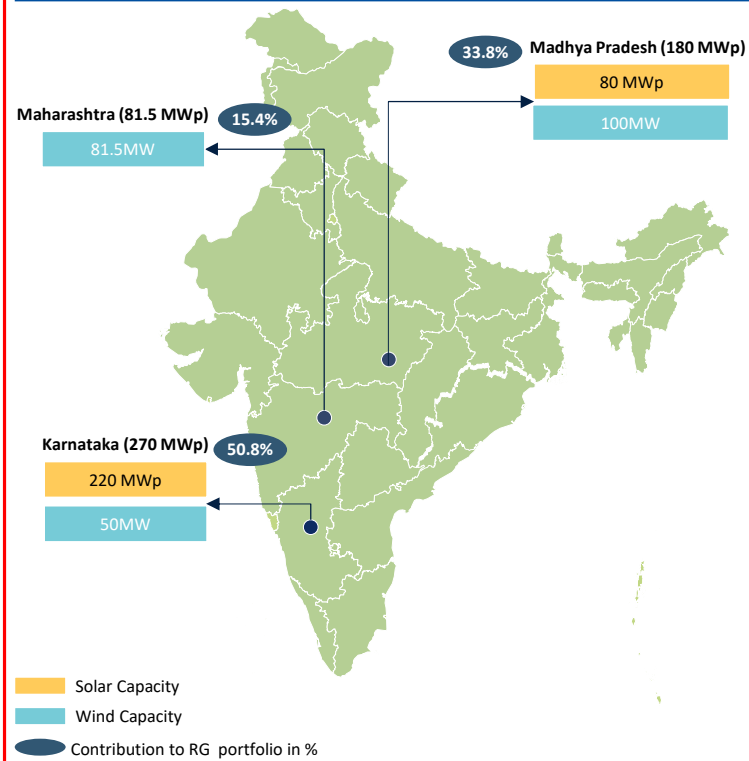
- **Geographic diversification** across 3 renewable energy rich states in India
- **Well balanced mix** between solar (c. 56.4%) and wind (c. 43.6%)
- **High quality and reputed vendor mix:** c. 65% of the wind energy capacity supplied by Gamesa and c. 76% of the solar energy capacity supplied Trina



RG represents c. 30% of operating HFE Portfolio (2/2)

Well diversified portfolio across technologies, offtakers and geographies

Geographical distribution



Portfolio overview – Restricted Group

Project	State	Capacity (MWp)	COD	Offtaker	Rem PPA tenor (yrs)	Tariff INR/unit
Solar Assets						
CSP Gulbarga	Karnataka	220	Mar-18	SECI	>19	4.43 + VGF
Rajkot Gujarat Solar Energy	Madhya Pradesh	48	Mar-17	MPPMCL	>18	5.46
CSP Dhar	Madhya Pradesh	32	Mar-15	SECI	>16	5.45 + VGF
Wind Assets						
CWP Ratlam	Madhya Pradesh	100	Mar-16	MPPMCL	>16	5.92 + GBI
BGEL	Maharashtra	49.5	Mar-12	MSEDCL	>2	5.51* + GBI
CWP Satara	Maharashtra	32	Mar-14	MSEDCL	6	5.76* + GBI
CWP Piploda	Karnataka	26	Mar-17	HESCOM	>18	4.50 + GBI
CWP Bableshwar	Karnataka	24	Mar-17	HESCOM	>18	4.50 + GBI
Total		531.5				

Rating agencies have re-affirmed the credit rating

Clean Renewable Power (Mauritius) Pte.Ltd (the issuing company) raised \$363 Mn of senior secured notes due in 2027. These notes are rated by Fitch and Moody's



LAST REVIEW

9th May, 2022

BB-/Stable (Affirmed)

LATEST REVIEW

26th April, 2023

BB-/Stable (Affirmed)



19th May, 2022

Ba2/Stable (Affirmed)

19th May, 2023

Ba2/Stable (Affirmed)

CREDIT STRENGTHS (as per Moody's)

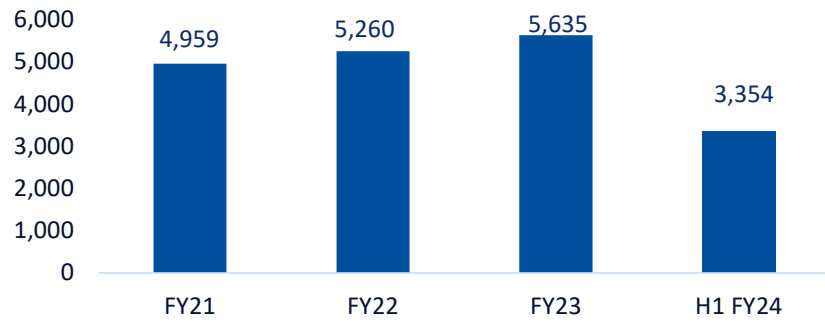
- Diversified portfolio, backed by long-term power purchase agreements (PPAs)
- Structural features of the notes, which enhance resilience in downside scenarios

CREDIT CHALLENGES (as per Moody's)

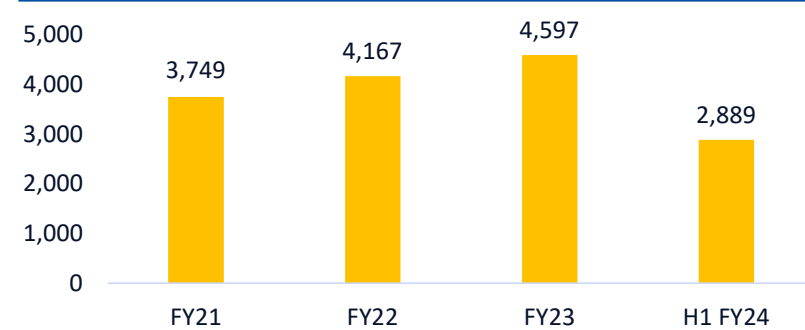
- Uneven operating performance of some assets
- Exposure to financially weak off-takers
- Moderate financial metrics

Restricted Group: Financial Performance

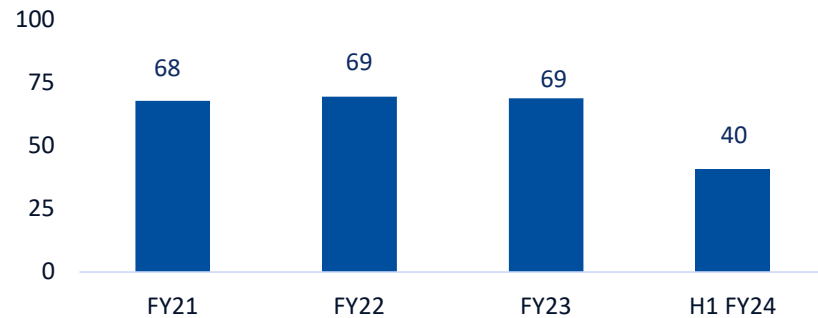
Revenue (INR M)



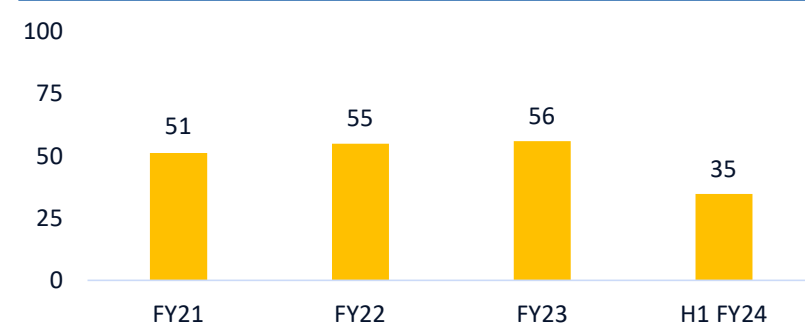
EBITDA (INR M)



Revenue (USD M)



EBITDA (USD M)



Note:

1. Revenue refers to total income including revenue from power sale, generation-based incentives (GBI) and other income;
2. USD INR rate for respective financial years is as follows; FY21 - 73.2, FY22 - 75.8, FY23 - 82.0, H1 FY24 - 83

RG Group – Faster Collection of Receivables

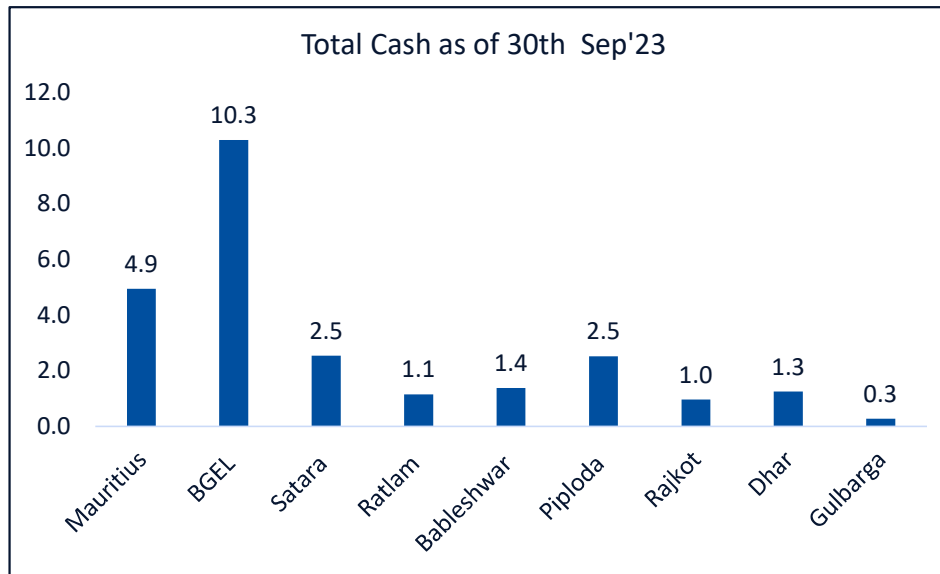
SPV name	Offtaker	Mar - 22		Sep - 22		Mar - 23		Sep - 23	
		Debtors (\$ Mn)	Overdue DSO	Debtors (\$ Mn)	Overdue DSO	Debtors (\$ Mn)	Overdue DSO	Debtors (\$ Mn)	Overdue DSO
Bableshwar	HESCOM	0.8	34	1.8	141	1.1	50	0.7	52
Ratlam	MPPMCL	18.4	324	13.3	286	11.2	232	7.9	165
Satara	MSEDCL	4.9	328	2.3	139	1.2	51	0.7	40
Piploda	HESCOM	0.7	25	1.9	84	1.3	70	0.8	51
BGEL	MSEDCL	7.5	343	3.6	142	2.2	63	1.4	50
Dhar	SECI	1.0	0	0.2	21	0.9	23	0.2	25
Rajkot	MPPMCL	1.2	4	0.1	4	1.1	32	0.1	4
Gulbarga	SECI	1.9	1	0.0	1	1.8	0.0	0.0	0
TOTAL		\$36.4 Mn		\$23.2 Mn		\$20.8 Mn		\$11.8 Mn	

Equated Monthly Installment (EMI) Scheme:								
SPVs	Total O/S as on 3rd June 2022 (INR Mn)	No. of EMIs	EMI amount (INR Mn)	EMI Start Date	EMIs received	Amount received (INR Mn)	Pending amount as on Sep-23 (INR Mn)	Pending amount as on Sep-23 (\$ Mn)
Ratlam	1,001.6	40	25.0	05-08-22	14	350.2	651.4	7.8
Piploda*	12.1	34	0.4	05-08-22	14	4.9	7.1	0.1
Bableshwar*	12.9	34	0.4	05-08-22	14	5.4	7.6	0.1

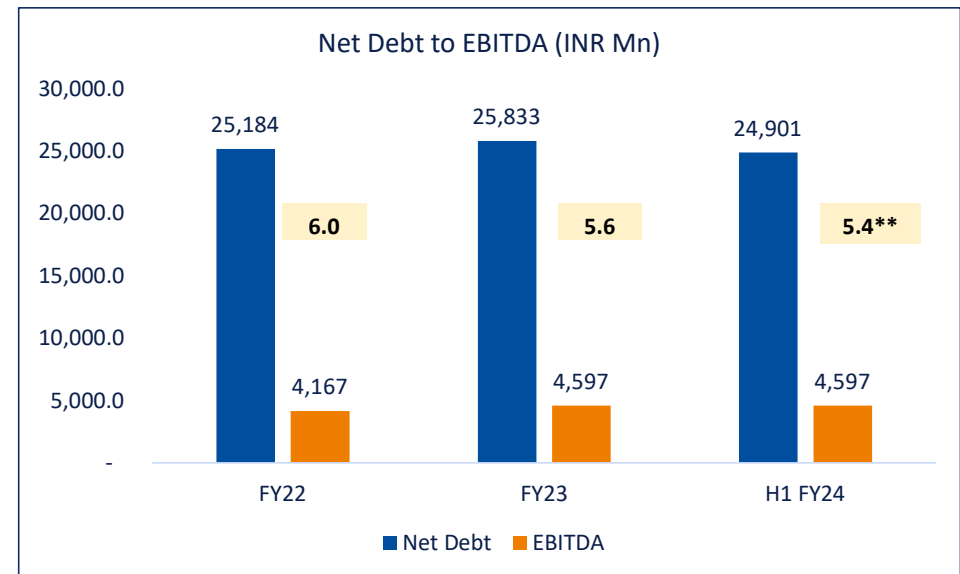
Note : In case of receivables USD INR rate for FY22 , FY23 & for H1 FY24 is 75, 82 & 83 respectively; for Piploda & Bableshwar as per LPS letter it was 48 EMIs but later discom changed it to 34 EMIs each.

RG Group – Improving Debt Metrics

Consistent recovery of receivables has resulted in healthy cash level of ~\$25 Mn as on 30th Sep 23



Improving Net Debt to EBITDA with consistent repayment of bond debt*

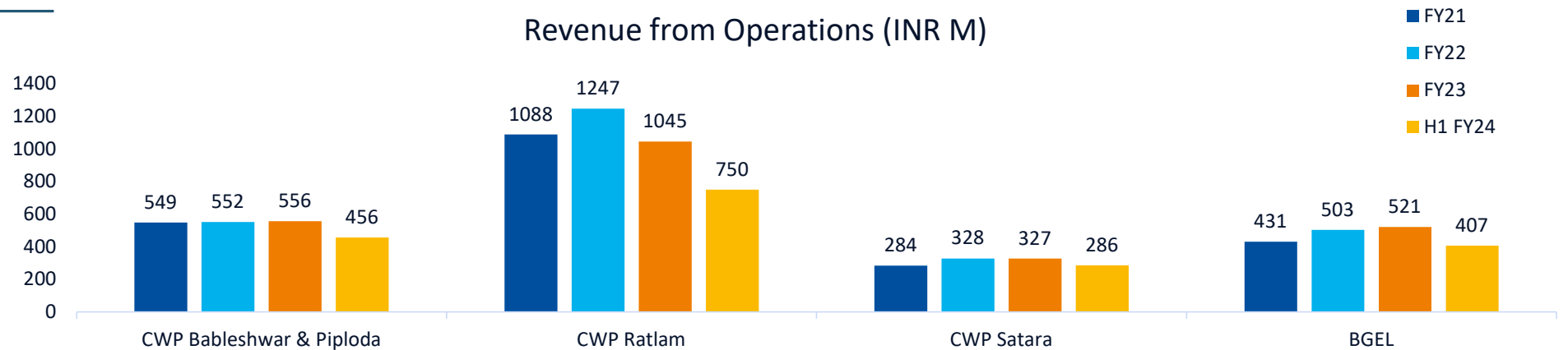


* Debt balance as reported in financials in local currency

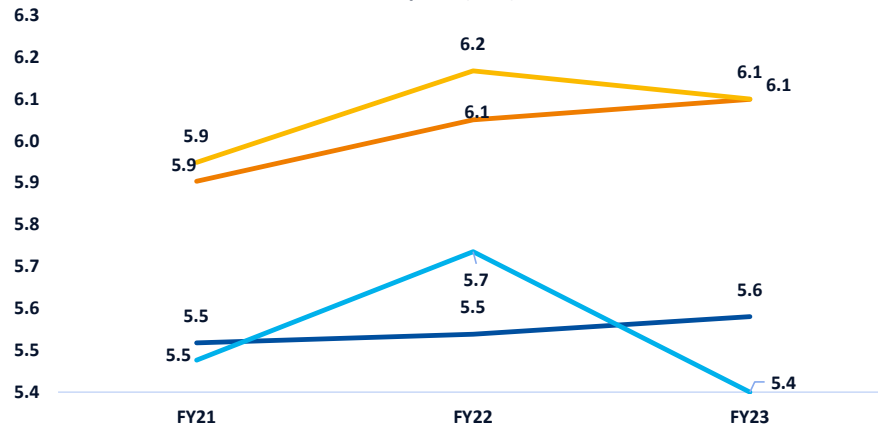
**Net Debt to EBITDA: for H1 FY24 we have considered same EBITDA level as per previous FY23

Revenue Analysis- Wind Assets (1/2)

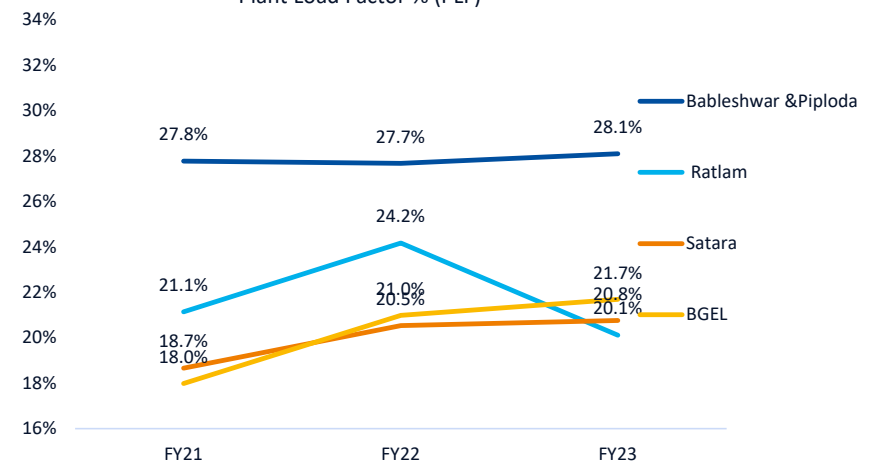
Revenue from Operations (INR M)



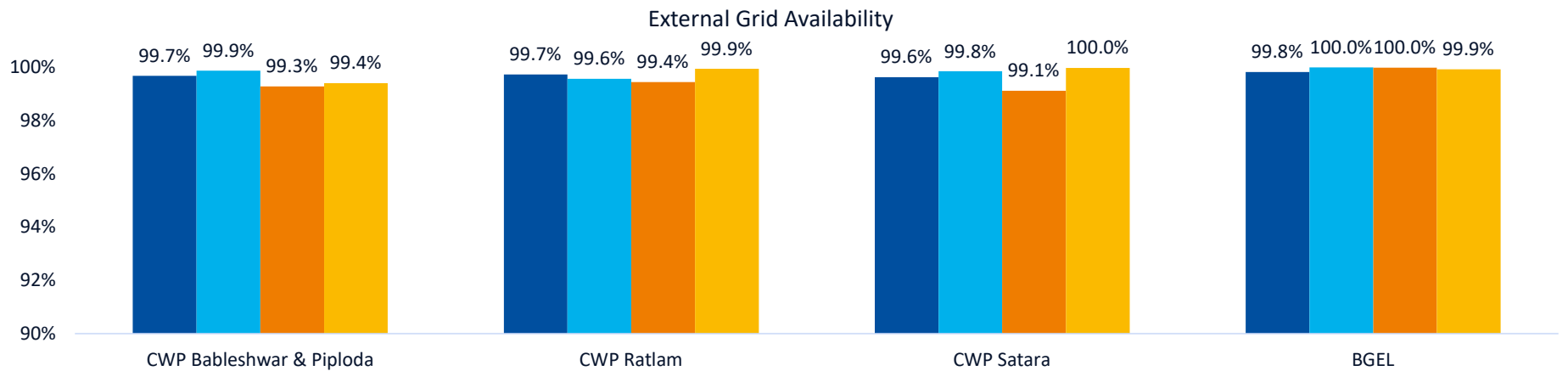
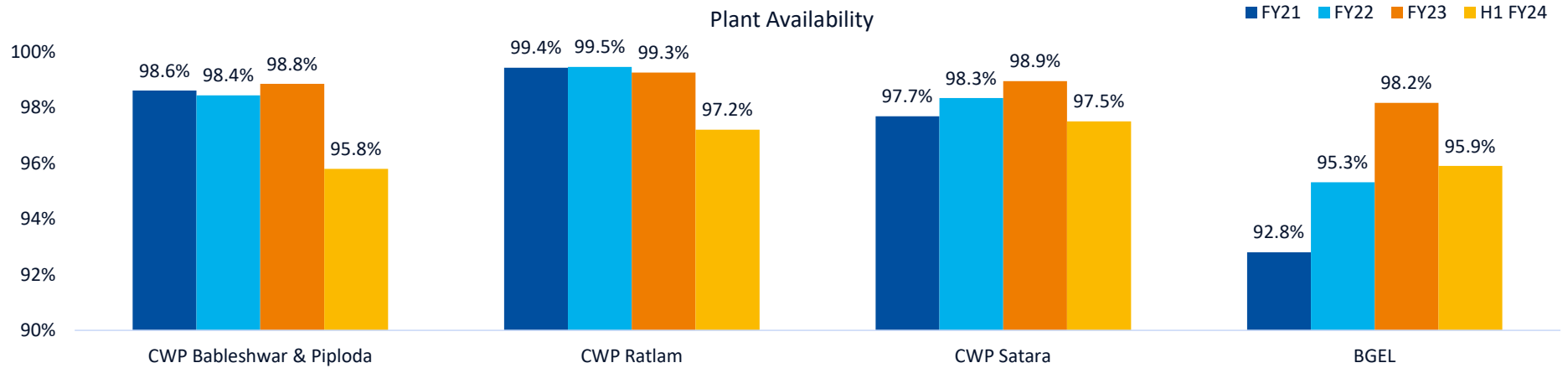
Wind Speed (m/s)



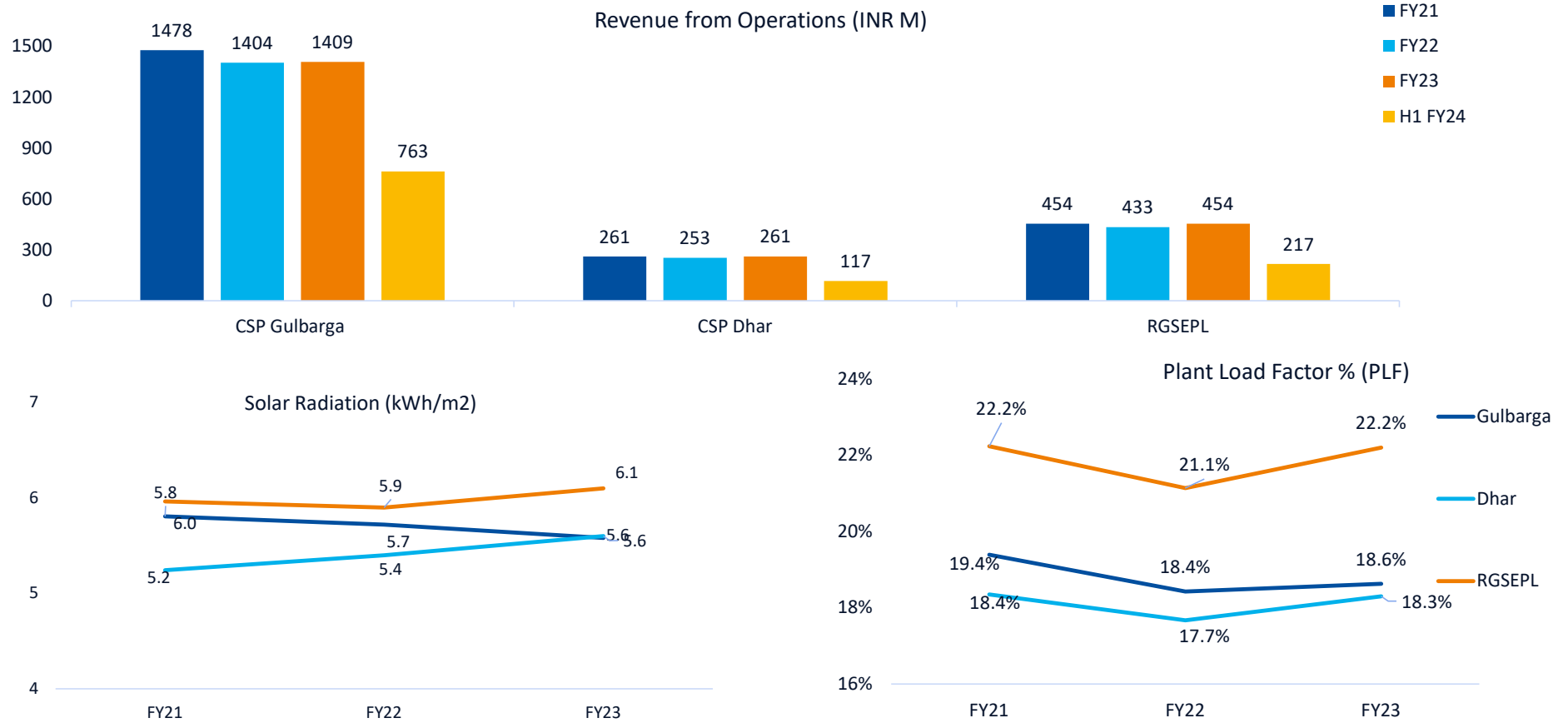
Plant Load Factor % (PLF)



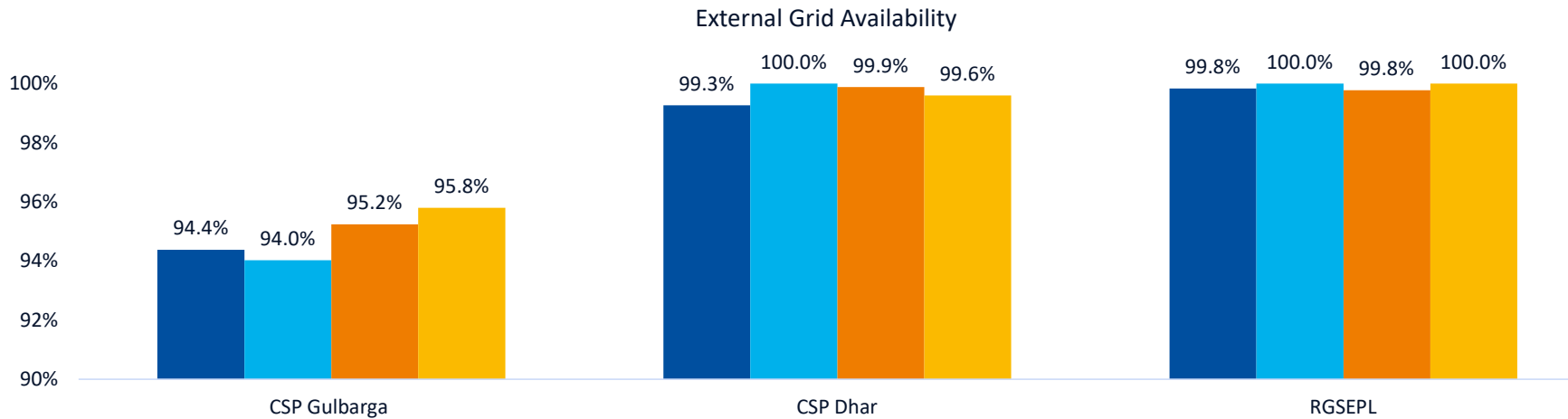
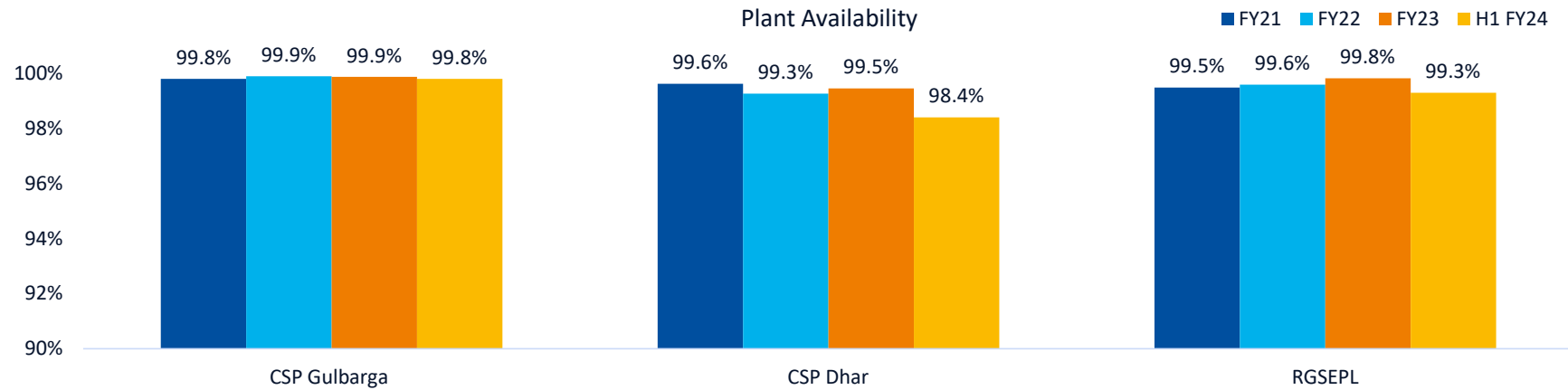
Revenue Analysis- Wind Assets (2/2)



Revenue Analysis- Solar Assets (1/2)



Revenue Analysis- Solar Assets (2/2)



Summary of Green Notes Issuance

Climate Bond Standards Board has approved the certification for the proposed Green Bond

Issuer	<ul style="list-style-type: none"> Clean Renewable Power (Mauritius) Pte. Ltd., a Mauritius incorporated, wholly owned subsidiary of Hero Future Energies Asia Pte. Ltd.
Parent Guarantor of INR ECBs	<ul style="list-style-type: none"> Hero Future Energies Private Limited ("HFE"), wholly owned subsidiary of Hero Future Energies Asia Pte. Ltd.
Structure	<ul style="list-style-type: none"> 144A/RegS Senior Secured Green Notes
Issue Ratings	<ul style="list-style-type: none"> Ba2 / BB- by Moody's / Fitch
Issue Size	<ul style="list-style-type: none"> USD 363 Mn
Tenor	<ul style="list-style-type: none"> 6 years (5.25 years WAL)
Use of Proceeds	<p>USD Notes:</p> <ul style="list-style-type: none"> The proceeds from this offering will be used to extend INR ECBs to eight subsidiaries of Hero Future Energies Private Limited that form the Restricted Group (RG) for the INR ECBs and hold the operating assets. <p>INR ECBs:</p> <ul style="list-style-type: none"> To repay Existing Project Indebtedness in full and pay related expenses To extend/repay inter-corporate loans For general corporate purposes
Security	<p>USD Notes:</p> <ul style="list-style-type: none"> A share pledge over the capital stock of the Issuer shared par passu with hedge providers A floating charge over all the assets of the issuer (except the INR ECBs, but including any receivables from the INR ECBs and any proceeds realized from the INR ECBs) shared par passu with hedge providers Prior to the release therefrom, a first-priority security interest in the Escrow Account <p>INR ECBs:</p> <ul style="list-style-type: none"> A first priority charge over 51% shares of each of the Restricted Subsidiary A first priority charge on certain immovable and movable assets (excluding all current assets, which includes revenues, receivables, book debts, deposits, cash flows and related bank accounts) in relation to the RG projects** A second priority charge over current assets (including revenues, receivables, book debts, deposits, cash flows and related bank accounts)
Currency Hedging Agreement	<ul style="list-style-type: none"> FX risk on coupons and principal are hedged by full coupon swap plus call-spread Currency Hedging Agreement till ATM for principal
Covenants	<ul style="list-style-type: none"> Customary, incurrence style high yield covenants
Green Bond Framework	<ul style="list-style-type: none"> Second party assurance by KPMG, certified by Climate Bonds Initiative
Listing	<ul style="list-style-type: none"> SGX
Governing Law	<ul style="list-style-type: none"> NY Law

RG Group - Hedge Summary

Type of Hedge - Non-Deliverable Call Spread and Coupon Only Swap

Principal Hedge through a Non-Deliverable Call Spread

\$363 Mn Principal amount is hedged through Non-Deliverable Call Spread which has below settlement arrangement:

1. If Expiry reference rate is less than strike rate, amount paid by counterparty is zero
2. If Expiry reference rate is \geq Strike rate but \leq cap rate, amount paid by counterparty is Notional amount * (Expiry reference rate – Strike rate)
3. If Expiry reference rate is $>$ cap rate, amount paid by counterparty is capped amount

We closely monitor FX rates and evaluate, for each settlement date, whether an additional hedge is required after doing a cost-benefit analysis by comparing the cost of hedge with potential loss;

Settlement Date	Cap Range for principal
22-Sep-23	84.10 - 84.25
22-Mar-24	85.90 - 86.35
20-Sep-24	88.05 - 88.5
21-Mar-25	90.20 - 90.6
22-Sep-25	92.5 - 92.9
20-Mar-26	94.10 - 95.15
22-Sep-26	95 - 95.75
22-Mar-27	95.45 - 96.5

Interest rate Hedge through Coupon Only Swap

- Interest payments are fully hedged through fixed-coupon only swap;
- Such periodic amounts calculations are based on predetermined notional amounts in the two currencies

Hedging Bank	Notional Amount (MUSD)	USD Coupon received from Bank	INR Coupon paid (including hedging fees)
HSBC	140.9	4.25%	8.16%
Barclays	51.0	4.25%	8.16%
Barclays	102.3	4.25%	8.23%
Stan C	68.8	4.25%	8.16%

RG Group – Asset-Specific Financials (Wind)

Particulars	Bableshwar			Piploda			Ratlam			Satara			BGEL		
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
Capacity (MW)	24.0	24.0	24.0	26.0	26.0	26.0	100.0	100.0	100.0	30.0	32.0	32.0	49.5	49.5	49.5
Billed Generation (Mn Units)	59	60	62	62	62	62	185	212	177	49	58	58	78	91	94
Tariff	4.50	4.50	4.50	4.50	4.50	4.50	5.92	5.92	5.92	5.76	5.76	5.76	5.51	5.51	5.51
Revenue from Operations	268	272	277	281	280	279	1088	1247	1045	284	328	327	431	503	521
GBI Revenue	30	30	31	31	31	31	92	106	88	25	28	28	15	19	19
Other Income	8	22	180	5	7	169	82	89	201	10	22	52	48	79	119
Total Income	305	324	488	317	318	479	1263	1442	1334	319	379	407	494	601	669
EBITDA	230	243	416	255	249	413	990	1174	1058	173	300	323	344	382	509

RG Group – Asset-Specific Financials (Solar)

Particulars	Gulbarga			Dhar			Rajkot		
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
FY→									
Capacity (MWp)	220.0	220.0	220.0	32.0	32.0	32.0	48.0	48.0	48.0
Billed Generation (Mn Units)	340	323	326	48	46	48	84	80	83
Tariff	4.43	4.43	4.43	5.45	5.45	5.45	5.46	5.46	5.46
Revenue from Operations	1478	1404	1409	261	253	261	454	433	454
GBI Revenue	-	-	-	-	-	-	-	-	-
Other Income	12	38	139	27	45	50	29	33	38
Total Income	1490	1443	1548	288	298	311	484	466	492
EBITDA	1044	1197	1317	238	252	260	417	398	413

