



Term sheet

Set out below is a summary of some key terms of the Debentures:

Hero Wind Energy Private Ltd (Hero Wind)

Terms and Conditions

This indicative term sheet is for discussion purposes only and does not contain a complete description of the terms of a particular transaction and is subject to change without limitation. This indicative term sheet should not be construed as an offer to either buy or sell any investment. All terms contained herein are subject to and will be superseded by the final term sheet for the transaction as described herein. Execution of this transaction is subject to Debenture Holders' internal business and credit approvals, and the conclusion of mutually acceptable documentation.

PARTIES:

Issuers:	Hero Wind Energy Limited, owned 100% by Hero Future Energies Private Ltd.
Pledgor:	Promoter
Arranger:	Barclays Bank PLC ("Barclays")
Security Trustee	Catalyst Trusteeship Limited
Promoter	Hero Future Energies Private Limited
Guarantor	Promoter
Group	Issuer, Promoter and its Subsidiaries, Guarantor
Promoter Group	BM Munjal Family

SALIENT COMMERCIAL TERMS:

Use of Proceeds:	For refinancing of Issuer's existing debt utilized for capex and as permitted by RBI guidelines on financing by Banks
Instrument/Debentures:	Secured, unlisted, Redeemable, Rated, Non-Convertible Debentures ("Debentures")
Expected Issuer Rating:	"A+(SO)" from Crisil
Debenture Amount:	~INR 50 cr + Green shoe of 100 cr

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Issue Opening Date	October 27, 2021
Issue Closing Date	November 19, 2021
Pay-in date	November 19, 2021
Deemed Date of Allotment	November 19, 2021
Interest on Application Money	<p>Interest at the Coupon Rate (subject to deduction of income tax or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Debentures.</p> <p>Such interest shall be paid for the period starting from and including the date of realization of application money in Issuer's Bank Account up to one day prior to the Deemed Date of Allotment. The interest on application money will be computed as per actual/actual day count convention. Such interest would be paid on all valid applications, including the refunds.</p> <p>Where the entire application money has been refunded, the interest on application money will be paid along with the refund orders.</p> <p>Where an applicant is allotted lesser number of debentures than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.</p> <p>The RTGS credit for interest on application money (along with refund orders, in case of refund of application money, if any) shall be dispatched by the Issuer within 10 (ten) Business Days from the Deemed Date of Allotment and the relative interest warrant(s) along with the Refund Order(s)/RTGS credit, as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.</p>
Maturity / Maturity Date:	30 November 2022
Put Option	NA
Amortisation / Repayment:	Bullet
Coupon:	10.50% per annum, payable quarterly
Coupon Reserve	1 Coupon at all times
Day Count Basis:	Actual/Actual
Business Days:	Mumbai/Delhi

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Business Day Convention:	Modified following
Holiday Convention	Should the principal payment date fall on a public holiday/non-working day/Saturday / Sunday it will be paid on the preceding working day.
Denomination	Rs 10 Lakhs per Debenture
Security	<p>The Debentures, together with interest and Debenture Trustee costs, charges, expenses and all other monies due from the Issuer under the Debentures Documentation, shall be secured by Security created and perfected within 30 days to provide collateral cover of 1.25x. The Issuer shall create and ensure that the Promoter creates prior to Deemed Date of Allotment Security as specified below, subject to maintaining security cover as mentioned above at all times:-</p> <ul style="list-style-type: none">• Corporate Guarantee of Hero Future Energies Private Limited• First ranking pledge over 26% equity shares of Bhilwara Green Energy Limited (BGEL) by the Issuer.• Hypothecation on loans and advance given by the Issuer to CWP Bhavnagar Pvt Ltd (min 1x cover) <p>Issuer to have flexibility to replace BGEL and CWP Bhavnagar with another entity subject to min cover being maintained and new SPV being operational. Time period of 30 days to create and perfect security shall be provided.</p>
Credit Rating covenants	<p>Coupon Step Up: In the event of rating downgrade by any of the rating agency, the Coupon will be increased by 50 basis points (bps) for each notch of downgrade from the date of downgrade. The Coupon will be restored to the original coupon if the rating reverts to A+(50)</p> <p>Acceleration option: Debenture holder(s) shall have the option to accelerate all the outstanding amounts in case credit rating of the Company falls to 'BBB+' or below by CRISIL, ICRA or any external credit rating agency.</p> <p>The Company shall make the payment within 30 days without prepayment penalty, from the date of exercise of acceleration option by the Debenture holders or in case of voluntary prepayment. There is no prepayment penalty in case of mandatory prepayment or voluntary prepayment. Voluntary prepayments cannot be undertaken within 3 months. Other prepayments will be subject to applicable law.</p>

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**Financial Covenants:**

To be tested annually, based on the interim / audited accounts of the Issuer and the Consolidated Accounts of the Promoter starting 31st March 2022.

- a) Hero Name to be retained at all times
- b) No further debt at the Issuer and Guarantor unless utilized for refinancing its financial indebtedness at all three holding company (as existing on the date of the definitive documents)
- c) No change in share holding of the Issuer or HFEPL or Guarantor except further equity raise.
- d) Net Debt to Net worth (including the CCPS) of the Guarantor (Standalone Basis) to be under 1.5 at all times during the tenor of the transaction
- e) Consolidated Net debt of the Guarantor to not exceed 7.5x consolidated EBITDA on a cumulative basis at any time during the tenor of this transaction.

- EBITDA shall mean earnings before interest, tax, depreciation and amortization of the Issuer but excluding any extra ordinary items, on consolidated basis following applicable prudent accounting policies.
- Consolidated Net Debt shall mean, an aggregate of outstanding of (a) all Funded Debt LESS cash and cash equivalents of the Issuer.
- Funded Debt shall mean fund based financial indebtedness and shall include non-convertible debentures, fund based facilities raised for project finance, short term, medium term, long term fund based facilities and where such debt has been taken for a project finance being undertaken by the relevant subsidiary or affiliate.

OTHER TERMS AND CONDITIONS:**Conditions
Precedent**

The Issuer / Guarantor will complete conditions precedent to the Debentures which will include, amongst others, the following in form and substance satisfactory to the Debenture Holders/Debenture Trustee:

- a) certified copies of the memorandum and articles of association (or equivalent constitutive documents);
- b) board resolutions;
- c) specimen signatures for person(s) authorised in the board resolutions referred to in (b) above;
- d) executed Debentures Documentation;
- e) receipt of all relevant consents (corporate, shareholder, regulatory and consents of existing lender(s), if any);
- f) the last audited financial statements;
- g) Security Trustee consent letter;

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- h) legal opinions (including opinion confirming enforceability of the Debentures Document/documents related to the Security) from Debenture Trustee's legal advisers in form and substance satisfactory to the Debenture Trustee; and
- i) any other documents that may be required by the Debenture Trustee.

Conditions Subsequent

CA certificate within 30 days from the Utilisation date confirming that the proceeds have been applied towards the agreed end use and that the end use is compliance with extant RBI regulations

Security perfection to be completed within 30 days.

Representations and Warranties

As customary for Debentures of this nature and as may be agreed mutually between the Issuer, Debenture Holders and the Debenture Trustee, and to include without limitation the following for the Issuer:

- a) corporate organisation, existence, power and authorisation;
- b) no government or regulatory approvals, or other third party consents required or pending;
- c) legality, validity, binding effect and enforceability of the Debentures Documentation;
- d) the execution and delivery of the relevant Debentures Documentation does not constitute a breach of the its constitutional documents, bylaws, obligations, agreement or undertakings;
- e) No breach of any conditions at the Guarantor under its financing arrangements;
- f) All other debt from the Group to be subordinated to this debt and no servicing of any Group debt till such time the bonds are o/s
- g) absence of any circumstances or events which would constitute an Event of Default by the Issuer.

Covenants/ Undertakings

As customary for a transaction of this nature and unless approved by Debenture Holders/Debenture Trustee in writing, applicable as appropriate to the Issuer or as mutually agreed, and to include without limitation:

- provision of financial and other information;
- notification of Event of Default;
- obtain, comply with and maintain all licenses / authorisations;
- compliance with environmental and other laws;
- no restriction on merger, acquisition and investments as long as such merger, acquisition or investment (i) does not constitute material adverse change for the Debenture Holders and (ii) Issuer remains the surviving entity;
- the Issuer will not purchase or redeem any of its issued shares or reduce its share capital (carve out required for

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repayment of existing shareholder debt from proceeds of this Debentures).

- Restrictions on distributions, share buy backs, loans to entities other than Group companies of the Issuer or the Guarantor
- The Guarantor is the single largest shareholder of the Issuer;
- The Company to ensure that at least 1 director from the Munjal Family to be part of the board of Guarantor.
- Issuer to take all commercially reasonable steps to ensure security creation and perfection to be completed within 45 calendar days from the Utilization date;
- no change of business.
- No maturity / prepayments of any debt of similar nature ahead of this financing.
- Negative pledge / No encumbrance on the existing shares of the Issuer except as on the closing date.

Events of Default

As customary for a transaction of this nature, applicable as appropriate to the Issuer, and to include, without limitation:

- a) failure to pay any sum when due;
- b) breach of financial covenants (cure period of 30 days);
- c) breach of other covenants, or other obligations that cause material adverse impact to the Debenture Holders
- d) cross default in relation to the debts of the Group including Guarantor, Group or USD bonds;
- e) any enforcement action on the shares of the Issuer
- f) representations or warranties found to be untrue or misleading when made or deemed repeated that cause material adverse impact to the Debenture Holders;
- g) If no mandatory prepayment is made in case of a CoC trigger- which will be covered under the EoD mentioned in (a) above
- h) insolvency;
- i) insolvency proceedings with appropriate carve outs
- j) enforcement proceedings and attachment;
- k) cessation of business;
- l) unlawfulness;
- m) repudiation;
- n) material adverse change

each to be described in more detail in the Debentures Documentation.

Default / Penal Rate

Amounts unpaid on due date will attract additional interest at 1% per annum, from the date on which such payment is actually due to the date on which the relevant overdue amounts are repaid.

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**Mandatory Prepayment**

Debenture Holders/Debenture Trustee has right to call for mandatory prepayment if:

1. Change of Control in case Munjal Promoter Group ceases to own 51% directly / indirectly in the Guarantor or Promoter or the Group
2. Any proceeds received due to the below events
 - 2.1 Infusion of additional monies into the Issuer (whether in form of equity, preference share capital or any quasi-equity instruments or otherwise) exceeding USD 50 million (or its equivalent in INR or any other currency)
 - 2.2 Cashflows in excess of USD 50(fifty) million, realized from any USD denominated bond/debenture issuances after October 30, 2021 of any member of the Group after refinancing the Financial Indebtedness for which such USD bonds were issued by the relevant member of the Group.

Acceleration:

Upon the occurrence (and during continuance) of an Event of Default, the Issuer shall be given a Cure Period and if post the Cure Period Event of Default continues then all payments under the Debentures shall stand automatically accelerated and shall become due and payable immediately and the Security shall become enforceable.

Cure Period is defined as below. The definitions for the event of defaults and specific cure periods to be captured in the long form documentation with suitable carve outs provided to the company to protect against frivolous or non-material events as more particularly detailed in the definitive documents

For payment default - 5BDs only in the event of Technical Delays ;

All other EoDs will have cure period as per the definitive documents.

Indemnification:

To be discussed during Debentures documentation

Approvals:

The Issuer will ensure that all authorisations/regulatory approvals and statutory approvals that pertain to this transaction will be in place prior to utilize these Debentures, including, without limitation, Trustee consent and any authorisations or approvals under the Companies Act, 2013, each as amended from time to time, or any other relevant regulation.

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Confidentiality:

This indicative term sheet and its contents are intended for the Issuer's exclusive use and is made on the express understanding that the terms and conditions in this indicative term sheet will be treated as strictly confidential and may not be relied upon by any other person. The Issuer may not disclose the details of this indicative term sheet to any other person without the Debenture Holders/Debenture Trustee's prior written consent, except that a copy may be disclosed to (i) the professional advisers of the Issuer advising in relation to the Debentures, or (ii) any other person as may be required by any applicable law or regulation.

Publicity:

Each of the Debenture Holder and the Issuer agrees that it will not make, or permit or procure any other person to make, any announcement or disclosure of any details of the transaction contemplated hereby without first obtaining the prior written consent of the other party.

**Additional
Taxation:**

Amounts

/ All payments shall be subject to tax deduction at source as applicable under the Income Tax Act, 1961, and such tax deduction shall be made by the Issuer unless a tax exemption certificate/document is lodged at the registered office of the Issuer before relevant record date in respect of a Coupon Payment Date, or any other relevant date.

If any Obligor is required to make a Tax Deduction as per this Clause, it shall make such Tax Deduction. Any payment required in connection with such Tax Deduction shall be paid within the time allowed and of the minimum amount required by Tax Act.

Within 45 (forty five) days from each Quarter End Date of making a Tax Deduction, the relevant Obligor shall deliver to the relevant Secured Party the evidence that the Tax Deduction has been made and of making appropriate payment to the relevant taxing authority. The Issuer shall, within 45 (forty five) days from the end of each Financial Quarter after the date on which such Tax Deduction has been made, provide and deliver to the relevant Secured Party entitled to the payment, the original certificate in the prescribed form, manner and timelines.

Conditions:

The Debenture Holders' participation in the Debentures is subject, amongst other things, to satisfaction, in the determination of and to the

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standard required by the Debenture Holders of the following conditions: (i) completion of all documentation for the Debentures; (ii) completion of customary due diligence procedures; (iv) appropriate legal opinions as to Indian law; (vi) approval of Barclays' internal business and credit committees; (vii) confirmation of the rating of the Issuer prior to drawdown of the Debentures; and (viii) such other conditions as the Debenture Holders/Debenture Trustee may require.

Termination:

Any commitment entered into by the Debenture Holders will be subject to there being, in the Debenture Holders' sole opinion, between the date of any mandate and Utilization Date, including, without limitation, (a) no material adverse change (or event which is likely to result in a material adverse change) in the business or financial condition of the Issuer and its respective subsidiaries taken as a whole, since that represented in its respective latest published financial statements or (b) no circumstance, change or condition (or continuation of any condition) in the domestic, bank or capital markets which may prejudice the Debenture Holders availability to funding at competitive rates.

Debenture Documentation:

Documentation shall be in form and substance customary for transactions of this nature and satisfactory to all parties containing conditions precedent, representations and warranties, covenants, events of default, material adverse change, cross default, provision of information on request of the Debenture Holders/Debenture Trustee, and default interest and any other terms and conditions that may be provided for in the above documentation or any other documentation as may be required by the Debenture Holders/Debenture Trustee.

Governing Law:

India, jurisdiction of the Courts of New Delhi

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Taxes duties cost and expenses

Relevant taxes, duties and levies are to be borne by the Company.

All charges / fees and any amounts payable under the Debentures by the Company to the Debenture Holders as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Company additionally.

Transfers and Participations

Each Debenture Holder/ Investor shall have the right to freely transfer or assign to one or more persons (without any restrictions on the banks / institutions to be approached) all or a portion of its rights and obligations under the Debenture documentation without any requirement of obtaining prior consent of the Company (s), except corporate treasuries & competitors of the Company.

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