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## **CLP Wind Farms (India) Announces the First Corporate Green Bond Issuance from South Asia and South East Asia**

- **Marks another 'first' of its kind bond issue for CLP India in 2015, after being first power company in India to issue 'asset specific' bond for its 1,320 MW coal fired plant at Jhajjar**
- **CLP Wind Farms (India) will raise `600 crores from the Green bonds, which will be used to fund capital expenditure of its projects**

**Mumbai:** CLP India, one of the largest foreign investors in the Indian power sector, today announced the issuance of Corporate Green Bonds for its wind portfolio - CLP Wind Farms. CLP Wind Farms will raise `600 crores through issue of rated, secured, unlisted, redeemable non-convertible debentures.

CLP is the largest wind power developer in India with committed wind projects of more than 1,000 MW, spread across six states. The proceeds from these bonds will be used for funding the capital expenditure of its projects in the renewable space. CLP Wind Farms is the first mover to issue Corporate Green Bonds in the Indian power sector. This move will help CLP sustain its expansion of the renewable energy portfolio in alignment with the company's vision to lower carbon emission footprint.

### **Key benefits:**

- **Substantial savings** through lower and fixed interest rate for the bond tenor
- **Access to debt capital markets** to raise long term financing for the power projects

India Ratings and Research Private Limited has assigned a rating of AA to the bonds. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and very low credit risk. The bonds, with a coupon of 9.15% per annum being issued in three series of equal amounts, will mature every April in 2018, 2019 and 2020. Standard Chartered Bank, IDFC Limited and The Hongkong and Shanghai Banking Corporation Limited are the lead arrangers for the bond issuance.

**Mr. Rajiv Mishra, Managing Director, CLP India,** said, *"Through the issuance of these bonds we plan to fund the expenditure of new projects in the renewable energy space and thereby support CLP's growth plans for India. There is enormous potential in the Indian renewable power market and we see ourselves making a vital contribution towards the government's objective of increasing capacities in clean energy."*

**Mr. Samir Ashta, Director - Finance and Chief Financial Officer, CLP India,** said, *"We were the first to introduce asset specific bonds in the Indian power sector for our Jhajjar power plant earlier this year. The issuance of the Corporate Green Bonds by CLP Wind Farms has set a benchmark for re-financing of power projects, post commissioning. At CLP India, we always think of innovative financial structures to improve the overall project viability. The structure of these bonds achieves the twin objectives of accessing long term funds at competitive*

*rates for us and an attractive long term investment opportunity for the investors. It is also beneficial from the company's perspective to keep its interest cost in check as the interest outgo towards repayment remains fixed and is not variable as in the case of bank borrowing. "*

**Mr. Chetan Joshi, Head - Debt Capital Markets India, HSBC,** said, *"This transaction by CLP India is groundbreaking as it represents the first Green Bond issuance by a corporate out of India, South Asia as well as South East Asia. Sustainable finance, including green bonds, is one of the most important and fast-growing segments of the global markets, and we expect CLP's issuance to pave the way for standardization of this new financing instrument in the Indian capital markets. The transaction also represents a successful return to the bond market for the CLP group in India, through a very well executed offering which allows the CLP India renewables vertical to diversify its financing mix to the bond market via a fixed rate funding instrument."*

**Mr. Kaustubh Kulkarni, Head - Debt Capital Markets (South Asia), Standard Chartered Bank,** said, *"The Green Bond debut issue from CLP Wind Farms follows the highly successful partially credit enhanced bond from the CLP Group earlier this year and highlights investor appetite for strong credits and eminent management. The unique corporate structure adopted in wind business has helped the Issuer raise financing for new wind projects through the bond route. The deal adds to the list of many firsts for CLP Group in India in the form of first corporate Green Bond issuance from South Asia and South East Asia. The issuance will go a long way in promoting green issuances and contributing to sustainability initiatives of the Indian corporate sector" said Kaustubh Kulkarni, Head - Debt Capital Markets, South Asia, Standard Chartered Bank."*

**Mr. Jayen Shah , Head - Debt Capital Markets Financial Markets Group, IDFC,** said, *"Wind-Energy Generation is the need of the hour for energy-hungry country like India. Several renewable energy generating companies have reached a steady-cash flow generating stage. These companies have grown in size, stature and ratings for accessing debt capital markets through bond issuances. Further, by diversifying its funding base from traditional term lending banks and financial institutions to mutual funds, insurance companies and other long-term debt providers, these companies are armed financial ammunition and leverage to continue with its aggressive growth. We, at IDFC, continuously work to develop bond market products meeting objectives of issuers and investors."*

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### **Notes to the editors**

#### **Evolution of CLP Wind Farms' financing structure**

CLP India has practiced innovation in financing to stay competitive in the marketplace, especially when the sector has been facing challenges on multiple fronts. Innovative financing structures have not only been beneficial by lowering borrowing cost to the company, but also enabling a better risk profile across different lifecycle of the projects, from under construction stage to the operations stage, from both the lenders' and the financiers' perspective.

For CLP's wind portfolio, to obtain balance sheet funding at a lower rate was difficult especially when the projects were under construction. Hence, initially classic project financing structure was used for such projects where each asset was ring-fenced, and financing was done against security of individual wind projects. In

September 2013, to further reduce the risk as projects started becoming operational, CLP pooled the cash flows of all its wind farms while keeping the asset security ring fenced. After the 'Pooled Financing' model was implemented, the better risk profile resulted in improved credit rating of CLP Wind Farms from A to A+. As more projects became operational the company migrated to corporate structure where not only the cash flows but also the charge over the assets were shared. CLP Wind Farms has received an even better rating of AA, which reflected lower levels of risk and an improved investment product from an investor's perspective. With this improved credit rating, CLP Wind Farms has now tapped the debt capital market to issue Green Bonds aimed at funding capital expenditure of its projects.

### **Definition of Green Bonds**

- Green Bonds enable capital-raising and investment for projects with environmental benefits. These could include projects related to renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity conservation, clean transportation, sustainable water management, climate change adaptation, among others
- The proceeds of the bonds is utilized for funding the capital expenditure and refinancing of existing loans of the eligible Green Projects of the Issuer

### **Innovative finance structures introduced by CLP India**

- CLP India's Jhajjar power plant was one of the first major projects in India to be financed by a **consortium of foreign banks** in the year 2010 addition to the project financing by rupee lenders in 2010
- CLP India was the first company in the Indian power sector to issue an **Asset Specific Bonds** bond for its Jhajjar Power Plant, which was fully subscribed on the day of issuance in April 2015
- CLP Wind Farms was the first company to implement the **Pooled Financing** model in the Indian renewable energy sector in September 2013, and subsequently moved to Corporate Structure for long term financing in September 2015

### **CLP India's sustainability approach**

- CLP has made a commitment to play an active part in the collective response to the threat of global warming, and its 'Climate Vision 2050' sets out the company's committed endeavour to reduce the carbon emissions intensity of its generating portfolio by 75 per cent by the year 2050
- CLP believes that growing the company's renewables portfolio will help reduce its carbon footprint and increase the share of non-carbon emitting generation in its portfolio
- Wind has been an integral part of CLP India's business strategy and is expected to continue making vital contribution not only to CLP's growth plans for India but also to its commitment in reducing CO<sub>2</sub> emissions
- CLP India developed a Sustainability Framework in 2013 that embeds sustainability goals into the company's operations across regions. The framework consists of goals that cover people, energy, business performance and environment along with set measureable targets for each goal
- All CLP wind farms underwent an Environmental Impact Assessment (EIA) regardless of whether it is a regulatory or financier requirement

- Jhajjar power plant completed the Environmental Management System standard in 2014, a certification to help manage CLP's operational environmental risk

**About CLP India**

CLP India is the wholly owned subsidiary of CLP Holdings Ltd, which is listed on the Hong Stock Exchange and is one of the leading investor-owned power businesses in Asia. It is one of the largest foreign investors in the Indian power sector with a total committed investment of over INR 14,500 Crores. This investment is spread across a diversified and environment-friendly generation portfolio that covers renewable energy, supercritical coal and gas fired power plants, amounting to over 3,000 MW.

CLP entered the Indian Power Sector in the year 2002 with the acquisition of a 655 MW gas fired power plant which is located in Bharuch, Gujarat. This power plant was one of the first independent power projects in India and complies with the highest level of internationally accepted standards in safety and in environment conservation. In addition to this, CLP India owns and operates a 1,320 MW (2 X 660MW) supercritical coal-fired power plant in Jhajjar, Haryana, which is one of India's first and largest supercritical coal-fired power plants.

CLP India is also one of the largest wind power developers in India with committed wind projects of more than 1,000 MW that are spread across six states. Wind has been an integral part of CLP India's business strategy and is expected to continue making a vital contribution not only to CLP's growth plans for India but also to its commitment to reducing its CO2 emissions.

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