

September 16, 2022<sup>(Revised)</sup>

## Hero FinCorp Limited: [ICRA]AA+ (Stable) assigned; earlier ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper	6,000.0	6,000.0	[ICRA]A1+; reaffirmed
Subordinated debt	700.0	700.0	[ICRA]AA+ (Stable); reaffirmed
Subordinated debt	-	300.0	[ICRA]AA+ (Stable); assigned
Non-convertible debentures	1,444.0	1,444.0	[ICRA]AA+ (Stable); reaffirmed
Non-convertible debentures	402.0	-	[ICRA]AA+ (Stable); reaffirmed and withdrawn
Non-convertible debentures	-	2,800.0	[ICRA]AA+ (Stable); assigned
Long-term fund-based term loan	13,700.0	16,000.0	[ICRA]AA+ (Stable); reaffirmed/assigned
Long-term fund-based cash credit	1,600.0	1,600.0	[ICRA]AA+ (Stable); reaffirmed
Long-term short-term fund-based/Non-fund based – Proposed/Unallocated	700.0	700.0	[ICRA]AA+ (Stable)/[ICRA]A1+; reaffirmed
<b>Total</b>	<b>24,546.0</b>	<b>29,544.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

To arrive at the ratings, ICRA has taken a consolidated view of the credit profiles of Hero FinCorp Limited (HFCL) and Hero Housing Finance Limited (HHFL), referred to as the Hero FinCorp Group, as HHFL is a wholly-owned subsidiary of HFCL and the companies have significant operational and business synergies in addition to a shared name and management oversight.

The ratings continue to draw significant strength from HFCL's strong parentage, track record of adequate capitalisation supported by regular equity infusions, fairly diversified borrowing profile with good financial flexibility, and strong liquidity position. Hero MotoCorp Limited (HMCL; rated [ICRA]AAA (Stable)/[ICRA]A1+), along with its individual promoters and their investment companies (collectively referred to as the Hero Group), held a 73.0% stake in HFCL as on June 30, 2022. ICRA expects HMCL to remain the single largest shareholder in HFCL, which will continue to benefit from Group synergies in the form of branding, distribution network, management guidance, and capital and liquidity support.

ICRA has taken note of the relatively weak asset quality indicators with the gross and net stage 3 ratios, as per the new Income Recognition and Asset Classification (IRAC) norms, of 7.4% and 4.1%, respectively, on a consolidated basis as on June 30, 2022 (7.5% and 4.4%, respectively, as on March 31, 2022). Earlier, the company's asset quality had weakened due to higher slippages in H1 FY2022 and the impact of the Reserve Bank of India's (RBI) clarification of November 2021 on the IRAC norms. However, the collection efficiency improved subsequently and almost reached the pre-Covid level in Q1 FY2023. In line with the deterioration in the asset quality indicators, the solvency metrics also came under pressure with solvency (Net stage 3/Adjusted Tier I) of 32.8% as on March 31, 2022 (24.9% as on March 31, 2021). However, the solvency position improved, post the recent capital infusion, with Net stage 3/Total net worth of 20.3% as on June 30, 2022.

HFCL raised Rs. 2,000 crore, in the form of compulsorily convertible preference shares (CCPS), from existing as well as new investors. ICRA believes that this capital raise will help the company manage subsequent asset quality shocks, if any, and grow as per its business plans while maintaining prudent capitalisation levels. The Hero FinCorp Group's ability to control fresh slippages and improve the asset quality from the current levels would be a key rating sensitivity, going forward. Also, the performance of the restructured book would be a monitorable. In this regard, it is noted that the overall provision buffer on the portfolio stands augmented at 5.0% as on June 30, 2022 (4.9% as on March 31, 2022).

ICRA has also taken note of the improvement in the lending spreads (10.3% in Q1 FY2023 compared to 8.9% in FY2022), and consequently the net interest margin (NIM; 10.2% in Q1 FY2023 compared to 8.8% in FY2022), due to the higher share of incremental business from the higher-yielding segments. Further, the improvement in collections and lower write-offs reduced the credit cost to 4.4% as in Q1 FY2023 from 5.5% in FY2022. Nevertheless, the profitability remains moderate with return on assets (RoA) and return on equity (RoE) of 1.2% and 7.6%, respectively, in Q1 FY2023 (-0.6% and -3.9%, respectively, in FY2022). Overall, the Hero FinCorp Group's ability to grow while keeping good control over the asset quality will be critical for an improvement in the profitability over the medium term. The sustained inability to improve the profitability from the current levels will be a credit negative.

ICRA has withdrawn the rating assigned to the Rs. 402 crore non-convertible debentures as these have been fully redeemed and no amount is outstanding against the rated instruments. The rating was withdrawn in accordance with ICRA's policy on withdrawal (click [here](#) for the policy).

## Key rating drivers and their description

### Credit strengths

**Strong parentage and strategic importance to HMCL** – The ratings derive significant strength from the parentage of HFCL and HHFL with the Hero Group holding a 73.0% stake in HFCL as on June 30, 2022. ICRA expects HMCL to remain the single largest shareholder in HFCL, and the Hero Group to be willing to extend financial support to HFCL and HHFL, if needed, given the importance that the business holds for the Hero Group. HFCL is a key company for the Hero Group's foray into financial services and is strategically important to the Hero Group as the captive financier of the two-wheeler (2W) sales of HMCL. As on June 30, 2022, ~40% of the loan book had linkages to the Hero ecosystem through 2W finance (24%), inventory funding (1%), personal loans to 2W customers (10%), corporate loans (2%) and housing loans (3%). In Q1 FY2023, 52% of HMCL's vehicle sales were financed (56% in FY2022), of which 36% (percentage of total financed) was financed by HFCL (35% in FY2022).

HFCL, HHFL and HMCL also share a common name, which, in ICRA's opinion, would persuade the Hero Group to provide financial support to HFCL to protect its reputation from the consequences of a Group entity's distress. Overall, ICRA expects HFCL and HHFL to continue to benefit from Group synergies in the form of branding, distribution network, management guidance, and capital and liquidity support. Also, it is noted that the company's management team is well experienced in the relevant lines of business.

**Diversified borrowing profile and good financial flexibility** – As a part of the Hero Group, HFCL and HHFL enjoy good financial flexibility and have continued to raise funds at competitive costs from diverse sources including a healthy share of debt market instruments (non-convertible debentures (NCDs) and commercial paper (CP) constituted 22% of the funding mix as on June 30, 2022 compared to 23% as on March 31, 2022, and 20% of the funding mix as on March 31, 2021). ICRA notes that the dependence on bank lines has increased in the incremental borrowings of the company during the past two years. The Hero FinCorp Group's liquidity position remains strong with sufficient cash and liquid investments and sizeable sanctioned and unutilised working capital lines.

**Adequate capitalisation profile supported by recent capital infusion** – HFCL’s capitalisation profile remains adequate, post the recent capital infusion, with a standalone capital-to-risk weighted assets ratio (CRAR) of 23.6% as of June 30, 2022 (15.6% as of March 31, 2022, and 19.7% as of March 31, 2021) and a consolidated gearing of 4.2 times as on June 30, 2022. The capitalisation level has been supported by regular equity infusions by the existing promoters/investors. In this regard, ICRA notes that the company recently raised Rs. 2,000 crore in the form of CCPs from existing as well as new investors. The company had previously raised Rs. 1,178-crore equity in FY2019, followed by Rs. 603 crore in March 2020 and Rs. 472 crore in February 2021. Overall, Rs. 6,080-crore equity has been raised by HFCL over the past 10 years as of Q1 FY2023, of which Rs. 3,904 crore was infused by the promoter group. ICRA believes that this capital raise will help the company manage subsequent asset quality shocks, if any, and grow as per its business plans while maintaining prudent capitalisation levels.

In ICRA’s opinion, prudent capitalisation is a key mitigant against delinquencies and other credit risks associated with the business and expects the company to maintain steady-state leverage below 6 times, going forward. ICRA expects support from the promoter to be forthcoming, as and when required, going forward.

## Credit challenges

**Weak asset quality indicators** – The Hero FinCorp Group’s asset quality indicators are relatively weak with the gross and net stage 3 ratios, as per the new IRAC norms, at 7.4% and 4.1%, respectively, on a consolidated basis as on June 30, 2022 (7.5% and 4.4%, respectively, as on March 31, 2022). Earlier, the Hero FinCorp Group’s asset quality had weakened due to higher slippages in H1 FY2022 and the impact of the RBI’s clarification of November 2021 on the IRAC norms. However, the collection efficiency improved subsequently and almost reached the pre-Covid level of about 96% in Q1 FY2023. Further, the standard restructured assets stood at 1.6% as on June 30, 2022, compared to 2.2% as on March 31, 2022, and 2.5% as on March 31, 2021. Additionally, the Hero FinCorp Group wrote off loans of Rs. 298 crore (0.9% of consolidated gross loan book; 3.5% on annualised basis) in Q1 FY2023 (following write-offs of 4.6% in FY2022).

In line with the deterioration in the asset quality indicators, the solvency metrics came under pressure with solvency and Net stage 3/Total net worth of 32.8% and 29.1%, respectively, as on March 31, 2022 (24.9% and 23.1%, respectively, as on March 31, 2021). However, the solvency position improved, post the recent capital infusion, with Net stage 3/Total net worth of 20.3% as on June 30, 2022. The Hero FinCorp Group’s ability to control fresh slippages and improve the asset quality from the current levels would be a key rating sensitivity, going forward. Also, the performance of the restructured book would be a monitorable. In this regard, it is noted that the overall provision buffer on the portfolio stands augmented at 5.0% as on June 30, 2022 (4.9% as on March 31, 2022).

**Moderate, albeit improving, profitability** – HFCL’s incremental disbursements in Q1 FY2023 were dominated by the high-yielding retail portfolio. Retail loans constituted the highest share in the overall loan book at 64% as on June 30, 2022. The change in the disbursement mix led to an improvement in the lending spreads and consequently the NIMs (on a consolidated basis) to 10.3% and 10.2%, respectively, in Q1 FY2023 from 8.9% and 8.8%, respectively, in FY2022. Further, the improvement in collections and lower write-offs reduced the credit cost to 4.4% as of Q1 FY2023 from 5.5% in FY2022. Although the company’s profitability indicators (on a consolidated basis) have improved and are on a trajectory to reach the pre-Covid levels with RoA and RoE of 1.2% and 7.6%, respectively, for Q1 FY2023 (-0.6% and -3.9%, respectively, in FY2022), the profitability remains moderate.

The housing finance subsidiary raised funds at a competitive cost while achieving moderately high yields on the loan book in Q1 FY2023. This led to a moderate increase in the lending spreads and NIMs to 4.0% and 3.7%, respectively, in Q1 FY2023 from 3.7% and 3.6%, respectively, in FY2022. Given the expansion in scale and branch network, the operating expenses increased to 5.3% in Q1 FY2023 from 4.5% in FY2022 and are expected to remain high over the medium term. The credit cost also remained range-bound at 0.3% in Q1 FY2023 compared to 0.2% in FY2022. Further, HHFL recorded an exceptional one-time gain of Rs. 8.59 crore in Q1 FY2023 on the derecognition of financial instruments under the amortised cost

category. Overall, HHFL's profitability indicators remained stable with RoA and RoE of 0.1% and 0.4%, respectively, in Q1 FY2023 (0.1% and 0.5%, respectively, in FY2022).

Going forward, the ability of HFCL and HHFL to grow while keeping good control over the asset quality will be critical for an improvement in the profitability over the medium term. The sustained inability to improve the profitability from the current levels will be a credit negative.

### Liquidity position: Strong

HFCL's standalone asset-liability maturity (ALM) profile, in the normal course of business, is characterised by positive cumulative mismatches in the buckets up to 1 year, given the sizeable proportion of the loan book with a residual tenor of up to 1 year and long-term borrowings with a tenor of more than 1 year. As on June 30, 2022, HFCL's ALM reflected debt maturities of Rs. 4,919 crore for the 6-month period ending December 31, 2022, against which its scheduled inflows from performing advances were Rs. 7,207 crore. Further, the company's liquidity position was strong as on June 30, 2022, with on-balance sheet liquidity of Rs. 2,429 crore (9.4% of borrowings). The liquidity position is further supported by the availability of unutilised working capital lines of Rs. 1,910 crore and the investment of ~Rs. 157 crore in corporate bonds and Clearcorp Repo Order Matching System (CROMS) lending of Rs. ~1,500 crore as on June 30, 2022, thereby providing sufficient liquidity buffer to overcome the impact of low collections in case of a challenging operating environment. Moreover, the track record of regular support from the parent, in terms of equity infusions, provides comfort.

HHFL's ALM profile, in the normal course of business, is characterised by positive cumulative mismatches in the buckets up to 1 year due to sufficient cash and liquid investments compared to long-term borrowings. As on June 30, 2022, HHFL's ALM reflected debt maturities of Rs. 300 crore over the 6-month period ending December 31, 2022, against which its scheduled inflows from performing advances are Rs. 270 crore. Nevertheless, on-balance sheet liquidity of ~Rs. 448 crore and the availability of unutilised working capital lines of Rs. 40 crore, as on June 30, 2022, are sufficient to plug mismatches in the near-term buckets. Also, ICRA notes that the company has been able to raise funds successfully owing to its long-standing relationships with a large network of banks, mutual funds and other financial institutions by virtue of being a part of the Hero Group, thereby providing additional comfort.

### Rating sensitivities

**Positive factors** – ICRA does not foresee the long-term rating being upgraded in the near term.

**Negative factors** – The ratings could be downgraded on a deterioration in HMCL's credit profile or lower-than-expected support from the parent group. Besides, a sustained deterioration in the consolidated asset quality indicators and/or the capitalisation level, with the solvency ratio (Net stage 3/Adjusted Tier I) deteriorating beyond 25% and/or a cushion of less than 3% in the Tier I capital over the regulatory requirement, may warrant a change in the outlook or a downward revision in the ratings. The ratings could also come under pressure on a deterioration in the liquidity and/or the incremental borrowing profile of the company. The sustained inability to improve the profitability from the currently modest levels will also be a credit negative.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-banking Finance Companies</a> <a href="#">Financial Consolidation and Rating Approach</a> <a href="#">Impact of Parent or Group Support on an Issuer's Credit Rating</a> <a href="#">Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	The ratings derive significant strength from the strong parentage of Hero FinCorp Ltd (HFCL) and Hero Housing Finance Limited (HHFL) with Hero MotoCorp Limited (HMCL), its individual

Analytical Approach	Comments
	promoters and their investment companies (collectively referred to as the Hero Group) holding a 73.0% stake in HFCL as on June 30, 2022. ICRA expects HMCL to remain the single largest shareholder in HFCL and the Hero Group to be willing to extend financial support to HFCL and HHFL, if needed, given the importance that the business holds for the Hero Group. HFCL is a key company for the Hero Group's foray into financial services and is strategically important to the Hero Group as it is the captive financier of the 2W sales of HMCL. HFCL, HHFL and HMCL also share a common name, which, in ICRA's opinion, would persuade the Hero Group to provide financial support to HFCL to protect its reputation from the consequences of a Group entity's distress.
<b>Consolidation/Standalone</b>	Consolidation; while arriving at the ratings, ICRA has taken a consolidated view of the credit profiles of HFCL and HHFL, referred to as the Hero Fincorp Group, as HHFL is a wholly-owned subsidiary of HFCL and the companies have significant operational and business synergies along with a shared name and management oversight.

## About the company

HFCL is a non-banking financial company (NBFC) extending retail finance for the 2W sales of HMCL, bill discounting for HMCL's suppliers, loans to small and medium enterprises (SMEs), loan against property (LAP), used car financing and personal loans. Moreover, its subsidiary, HHFL, received a housing finance licence from National Housing Bank (NHB) in August 2017. On a consolidated basis, HFCL's assets under management (AUM) stood at Rs. 34,158 crore (gross loan book of Rs. 34,000 crore) as on June 30, 2022, compared to Rs. 33,052 crore (gross loan book of Rs. 32,950 crore) as on March 31, 2022, and Rs. 27,490 crore (gross loan book of Rs. 27,472 crore) as on March 31, 2021. As of June 30, 2022, HFCL's consolidated loan portfolio comprised 2W finance with a portfolio share of (24%), inventory funding (1%), pre-owned car finance (5%), personal loans (25%), home loans (6%), LAP (10%), SME loans (8%), and corporate loans (21%; including CROMS lending).

The housing finance subsidiary, HHFL, extends housing loans and LAP to retail borrowers and its AUM stood at Rs. 3,048 crore (gross loan book of Rs. 2,891 crore) as on June 30, 2022, compared to Rs. 2,824 crore (gross loan book of Rs. 2,722 crore) as on March 31, 2022, and Rs. 2,369 crore as on March 31, 2021. As of June 30, 2022, home loans constituted the largest share of HHFL's loan book at ~74% followed by LAP (~26%). The share of the construction finance book is negligible at less than 0.2%.

HFCL was incorporated in December 1991 under the name Hero Honda FinLease Limited. Following a change in the ownership of its parent, HMCL (formerly Hero Honda Motors Limited), the company changed its name to Hero FinCorp Limited in July 2011. Until April 2013, HFCL extended term loans, machinery loans, and bill discounting facilities primarily to entities within the HMCL ecosystem. It subsequently expanded its operations to entities outside the HMCL ecosystem and started extending loans for HMCL's 2Ws, used cars financing, personal loans, LAP, etc.

HMCL and its promoter group (members of the Munjal family and their investment companies) together held a 73.0% stake in HFCL as of June 30, 2022, post the capital infusion in Q1 FY2023, compared to 79.6% as of March 31, 2022. While 39.8% was held directly by HMCL, 33.2% was held by the Munjal family members and their investment companies including Bahadur Chand Investment Pvt. Ltd. (rated [ICRA]AA (Stable)). External investors such as Apis, Credit Suisse (Singapore), Otter Ltd (Chrys Capital), Apollo Global and JM Financial Group together held a 22.0% stake with the balance 5.0% held by HMCL's dealers, employees, etc.

On a standalone basis, HFCL reported a profit after tax (PAT) of Rs. 109 crore on a total gross asset base of Rs. 35,047 crore in Q1 FY2023 compared to a net loss of Rs. 194 crore on a total gross asset base of Rs. 33,415 crore in FY2022 and a PAT of Rs. 71 crore on a total gross asset base of Rs. 28,948 crore in FY2021. As of June 30, 2022, the company had a net worth of Rs. 6,901 crore and capital adequacy of 23.6% compared to a net worth of Rs. 4,838 crore and capital adequacy of 15.6% as on March 31, 2022.

On a consolidated basis, HFCL reported a PAT of Rs. 110 crore on a total gross asset base of Rs. 37,953 crore compared to a net loss of Rs. 192 crore on a total gross asset base of Rs. 36,009 crore in FY2022 and a PAT of Rs. 52 crore on a total gross asset base of Rs. 31,276 crore in FY2021.

#### Key financial indicators

	HFCL - Standalone				HFCL - Consolidated			
	FY2020	FY2021	FY2022	Q1 FY2023	FY2020	FY2021	FY2022	Q1 FY2023
<b>PAT</b>	310	71	-194	109	278	52	-192	110
<b>Net worth</b>	4,527	5,042	4,838	6,901	4,471	4,968	4,770	6,834
<b>Assets under management (AUM)</b>	23,389	25,121	30,228	31,110	25,182	27,490	33,052	34,158
<b>On-balance sheet loan book</b>	23,359	25,103	30,227	31,108	25,152	27,472	32,950	34,000
<b>Return on average assets</b>	1.3%	0.3%	-0.6%	1.3%	1.1%	0.2%	-0.6%	1.2%
<b>Return on average equity</b>	7.6%	1.5%	-3.9%	7.4%	6.9%	1.1%	-3.9%	7.6%
<b>Gearing (times)</b>	4.6	4.4	5.5	3.7	5.0	4.9	6.1	4.2
<b>Net worth/AUM</b>	19.4%	20.1%	16.0%	22.2%	17.8%	18.1%	14.5%	20.1%
<b>CRAR</b>	19.5%	19.7%	15.6%	23.6%				
<b>Gross stage 3</b>	6.5%	7.4%	7.9%	7.8%	6.1%	7.0%	7.5%	7.4%
<b>Net stage 3</b>	4.1%	4.6%	4.6%	4.3%	3.8%	4.3%	4.4%	4.1%
<b>Net NPA/Net worth</b>	21%	22%	28%	19%	21%	23%	29%	20%

Source: HFCL, ICRA Research; Amount in Rs. crore

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Type	Current Rating (FY2023)		Chronology of Rating History for the Past 3 Years						
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)*	Date & Rating in FY2023		FY2022		FY2021	FY2020	
				Sep 16, 2022	Jun 30, 2022	Jul 02, 2021	Apr 05, 2021	Jan 08, 2021	Mar 23, 2020	Apr 02, 2019
1 Commercial paper	ST	6,000.0	2,600.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2 Sub-debt	LT	700.0	695.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
3 Sub-debt	LT	300.0	-	[ICRA]AA+ (Stable)	-	-	-	-	-	-
4 Non-convertible debentures	LT	1,444.0	1,225.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
5 Non-convertible debentures	LT	402.0	-	[ICRA]AA+ (Stable); Rating withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
6 Non-convertible debentures	LT	2,800.0	-	[ICRA]AA+ (Stable)	-	-	-	-	-	-
7 Non-convertible debentures	LT	16.0	-	-	-	-	Rating withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
8 LT fund-based term loan	LT	16,000.0	12,797.8	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
9 LT fund-based cash credit	LT	1,600.0	1,351.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
10 LT/ST fund-based/ Non-fund based - Proposed/ Unallocated	LT/ST	700.0	NA	[ICRA]AA+ (Stable)/ [ICRA]1+	[ICRA]AA+ (Stable)/ [ICRA]1+	[ICRA]AA+ (Stable)/ [ICRA]1+	[ICRA]AA+ (Stable)/ [ICRA]1+	[ICRA]AA+ (Stable)/ [ICRA]1+	[ICRA]AA+ (Stable)/ [ICRA]1+	[ICRA]AA+ (Stable)/ [ICRA]1+

Source: ICRA Research;

Note: LT - Long term; ST - Short term

\*As on August 31, 2022

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial paper programme	Very Simple
Subordinated debt	Moderately Complex
Non-convertible debentures	Simple

Instrument	Complexity Indicator
Long-term fund-based term loan	Simple
Long-term fund-based cash credit	Simple
Long-term short-term fund-based/Non-fund based – Proposed/Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)



**Annexure I: Instrument details (as on August 31, 2022)**

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE957N14EZ8	Commercial paper	Sep-03-2021	NA	Sep-02-2022	200.0	[ICRA]A1+
INE957N14FD2	Commercial paper	Nov-03-2021	NA	Nov-02-2022	250.0	[ICRA]A1+
INE957N14FE0	Commercial paper	Nov-12-2021	NA	Nov-11-2022	100.0	[ICRA]A1+
INE957N14FF7	Commercial paper	Nov-23-2021	NA	Oct-14-2022	40.0	[ICRA]A1+
INE957N14FI1	Commercial paper	Dec-21-2021	NA	Dec-21-2022	50.0	[ICRA]A1+
INE957N14FG5	Commercial paper	Dec-22-2021	NA	Dec-22-2022	50.0	[ICRA]A1+
INE957N14FH3	Commercial paper	Dec-22-2021	NA	Dec-12-2022	50.0	[ICRA]A1+
INE957N14FK7	Commercial paper	Jan-06-2022	NA	Jan-06-2023	100.0	[ICRA]A1+
INE957N14FM3	Commercial paper	Feb-04-2022	NA	Jan-12-2023	200.0	[ICRA]A1+
INE957N14FQ4	Commercial paper	Feb-15-2022	NA	Feb-06-2023	50.0	[ICRA]A1+
INE957N14FP6	Commercial paper	Feb-15-2022	NA	Feb-08-2023	50.0	[ICRA]A1+
INE957N14FN1	Commercial paper	Feb-16-2022	NA	Feb-16-2023	50.0	[ICRA]A1+
INE957N14FO9	Commercial paper	Feb-16-2022	NA	Feb-14-2023	50.0	[ICRA]A1+
INE957N14FR2	Commercial paper	Feb-18-2022	NA	Feb-17-2023	75.0	[ICRA]A1+
INE957N14FU6	Commercial paper	Feb-23-2022	NA	Feb-23-2023	50.0	[ICRA]A1+
INE957N14FW2	Commercial paper	Mar-15-2022	NA	Mar-15-2023	150.0	[ICRA]A1+
INE957N14FV4	Commercial paper	Mar-15-2022	NA	Mar-06-2023	100.0	[ICRA]A1+
INE957N14FY8	Commercial paper	Mar-21-2022	NA	Mar-21-2023	200.0	[ICRA]A1+
INE957N14FX0	Commercial paper	Mar-21-2022	NA	Mar-10-2023	50.0	[ICRA]A1+
INE957N14GD0	Commercial paper	May-18-2022	NA	May-18-2023	160.0	[ICRA]A1+
INE957N14GE8	Commercial paper	Jul-07-2022	NA	Jul-07-2023	150.0	[ICRA]A1+
INE957N14GF5	Commercial paper	Jul-12-2022	NA	Jul-12-2023	175.0	[ICRA]A1+
INE957N14GG3	Commercial paper	Aug-04-2022	NA	Nov-03-2022	250.0	[ICRA]A1+
NA	Commercial paper*	NA	NA	NA	3,400.0	[ICRA]A1+
INE957N08011	Sub-debt	Sep-15-2015	9.35%	Sep-15-2025	100.0	[ICRA]AA+ (Stable)
INE957N08029	Sub-debt	Aug-03-2016	8.98%	Aug-03-2026	100.0	[ICRA]AA+ (Stable)
INE957N08037	Sub-debt	Jun-20-2017	8.52%	Jun-18-2027	100.0	[ICRA]AA+ (Stable)
INE957N08045	Sub-debt	Dec-06-2018	9.81%	Nov-24-2028	125.0	[ICRA]AA+ (Stable)
INE957N08052	Sub-debt	Feb-05-2020	8.85%	Feb-05-2030	100.0	[ICRA]AA+ (Stable)
INE957N08060	Sub-debt	Mar-04-2020	8.49%	Mar-04-2030	25.0	[ICRA]AA+ (Stable)
INE957N08078	Sub-debt	Dec-11-2020	7.65%	Dec-11-2030	45.0	[ICRA]AA+ (Stable)
INE957N08086	Sub-debt	Jul-18-2022	8.65%	Jul-16-2032	100.0	[ICRA]AA+ (Stable)
NA	Sub-debt*	NA	NA	NA	5.0	[ICRA]AA+ (Stable)
NA	Sub-debt*	NA	NA	NA	300.0	[ICRA]AA+ (Stable)
INE957N07484	NCD	Dec-20-2019	7.75%	Dec-20-2022	100.0	[ICRA]AA+ (Stable)
INE957N07492	NCD	Apr-27-2020	7.85%	Apr-27-2023	350.0	[ICRA]AA+ (Stable)
INE957N07591	NCD	May-07-2021	7.35%	May-07-2031	25.0	[ICRA]AA+ (Stable)
INE957N07633	NCD	Aug-03-2021	6.25%	Aug-02-2024	200.0	[ICRA]AA+ (Stable)
INE957N07641	NCD	Aug-11-2021	0.00%	Aug-09-2024	150.0	[ICRA]AA+ (Stable)
INE957N07682	NCD	Jul-29-2022	7.99%	Jul-29-2025	400.0	[ICRA]AA+ (Stable)
NA	NCD*	NA	NA	NA	219.0	[ICRA]AA+ (Stable)
NA	NCD*	NA	NA	NA	2,800.0	[ICRA]AA+ (Stable)
INE957N07146	NCD	Jan-06-2016	8.76%	Jun-10-2021	12.0	[ICRA]AA+ (Stable); Rating withdrawn
INE957N07377	NCD	Jan-08-2018	8.10%	Jul-08-2021	80.0	[ICRA]AA+ (Stable); Rating withdrawn
INE957N07369	NCD	Jan-08-2018	8.10%	Apr-08-2021	115.0	[ICRA]AA+ (Stable); Rating withdrawn
INE957N07468	NCD	Jun-20-2019	8.41%	Jun-20-2022	110.0	[ICRA]AA+ (Stable); Rating withdrawn
INE957N07351	NCD	Aug-18-2017	7.70%	Aug-18-2022	85.0	[ICRA]AA+ (Stable); Rating withdrawn

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan 1	NA	NA	NA	220.0	[ICRA]AA+ (Stable)
NA	Term loan 2	NA	NA	NA	120.0	[ICRA]AA+ (Stable)
NA	Term loan 3	NA	NA	NA	275.0	[ICRA]AA+ (Stable)
NA	Term loan 4	NA	NA	NA	350.0	[ICRA]AA+ (Stable)
NA	Term loan 5	NA	NA	NA	1,000.0	[ICRA]AA+ (Stable)
NA	Term loan 6	NA	NA	NA	400.0	[ICRA]AA+ (Stable)
NA	Term loan 7	NA	NA	NA	44.4	[ICRA]AA+ (Stable)
NA	Term loan 8	NA	NA	NA	72.2	[ICRA]AA+ (Stable)
NA	Term loan 9	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Term loan 10	NA	NA	NA	35.0	[ICRA]AA+ (Stable)
NA	Term loan 11	NA	NA	NA	140.0	[ICRA]AA+ (Stable)
NA	Term loan 12	NA	NA	NA	225.0	[ICRA]AA+ (Stable)
NA	Term loan 13	NA	NA	NA	250.0	[ICRA]AA+ (Stable)
NA	Term loan 14	NA	NA	NA	350.0	[ICRA]AA+ (Stable)
NA	Term loan 15	NA	NA	NA	1,125.0	[ICRA]AA+ (Stable)
NA	Term loan 16	NA	NA	NA	194.4	[ICRA]AA+ (Stable)
NA	Term loan 17	NA	NA	NA	133.1	[ICRA]AA+ (Stable)
NA	Term loan 18	NA	NA	NA	250.0	[ICRA]AA+ (Stable)
NA	Term loan 19	NA	NA	NA	150.0	[ICRA]AA+ (Stable)
NA	Term loan 20	NA	NA	NA	50.0	[ICRA]AA+ (Stable)
NA	Term loan 21	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Term loan 22	NA	NA	NA	208.3	[ICRA]AA+ (Stable)
NA	Term loan 23	NA	NA	NA	208.3	[ICRA]AA+ (Stable)
NA	Term loan 24	NA	NA	NA	200.0	[ICRA]AA+ (Stable)
NA	Term loan 25	NA	NA	NA	25.9	[ICRA]AA+ (Stable)
NA	Term loan 26	NA	NA	NA	83.3	[ICRA]AA+ (Stable)
NA	Term loan 27	NA	NA	NA	83.3	[ICRA]AA+ (Stable)
NA	Term loan 28	NA	NA	NA	41.7	[ICRA]AA+ (Stable)
NA	Term loan 29	NA	NA	NA	65.0	[ICRA]AA+ (Stable)
NA	Term loan 30	NA	NA	NA	466.7	[ICRA]AA+ (Stable)
NA	Term loan 31	NA	NA	NA	180.0	[ICRA]AA+ (Stable)
NA	Term loan 32	NA	NA	NA	166.7	[ICRA]AA+ (Stable)
NA	Term loan 33	NA	NA	NA	225.0	[ICRA]AA+ (Stable)
NA	Term loan 34	NA	NA	NA	166.7	[ICRA]AA+ (Stable)
NA	Term loan 35	NA	NA	NA	250.0	[ICRA]AA+ (Stable)
NA	Term loan 36	NA	NA	NA	342.1	[ICRA]AA+ (Stable)
NA	Term loan 37	NA	NA	NA	350.9	[ICRA]AA+ (Stable)
NA	Term loan 38	NA	NA	NA	456.1	[ICRA]AA+ (Stable)
NA	Term loan 39	NA	NA	NA	250.0	[ICRA]AA+ (Stable)
NA	Term loan 40	NA	NA	NA	200.0	[ICRA]AA+ (Stable)
NA	Term loan 41	NA	NA	NA	160.0	[ICRA]AA+ (Stable)
NA	Term loan 42	NA	NA	NA	66.7	[ICRA]AA+ (Stable)
NA	Term loan 43	NA	NA	NA	749.2	[ICRA]AA+ (Stable)
NA	Term loan 44	NA	NA	NA	499.6	[ICRA]AA+ (Stable)
NA	Term loan 45	NA	NA	NA	500.0	[ICRA]AA+ (Stable)
NA	Term loan 46	NA	NA	NA	25.0	[ICRA]AA+ (Stable)
NA	Term loan 47	NA	NA	NA	49.9	[ICRA]AA+ (Stable)
NA	Term loan 48	NA	NA	NA	166.5	[ICRA]AA+ (Stable)
NA	Term loan 49	NA	NA	NA	41.7	[ICRA]AA+ (Stable)
NA	Term loan 50	NA	NA	NA	75.0	[ICRA]AA+ (Stable)
NA	Term loan 51	NA	NA	NA	50.0	[ICRA]AA+ (Stable)
NA	Term loan 52	NA	NA	NA	400.0	[ICRA]AA+ (Stable)

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan 53	NA	NA	NA	12.5	[ICRA]AA+ (Stable)
NA	Term loan 54	NA	NA	NA	50.0	[ICRA]AA+ (Stable)
NA	Term loan 55	NA	NA	NA	277.8	[ICRA]AA+ (Stable)
NA	Term loan 56	NA	NA	NA	120.0	[ICRA]AA+ (Stable)
NA	Working capital 1	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Working capital 2	NA	NA	NA	1.0	[ICRA]AA+ (Stable)
NA	Working capital 3	NA	NA	NA	200.0	[ICRA]AA+ (Stable)
NA	Working capital 4	NA	NA	NA	200.0	[ICRA]AA+ (Stable)
NA	Working capital 5	NA	NA	NA	300.0	[ICRA]AA+ (Stable)
NA	Working capital 6	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Working capital 7	NA	NA	NA	300.0	[ICRA]AA+ (Stable)
NA	Working capital 8	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Working capital 9	NA	NA	NA	50.0	[ICRA]AA+ (Stable)
NA	LT fund-based term loan - Proposed/ Unallocated	NA	NA	NA	3,202.2	[ICRA]AA+ (Stable)
NA	LT fund-based cash credit - Proposed/ Unallocated	NA	NA	NA	249.0	[ICRA]AA+ (Stable)
NA	LT/ST fund-based/ Non-fund based - Proposed/Unallocated	NA	NA	NA	700.0	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: ICRA Research; \* Yet to be placed

Note: Coupon rate, sanction date and maturity date not available for bank facilities

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Hero FinCorp Limited (HFCL)	Rated Entity	Full Consolidation
Hero Housing Finance Limited (HHFL)	Subsidiary	Full Consolidation

#### Corrigendum

Document dated September 16, 2022 has been corrected with revisions as detailed below:

Page No.	Location on Page	Previous data	Revised data
2	Rationale Summary	Incorrect link for Withdrawal Policy	Updated the link for Withdrawal Policy
4	Analytical approach	Incorrect link for Withdrawal Policy	Updated the link for Withdrawal Policy

## ANALYST CONTACTS

**Karthik Srinivasan**  
+91-22-6114 3444  
[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**Rajat Kher**  
+91 124 4545 833  
[rajat.kher@icraindia.com](mailto:rajat.kher@icraindia.com)

**Manushree Saggar**  
+91-124-4545 316  
[manushrees@icraindia.com](mailto:manushrees@icraindia.com)

**Jesse Vishwanathan**  
+91 124 4545 324  
[jesse.vishwanathan@icraindia.com](mailto:jesse.vishwanathan@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.