

Avendus Capital advises Hero Electric on its INR 2,200 million fundraise from GII and existing investor, OAKS

Mumbai, July 12th, 2021

Hero Electric, India's largest electric 2-wheeler manufacturer announced the closure of its series B funding round of INR 2,200 million, led by Gulf Islamic Investments (GI), with participation from its existing investor, Oaks Asset Management, through funds advised by them. The proceeds of this funding round will be utilized for expansion of Hero Electric's manufacturing capacity and new product development.

Avendus Capital was the exclusive financial advisor to Hero Electric on the transaction.

Founded in 2007, Hero Electric is the pioneer of electric mobility in India and the largest electric 2-wheeler manufacturer in the country with 40%+ market share as of FY21. With a pan India network of 700+ customer touchpoints and 13 models, Hero Electric is the biggest electric mobility brand in India. The company has played a pivotal role in the evolution of the EV industry in India, which is expected to see a massive adoption over the next couple of years. The electric 2-wheeler market leader will allocate this investment towards expanding production capacity, consolidating market position to strengthen market leadership, investing in futuristic technology and growing footprint across India-like markets.

Naveen Munjal, Managing Director, Hero Electric said, "The Electric vehicles market has undergone tremendous change over the last few years since we raised our first round of funding. The policies are extremely conducive for the growth of the segment and despite the pandemic, the company is poised to grow at over 2X from the last fiscal. Hero aims to sell over 1 million units per year in the next couple of years. This round of investments, which is a first of a larger scheme, will help expand our manufacturing capacities, increase R&D spends that will enable us to continue to launch innovative products to disrupt the category. Hero is committed to its mission of No Emission and build a sustainable future that is electric"

Sohinder Gill, CEO, Hero Electric said, "Hero Electric, since its inception in 2007, has worked tirelessly to further build the legacy of the brand Hero by journeying to electric. As market leaders, Hero has seen an upward trajectory that will see tremendous growth in the coming years thanks to the support and initiatives taken by Central and State governments. With this round of initial funding in this series, we enhance our market position while maintaining leadership with innovative product offerings for the diverse and demanding customer of today."

Koushik Bhattacharyya, Executive Director & Head, Industrials Investment Banking, Avendus Capital said, "The Electric Vehicles industry in India is at the cusp of disruption and the 2-wheeler segment, in particular, is expected to drive a large part of the EV adoption in India in the next few years. Hero Electric is a clear market leader in its category and has built a strong platform trusted by its 350K+ end customers. With a pan India presence, strong product pipeline and one of the most experienced teams in the industry, they are perfectly positioned to ride the EV wave in India".

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Pankaj Gupta, Founding Partner and Co-CEO of GII commented, “We are delighted to be a part of the growth journey of India’s market-leading electric vehicles pioneer - Hero Electric - through our latest round of investments under India Growth Portfolio II. As a sustainability conscious and visionary investor, GII has observed the growing role of electric vehicles in mitigating environmental pollution and the opportunities it presents in India, one of the world’s most populous countries and an important investment destination in the firm’s global strategy. Hero Electric has established itself as a champion in the country’s electric vehicles segment and is exceptionally well positioned to achieve multi-fold growth in the coming years. We’re excited to partner with Sohinder, Naveen and their world-class management team to continue to accelerate their impressive growth trajectory and positively impact the widespread adoption of electric vehicles in India.”

V’Ocean Investments has been advised by OAKS Asset Management Pvt. Ltd. (OAKS) on the investment. **Mr. Vishal Ootam, Founder & CEO of OAKS added,** “We have been tracking this sector in India and globally are very excited to have partnered with Hero Electric who are the clear market leaders in this space. We believe that over the next few years, the electric vehicles market is going to grow exponentially. Our belief is that this investment round will put the brand Hero firmly in a leadership position. Hero is poised to grow multi-fold over the next few years, and we are only happy to be part of this growth story.”

About Avendus

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Avendus Capital, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best in the class track record of domestic and cross-border transactions. Avendus’s wide range of clients is testimony to its ability to serve its corporates throughout their life cycle – from growth stage funding to large-sized transactions, and M&A advisory.

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