



Hero Future Energies

FY'23 Update on Restricted Group (CREPL Bond)

August 2023





Introducing Hero Future Energies (HFE)

About Hero Group

Overview of Restricted Group (RG)

FY23 - Financial Performance of RG

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.

2.2 GW* RENEWABLE PORTFOLIO
spread across geographies & technologies

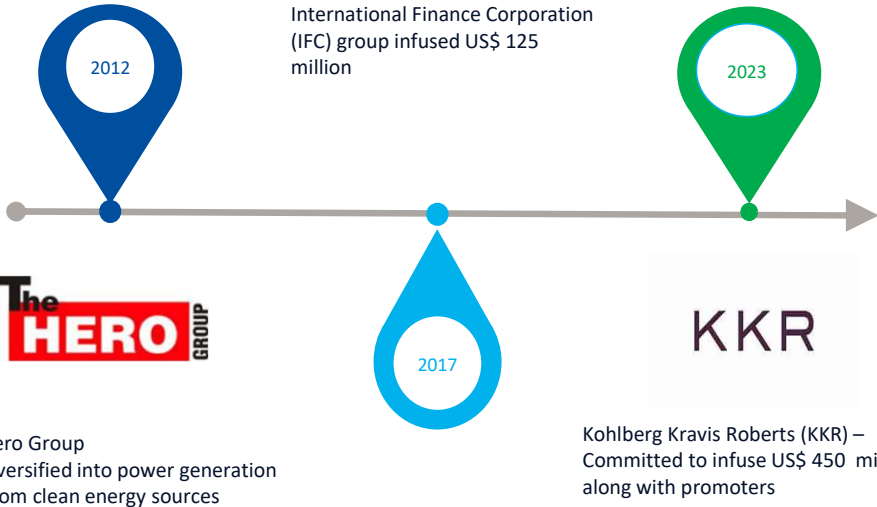
HYBRID CAPABILITIES
wind, solar, battery storage, green hydrogen

>\$200 Mn ANNUAL REVENUE
from operational portfolio of ~1.7 GW in FY'23

INTERNATIONAL PROJECTS

				
India	UK	Ukraine	Vietnam	Bangladesh

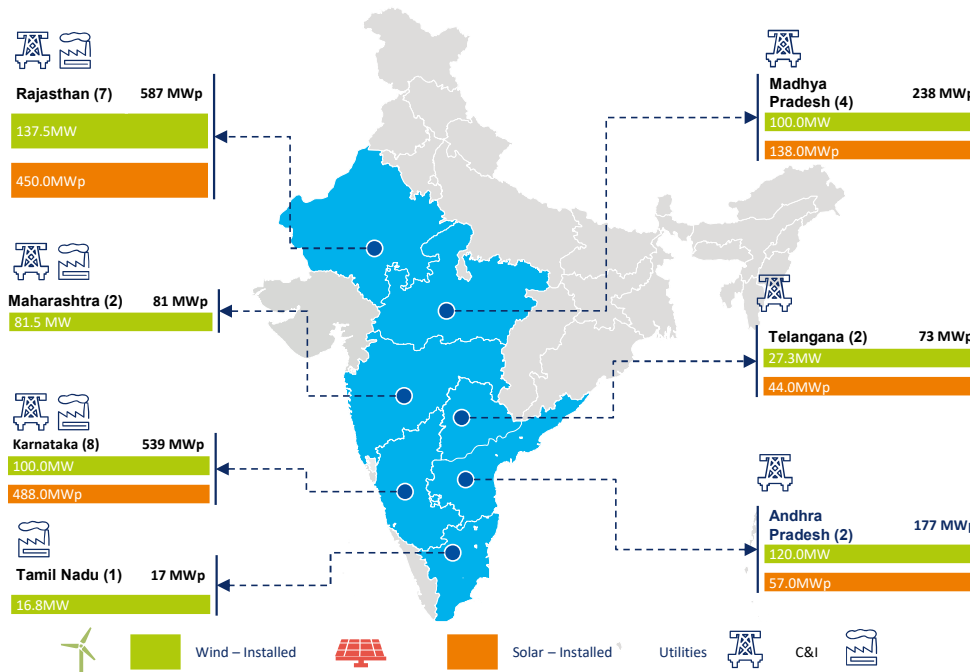
Supported by Marquee Investors:



*Includes capacity won in competitive bid for which HFE has been awarded LOA; does not include 120 MWhr of secured battery storage capacity

HFE has an established presence across India...

Capacity (MWp)	Wind	Solar	Total	% Wind	% Solar
Operational	583[^]	1177	1,760	33.0%	67.0%



Note: Numbers in parentheses denote number of projects in the respective states; *SECI – Solar Energy Corporation of India; ^Solar assets are represented in terms of DC capacity

Operational Portfolio:

- 1.76 GW operational portfolio in India spread across 7 states
- 43% of the operational capacity is contracted by SECI*
- Long-term offtake agreements with local DISCOMs and SECI
- Attractive offtake tariffs with Group Captive customers (e.g., Hero Group companies)
- O&M services provided by reputable contractors
- Top quality panels, turbines and electrical components
- Diversified pool of renowned local and global vendors

Under Construction Projects :

- Secured a hybrid power (with storage) tender for 120MW contracted capacity Hybrid Project with Battery storage of SECI in April 23

...and growing international footprint in select countries



- HFE employees on ground
- Developing a portfolio of BESS and Behind the meter projects
- First storage project under development of 20MWh capacity



- HFE employees on ground
- 3 projects in Ukraine with 62 MWp of combined capacity
- 2 out of 3 projects totalling 36 MWp are operational while 26MWp is expected to commence operations by year end



- HFE employees on ground
- 50 MW solar fisheries project under development with secured tariff



- HFE employees on ground
- 100 MW Wind site under development
- Developing a portfolio of rooftop solar projects with first rooftop project operational

United Kingdom
(Headquarters)

Ukraine

Bangladesh

India

Vietnam

HFE Corporate Structure

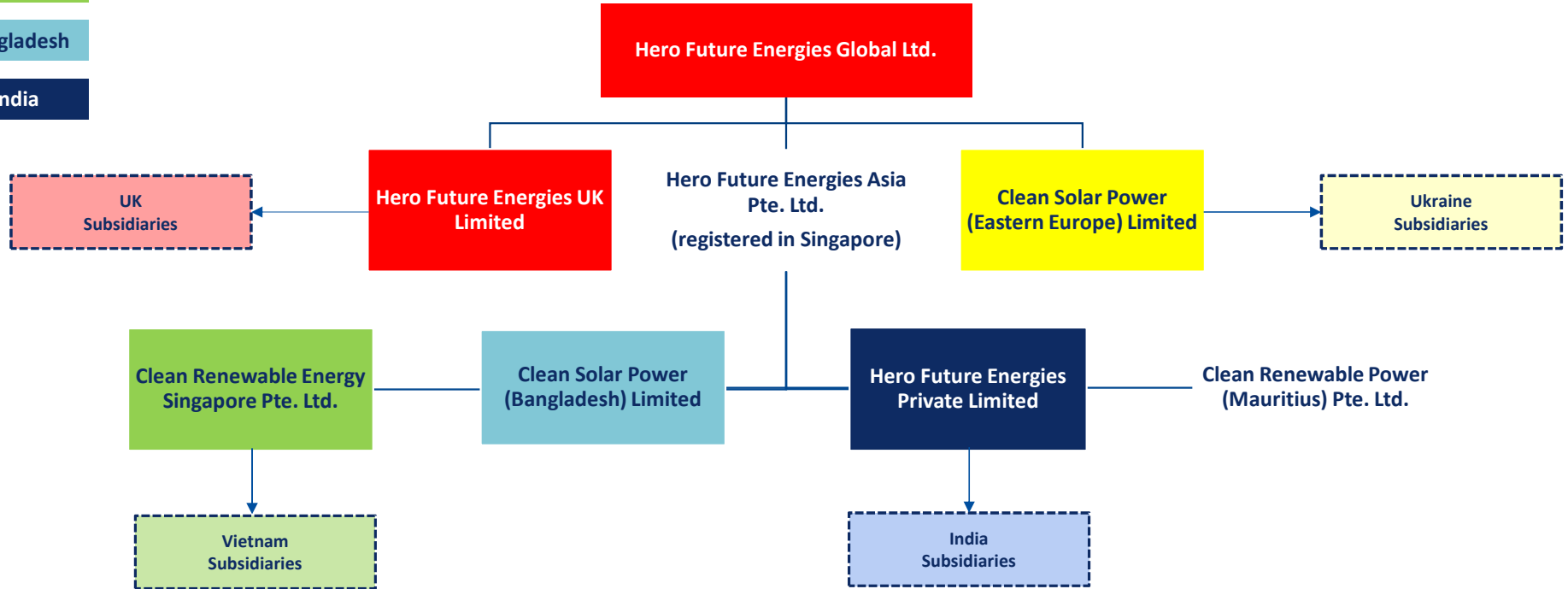
- UK
- Ukraine
- Vietnam
- Bangladesh
- India

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

HFE's Board Composition:

- ❖ 4 Nominees of Hero Group
- ❖ 2 Nominees of IFC
- ❖ 2 Nominees of KKR
- ❖ 1 Independent Director

Rahul Munjal presides over as the Chairman of the Board

Strong Management with experience across the value chain

Management Team



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

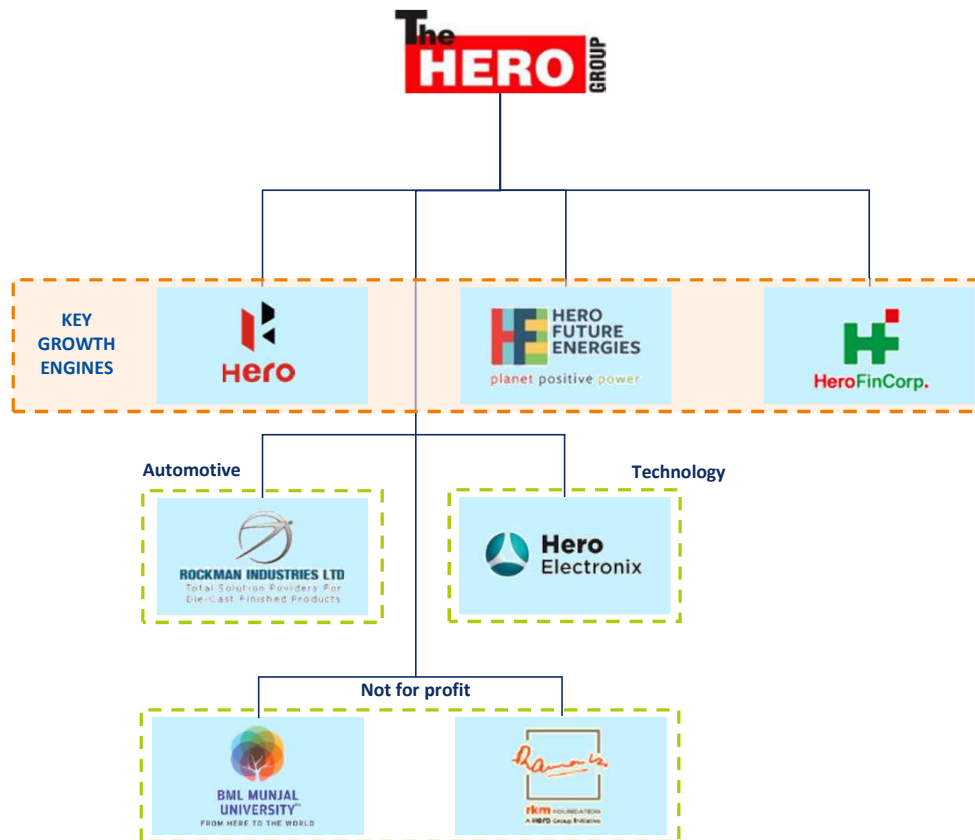
- Over three decades of experience in Design, Engineering, Erection, Testing & Commissioning of renewable energy (>4.5 GW) and thermal power.
- Previously worked with ACME, Tata motors, NTPC, Lanco Infratech, Welspun energy.
- B.Tech in Electrical Engg (Hons.) from IIT BHU



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

Overview of The Hero Group



- Founded by the Late Dr Brijmohan Lall Munjal, Hero is a leading Brand in India with strong connect with Customers and more than 50 years of successful Business operations
- One of the most respected Industrial Conglomerates in India
 - Operated a **JV with a Japanese partner 'Honda'** for using their technology for the two-wheeler business in India
 - The **26-year long partnership** (1984 – 2010) considered one of the most successful JVs in the Indian automobile industry
- Hero MotoCorp has been a **World leader in Motorcycles for last two decades** with presence in over **22 countries**
- Hero group has had a clean credit history with the flagship company, Hero MotoCorp Limited, rated CRISIL AAA/Stable

Source: Company information

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

Rich experience across various sectors - Automotive, Renewable Energy, Manufacturing, Financing, Education & Electronics



Hero MotoCorp is the world's largest manufacturer of motorcycles and scooters; sold over 200 million two-wheelers and a market cap of **US\$7.6bn***; Rated AAA/stable by CRISIL



One of India's leading Independent Power Producers (IPP) with operating plants in wind, grid-connected solar and rooftop solar **~2 GW** capacity



India's no 1 two-wheeler financier with 65% market share; provides loans such as two-wheeler loans, home loans, personal loans, etc. **AUM of US\$4.4bn^**



Industry leader for Aluminum die casting, machined and painted assemblies; supplier to motorcycle manufacturers and automotive OEMs across the world



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



BML Munjal University (BMU) seeks to transform higher education in India by creating a world-class, innovation-led, teaching, learning and research environment.



Learning platform with program portfolio centered around data science, ML, AI, innovation. Programs developed in collaboration with MIT and Singularity University



The Raman Kant Munjal Foundation is dedicated to enriching and energizing lives by helping the less privileged and thus enabling to build a happier and healthier community and society.

*July'23, ^as on 31st March 23

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 16.8 years
- RG has achieved EBITDA of INR 4167 m in FY22 and INR 4597 m in FY23.
- Stabilized operations for entire RG capacity

3

Diversified Across Key Parameters ...

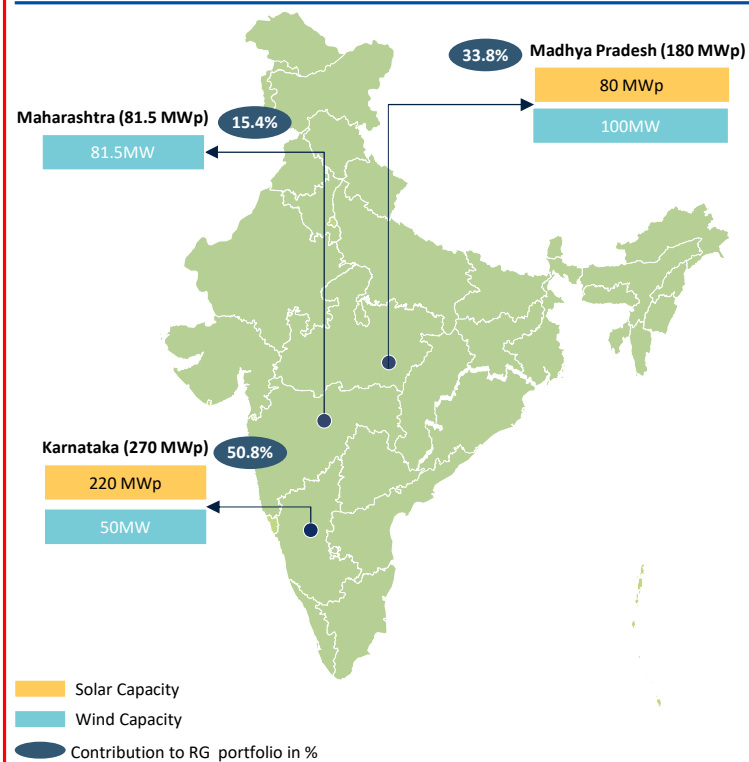
- **Geographic diversification** across 3 renewable energy rich states in India
- **Well balanced mix** between solar (c. 56.4%) and wind (c. 43.6%)
- **High quality and reputed vendor mix:** c. 65% of the wind energy capacity supplied by Gamesa and c. 76% of the solar energy capacity supplied Trina



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

Well diversified portfolio across technologies, offtakers and geographies

Geographical distribution



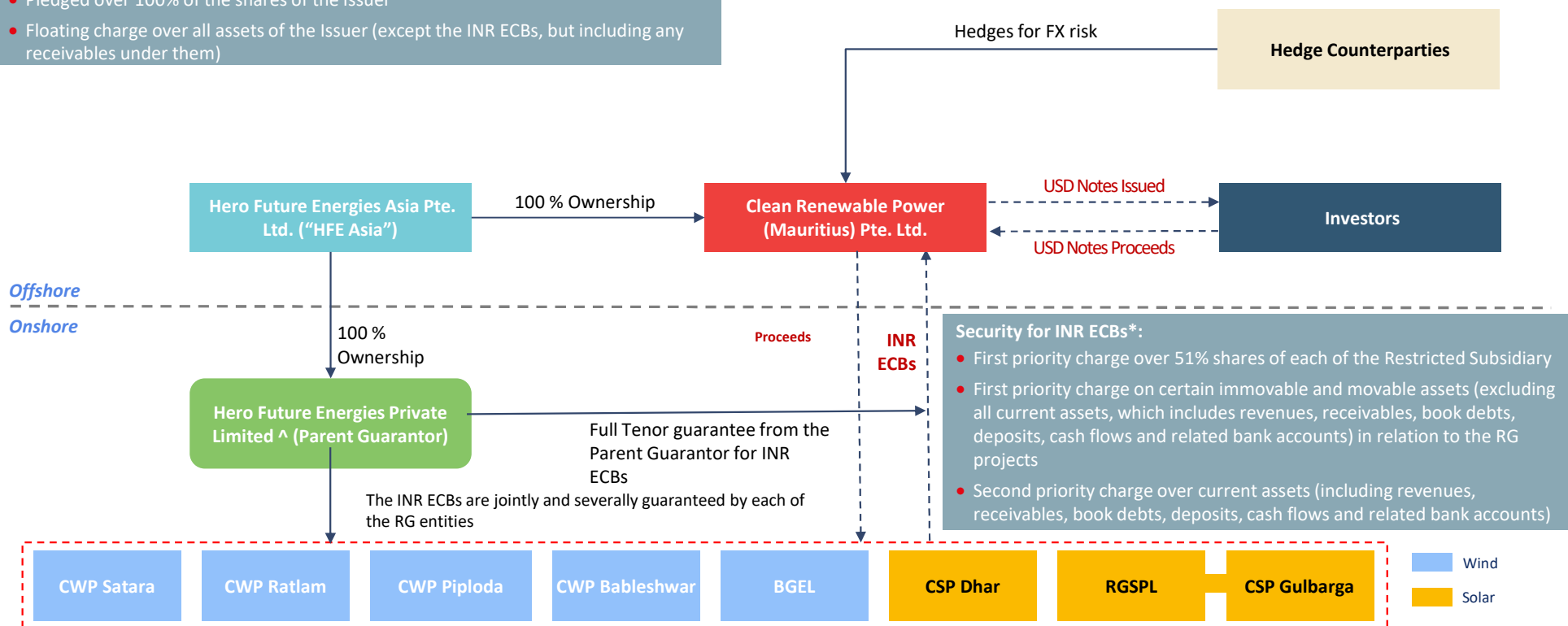
Portfolio overview – Restricted Group

Project	State	Capacity (MWp)	COD	Offtaker	Rem PPA tenor (yrs)	Tariff INR/unit
Solar Assets						
CSP Gulbarga	Karnataka	220	Mar-18	SECI	>20	4.43 + VGF
Rajkot Gujarat Solar Energy	Madhya Pradesh	48	Mar-17	MPPMCL	>19	5.46
CSP Dhar	Madhya Pradesh	32	Mar-15	SECI	>17	5.45 + VGF
Wind Assets						
CWP Ratlam	Madhya Pradesh	100	Mar-16	MPPMCL	>17	5.92 + GBI
BGEL	Maharashtra	49.5	Mar-12	MSEDCL	>3	5.51* + GBI
CWP Satara	Maharashtra	32	Mar-14	MSEDCL	7	5.76* + GBI
CWP Piploda	Karnataka	26	Mar-17	HESCOM	>19	4.50 + GBI
CWP Bableshwar	Karnataka	24	Mar-17	HESCOM	>19	4.50 + GBI
Total		531.5				

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)



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%
As a % of notes size	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%
As a % of notes size	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 ~\$25.4 m has been done till 2 years from issue date corresponding to scheduled amortization and MCS

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

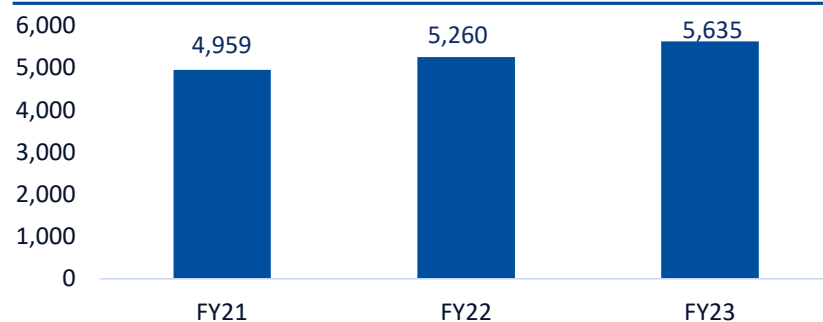
Interest rate Hedge through Coupon Only Swap

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

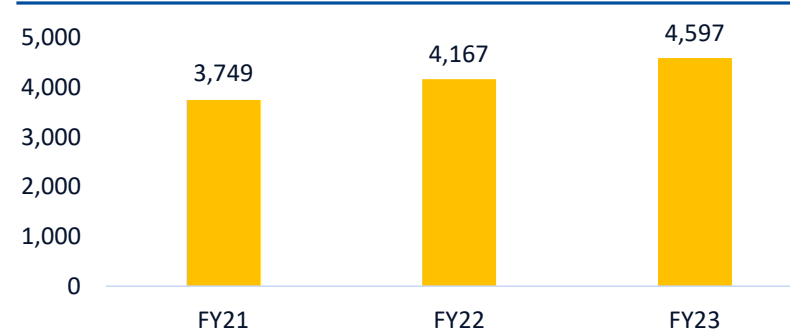
Hedging Bank	Notional Amount (MUSD)	USD Coupon received from Bank	INR Coupon paid (including hedging fees)
HSBC	140.9	4.25%	8.16%
Barclays	51.0	4.25%	8.16%
Barclays	102.3	4.25%	8.23%
Stan C	68.8	4.25%	8.16%

Restricted Group: Financial Performance

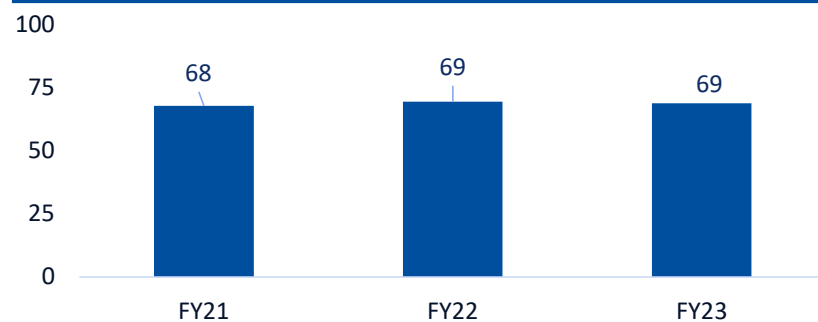
Revenue (INR M)



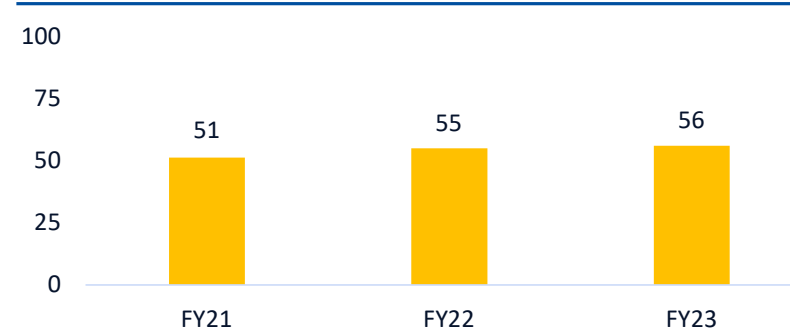
EBITDA (INR M)



Revenue (USD M)



EBITDA (USD M)



Note:

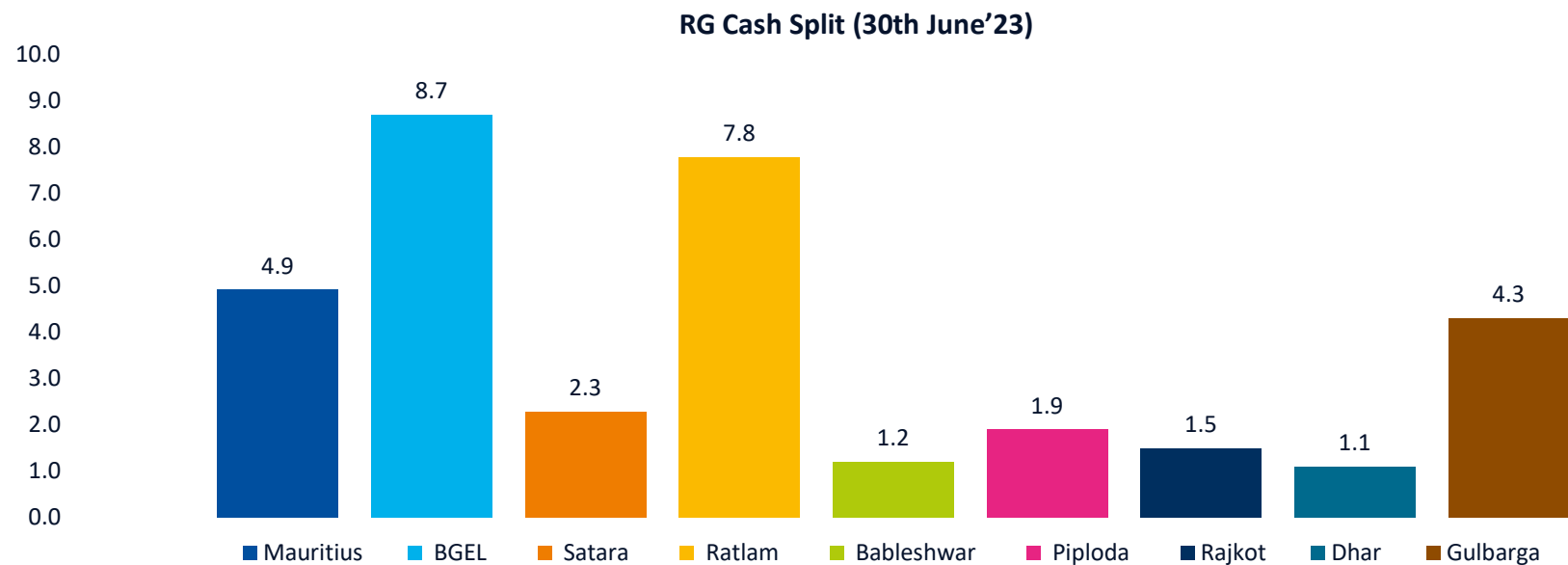
- 1.Revenue refers to total income including revenue from power sale, generation-based incentives (GBI) and other income;
2. USD INR rate for respective financial years is as follows;FY21 - 73.2, FY22 - 75.8, FY23 – 82.0

RG Group – Faster receivables collection improving liquidity

With the recovery of old receivables aided by the EMI scheme of Discoms, the overall receivables have come down significantly to a level of ~\$20.8 Mn in FY'23 from much higher levels in previous years...

FY->>	Mar-21	Mar-22	Mar-23
Receivables	\$35.2 Mn	\$36.4 Mn	\$20.8 Mn

...resulting in healthy cash position of ~\$33.7 Mn as on 30th June 23



Note : In case of receivables USD INR rate for FY22 and FY23 is 75 & 82 respectively

Rating agencies have recently 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

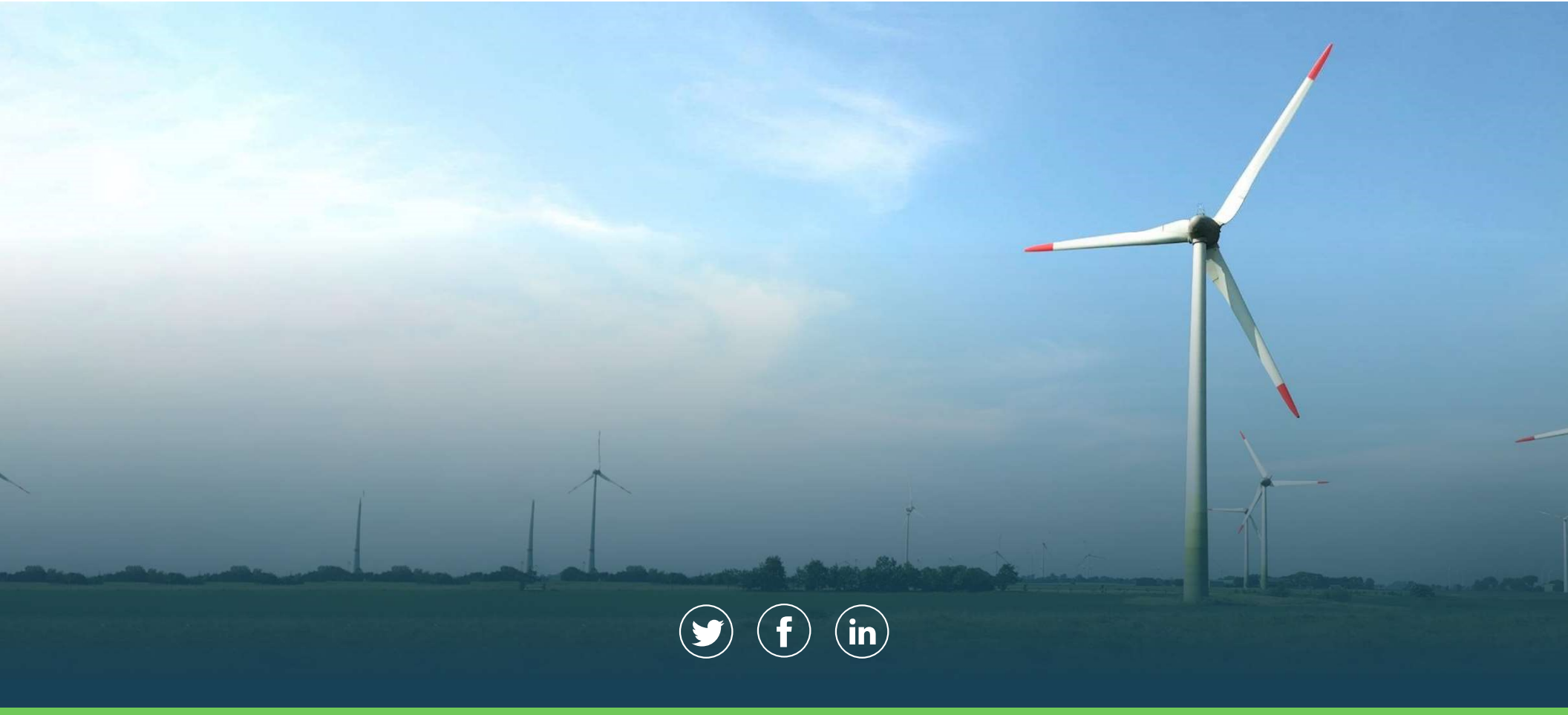
Ba2/Stable (Affirmed)

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



Link of HFE website

