

INFUSION TO RAISE HFE VALUATION TO OVER \$1 B

KKR, Hero to Pump \$450m into Hero Future Energies

Move to help Hero Group's renewables arm expand capacity, enter new markets

Our Bureau

Mumbai: US private equity firm KKR and the Hero Group will invest \$450 million in Hero Future Energies (HFE), they said on Tuesday. The investment will help HFE, the Hero Group's renewable energy arm, expand capacity and capabilities across technologies such as solar, wind, battery storage and green hydrogen besides getting into new markets over time.

ET was first to report on the development on August 26.

"HFE's clean energy solutions play an important role in helping companies decarbonise as energy demands continue to grow," said Hardik Shah, partner at KKR. "We look forward to working closely with HFE's management team and existing investors, including the Hero Group and

THE ECONOMIC TIMES

ANNOUNCEMENT IN A FEW WEEKS

KKR Looks to Invest \$400 m in Hero Future Energies

ET was the first to report on KKR's plan to invest in HFE in its August 26 edition

HFE has about 1.6 GW of operating assets and a pipeline of 500 MW projects in Europe, Africa and South Asia

Alms to have a capacity of 5 GW by 2024

Present in several states in India as well as in Bangladesh, Vietnam, Singapore, Ukraine and the UK

In 2021, HFE had sold a 49% stake in two of its projects totalling 500 MW to O2 Power

IFC, to help HFE achieve its next phase of growth and contribute to the energy transition efforts in India and globally."

HFE's valuation will cross \$1 billion with KKR's investment. In November 2019, Abu Dhabi Future Energy Co. (Masdar) picked up a 20% stake in HFE for \$150 million, valuing the New Delhi-based company at \$750 million.

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Aims to Have 5 GW Capacity by 2024

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Apart from the Hero Group and Masdar, the International Finance Corporation (IFC) holds stake in the company.

The decade-old HFE is present in several states in India as well as Bangladesh, Vietnam, Singapore, Ukraine and the UK. The company is an independent power producer with about 1.6 GW of operating assets in the utility, commercial and industrial sectors.

It plans to invest in grid-connected solar and wind, rooftop sectors, energy storage and green hydrogen over the next few years in India and overseas.

"With this investment, Hero Future Energies will work to accelerate India's energy transition and contribute to the Indian government's target of generating half the country's power from non-fossil fuel sources by 2030," said HFE chairman Rahul Munjal.

JP Morgan was the advisor in the transaction.

According to its website, the company has a pipeline of 500 MW of large-scale, grid-connected solar



projects in Europe, Africa and South Asia. It aims to have a capacity of 5 GW by 2024. In 2021, HFE had sold a 49% stake in two of its projects totalling 500 MW to O2 Power.

HFE's wholly owned subsidiaries include Hero Wind Energy Pvt. Ltd (HWEPL), Hero Solar Energy Pvt. Ltd (HSEPL) and Hero Rooftop Energy Pvt. Ltd (HREPL). These in turn house the various individual projects as special purpose vehicles (SPVs) created for undertaking wind and solar energy projects.