

December 27, 2023

Hero FinCorp Limited: [ICRA]AA+ (Stable) assigned; earlier ratings reaffirmed and rated amount enhanced

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	1,000.0	1,000.0	[ICRA]AA+ (Stable); reaffirmed
Subordinated debt	-	700.0	[ICRA]AA+ (Stable); assigned
Non-convertible debentures	3,894.0	3,894.0	[ICRA]AA+ (Stable); reaffirmed
Long-term fund-based term loan	16,000.0	16,000.0	[ICRA]AA+ (Stable); reaffirmed
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 – Others	700.0	4,200.0	[ICRA]AA+ (Stable)/[ICRA]A1+; reaffirmed/assigned
Total	29,194.0	33,394.0	

*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 for the Hero FinCorp Group draw significant strength from HFCL's strong parentage, track record of adequate capitalisation supported by regular equity infusions, diversified borrowing profile with good financial flexibility, and strong liquidity position. Hero MotoCorp Limited (HMCL; rated [ICRA]AAA (Stable)/[ICRA]A1+), and its promoter group, members of the Munjal family and their investment companies (collectively referred to as the Hero Group), held a 73.0% stake (fully-diluted basis) in HFCL as on September 30, 2023. ICRA expects HMCL (39.8% stake in HFCL as on September 30, 2023) 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 moderate but improving asset quality indicators with the consolidated gross and net stage 3 ratios¹ at 4.8% and 2.4%, respectively, as on September 30, 2023 (5.4% and 2.8%, respectively, as on March 31, 2023). The company's asset quality had weakened due to higher slippages in FY2022 and the impact of the Reserve Bank of India's (RBI) circular of November 2021 on IRAC norms. However, the collection efficiency improved subsequently and almost reached the pre-Covid-19 pandemic level in FY2023 and H1 FY2024. In line with the improvement in the asset quality indicators and supported by the capital raise in June 2022, the solvency metrics improved with solvency (Net stage 3/Adjusted Tier I) and Net stage 3/Net worth at 14.9% and 13.1%, respectively, as on September 30, 2023 (16.2% and 14.4%,

¹ As per the new Income Recognition and Asset Classification (IRAC) norms

respectively, as on March 31, 2023). It is noted that the overall provision buffer on the portfolio stood at 3.7% as on September 30, 2023 (4.1% as on March 31, 2023).

The recent increase in the risk weights for consumer credit by the RBI would impact the capital adequacy by about 125 basis points (bps). The company is expected to raise capital during FY2025-FY2026 to support growth while maintaining prudent capitalisation levels. As for profitability, while the lending spreads (10.4%) and net interest margin (NIM; 10.1%) stayed stable in H1 FY2024, the credit costs remained elevated at 3.2% due to the higher provision cover on non-performing advances (NPAs) and higher write-offs. This led to subdued profitability with a return on assets (RoA) and a return on equity (RoE) of 1.2% and 7.6%, respectively, in H1 FY2024 (1.2% and 7.8%, respectively, in FY2023). Overall, keeping control over the asset quality and improving the profitability would be critical from a rating perspective.

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 (fully-diluted basis) in HFCL as on September 30, 2023. 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 September 30, 2023, ~38% of the loan book had linkages to the Hero ecosystem through 2W finance (19%), inventory funding (2%), personal loans (9%), retail small and medium-sized enterprise (SME) loans (2%), corporate loans (1%) and housing loans (5%). In H1 FY2024, 62% of HMCL's vehicle sales was financed (60% in FY2023), of which 31% (percentage of total financed) was financed by HFCL (32% in FY2023).

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.

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. HFCL's borrowing profile is diversified with bank borrowings forming the majority share of the funding mix at 81.3% (including 11.2% share of external commercial borrowings) as on September 30, 2023 (76% as on March 31, 2023) followed by a healthy share of debt market instruments (debentures at 10.4% and commercial paper (CP) at 8.0%) and others (0.3%). ICRA notes that the dependence on bank lines has increased in the incremental borrowings of the company during the past three years. With the increase in the risk weights for banks lending to non-banking financial companies (NBFCs), HFCL's incremental borrowing costs could rise, albeit gradually.

Adequate capitalisation profile supported by regular capital infusions – HFCL's capitalisation profile remains adequate, post the capital infusion in June 2022, with a standalone capital-to-risk weighted assets ratio (CRAR) of 18.7% as on September 30, 2023 (20.6% as on March 31, 2023 and 15.6% as on March 31, 2022) and a consolidated gearing of 5.0x² as on September 30, 2023. The capitalisation level has been supported by regular equity infusions by the existing promoters/investors. In this regard, ICRA notes that the company had raised Rs. 2,000 crore in the form of CCPS from existing as well as new investors. It 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. 3,905 crore was infused by the promoter group. With the recent increase in the risk weights for consumer credit by the RBI, the capital

² Consolidated net worth of Rs. 7,872 crore as on September 30, 2023. The consolidated net worth reported by the company (considering CCPS as sub-debt) stood at Rs. 5,429 crore with a consolidated gearing of 7.7x as on September 30, 2023

adequacy would be impacted by about 125 bps. The company is expected to raise capital during FY2025-FY2026 to support growth 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 it expects the company to maintain steady-state leverage below 6x, going forward. ICRA expects support from the promoter to be forthcoming, as and when required, going forward.

Credit challenges

Moderate asset quality indicators – The Hero FinCorp Group's asset quality profile remains moderate despite the improvement in the gross and net stage 3 ratios (as per new IRAC norms) to 4.8% and 2.4%, respectively, on a consolidated basis as on September 30, 2023 (5.4% and 2.8%, respectively, as on March 31, 2023) from 7.6% and 4.5%, 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 IRAC norms. However, the collection efficiency improved subsequently and almost reached the pre-Covid level of about 96% in H1 FY2024 (97% in FY2023). Further, the standard restructured assets stood at 0.6% as on September 30, 2023 compared to 0.8% as on March 31, 2023 (2.2% as on March 31, 2022). Additionally, the write-offs for the Hero FinCorp Group remain high at Rs. 736 crore (3.3% of the consolidated gross loan book on annualised basis) in H1 FY2024 (following write-offs of Rs. 1,196 crore (3.0%) in FY2023).

In line with the improvement in the reported asset quality indicators, the solvency metrics improved with Net stage 3/Net worth of 13.1% as on September 30, 2023 (14.4% as on March 31, 2023), post the capital infusion in June 2022. The Hero FinCorp Group's ability to control fresh slippages and improve the asset quality from the current level, considering the rising share of unsecured loans, would be a key rating sensitivity, going forward. In this regard, it is noted that the overall provision cover on the loan book stood at 3.7% as on September 30, 2023 (4.1% as on March 31, 2023).

Subdued, albeit improving, profitability – HFCL's incremental disbursements were driven by the high-yielding retail portfolio, which kept the spreads stable (on a consolidated basis) at 10.4% in H1 FY2024 (10.3% in FY2023) despite the increase in the weighted average cost of funds to 7.7% (6.9% in FY2023) due to the repricing of loans. This also kept HFCL's NIM (on a consolidated basis) stable at 10.1% in H1 FY2024 (10.1% in FY2023) despite the higher gearing. While the operating expenses moderated to 4.8% in H1 FY2024 (from 5.0% in FY2023) because of the improved operating efficiency, the credit costs increased marginally to 3.2% (from 3.0% in FY2023) because of the higher provision cover on NPAs and higher write-offs on account of the change in the write-off policy for unsecured loans. Overall, the profitability (on a consolidated basis) remained subdued with RoA and RoE of 1.2% and 7.6%, respectively, in H1 FY2024 (1.2% and 7.8%, respectively, in FY2023).

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.

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 September 30, 2023, HFCL's ALM reflected debt maturities of Rs. 6,931 crore for the 6-month period ending March 31, 2024, against which its scheduled inflows from performing advances were Rs. 9,953 crore. Further, the company's liquidity position was strong, as on September 30, 2023, with on-balance sheet liquidity of Rs. 2,539 crore (7.1% of borrowings). The liquidity position is further supported by the availability of unutilised working capital lines of Rs. 2,618 crore and investment of ~Rs. 125 crore in corporate bonds and Rs. ~2,162 crore in Clearcorp Repo Order Matching System (CROMS) as on September 30, 2023. This provides sufficient liquidity buffer.

As on September 30, 2023, HHFL's ALM reflected debt maturities of Rs. 410 crore over the 6-month period ending March 31, 2024, against which its scheduled inflows from performing advances are Rs. 383 crore. Nevertheless, on-balance sheet liquidity of about Rs. 242 crore (6.6% of the borrowings) and the availability of unutilised working capital lines of Rs. 95 crore as on September 30, 2023 are sufficient to plug any mismatches in the near-term buckets. The liquidity position is further supported by investment of ~Rs. 26 crore in corporate bonds as on September 30, 2023.

Rating sensitivities

Positive factors – The rating could be upgraded on an improvement in the asset quality and a significant increase in the profitability on a sustained basis while maintaining prudent capitalisation.

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	ICRA's Credit Rating Methodology for Non-banking Finance Companies Financial Consolidation and Rating Approach Rating Approach – Implicit Parent or Group Support
Parent/Group support	The ratings derive significant strength from the strong parentage of Hero FinCorp Limited (HFCL) and Hero Housing Finance Limited (HHFL) with Hero MotoCorp Limited (HMCL), its individual promoters and their investment companies (collectively referred to as the Hero Group) holding a 73.0% stake (fully-diluted basis) in HFCL as on September 30, 2023. 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.
Consolidation/Standalone	Consolidation

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. 44,291 crore (gross loan book of Rs. 44,012 crore) as on September 30, 2023 (Rs. 39,750 crore and Rs. 39,495 crore, respectively, as on March 31, 2023). As on September 30, 2023, HFCL's consolidated loan portfolio³ comprised 2W finance (20%), dealer inventory funding (2%), pre-owned car finance (6%), personal loans (31%), home loans (7%), LAP (12%), SME loans (10%), and corporate loans (12%, excluding CROMS lending).

³ Rounded-off share of all segments

HFCL was incorporated in December 1991 as 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 (fully-diluted basis) in HFCL as of September 30, 2023, post the capital infusion in June 2022, 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 (fully-diluted basis) with the balance 5.0% held by HMCL's dealers, employees, etc.

On a consolidated basis, HFCL reported a PAT⁴ of Rs. 292 crore in H1 FY2024 on a total gross asset base Rs. 50,333 crore as on September 30, 2023 compared to a PAT of Rs. 480 crore in FY2023 on a total gross asset base of Rs. 45,077 crore as on March 31, 2023. As on September 30, 2023, the company had a net worth of Rs. 7,872 crore (Rs. 7,558 crore as on March 31, 2023). The gross and net stage 3 stood at 4.8% and 2.4%, respectively, as on September 30, 2023 compared to 5.4% and 2.8%, respectively, as on March 31, 2023.

Key financial indicators

	HFCL – Standalone				HFCL – Consolidated			
	FY2021	FY2022	FY2023	H1 FY2024	FY2021	FY2022	FY2023	H1 FY2024
PAT	71	-194	457	273	52	-192	480	292
Net worth	5,042	4,838	7,599	7,892	4,968	4,770	7,558	7,872
AUM	25,121	29,928	35,799	39,789	27,490	32,752	39,750	44,291
Gross loan book	25,103	29,927	35,799	39,787	27,472	32,650	39,495	44,012
Return on average assets	0.3%	-0.6%	1.2%	1.2%	0.2%	-0.6%	1.2%	1.2%
Return on average equity	1.5%	-3.9%	7.4%	7.0%	1.1%	-3.9%	7.8%	7.6%
Gearing (times)	4.4	5.4	4.1	4.5	4.9	6.0	4.5	5.0
Net worth/AUM	20.1%	16.2%	21.2%	19.8%	18.1%	14.6%	19.0%	17.8%
CRAR	19.7%	15.6%	20.6%	18.7%	NA	NA	NA	NA
Gross stage 3	7.4%	8.0%	5.7%	5.1%	7.0%	7.6%	5.4%	4.8%
Net stage 3	4.6%	4.7%	2.9%	2.5%	4.3%	4.5%	2.8%	2.4%
Net stage 3/Net worth	22.3%	27.9%	13.5%	12.3%	23.1%	29.6%	14.4%	13.1%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

⁴ The reported PAT is lower by Rs. 180.54 crore (September 30, 2023) and Rs. 302.05 crore (March 31, 2023) due to a non-cash non-payable accounting entry regarding CCPS valuation

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years						
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)*	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021
				Dec 27, 2023	Sep 15, 2023	Sep 16, 2022	Jun 30, 2022	Jul 02, 2021	Apr 05, 2021	Jan 08, 2021
1	Commercial paper	6,000.0	2,700.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Subordinated debt	1,000.0	850.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
3	Subordinated debt	700.0	0.0	[ICRA]AA+ (Stable)	-	-	-	-	-	-
4	Non-convertible debentures	3,894.0	999.0	[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	-	-	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)				
6	Non-convertible debentures	-	-	-	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
7	Non-convertible debentures	-	-	-	-	-	-	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)
8	LT fund-based term loan	16,000.0	15,499.90	[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	1,600.0	1,300.0	[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 – Others	4,200.0	1,654.2	[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 November 30, 2023

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial paper	Very Simple
Subordinated debt	Moderately Complex
Non-convertible debentures	Simple
Long-term fund-based term loan	Simple
Long-term fund-based cash credit	Simple
Long-term short-term fund based/Non-fund based – Others	Simple

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 November 30, 2023)

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE957N14GO7	Commercial paper	Dec-09-2022	NA	Dec-08-2023	125.0	[ICRA]A1+
INE957N14GP4	Commercial paper	Dec-12-2022	NA	Dec-12-2023	75.0	[ICRA]A1+
INE957N14GQ2	Commercial paper	Dec-21-2022	NA	Dec-21-2023	150.0	[ICRA]A1+
INE957N14GT6	Commercial paper	Feb-07-2023	NA	Feb-07-2024	200.0	[ICRA]A1+
INE957N14GT6	Commercial paper	Feb-23-2023	NA	Feb-07-2024	50.0	[ICRA]A1+
INE957N14GU4	Commercial paper	Feb-07-2023	NA	Jan-29-2024	150.0	[ICRA]A1+
INE957N14GU4	Commercial paper	Feb-08-2023	NA	Jan-29-2024	100.0	[ICRA]A1+
INE957N14GV2	Commercial paper	Feb-16-2023	NA	Feb-16-2024	250.0	[ICRA]A1+
INE957N14GW0	Commercial paper	Feb-22-2023	NA	Feb-22-2024	150.0	[ICRA]A1+
INE957N14GW0	Commercial paper	Feb-23-2023	NA	Feb-22-2024	100.0	[ICRA]A1+
INE957N14GZ3	Commercial paper	Mar-15-2023	NA	Mar-14-2024	150.0	[ICRA]A1+
INE957N14HA4	Commercial paper	Mar-17-2023	NA	Mar-15-2024	150.0	[ICRA]A1+
INE957N14HB2	Commercial paper	Apr-19-2023	NA	Apr-18-2024	150.0	[ICRA]A1+
INE957N14HE6	Commercial paper	May-19-2023	NA	May-17-2024	160.0	[ICRA]A1+
INE957N14HH9	Commercial paper	Jun-26-2023	NA	Jun-14-2024	100.0	[ICRA]A1+
INE957N14HJ5	Commercial paper	Jul-25-2023	NA	Jul-24-2024	200.0	[ICRA]A1+
INE957N14HM9	Commercial paper	Oct-27-2023	NA	Oct-25-2024	250.0	[ICRA]A1+
INE957N14HN7	Commercial paper	Nov-20-2023	NA	Nov-19-2024	40.0	[ICRA]A1+
INE957N14HO5	Commercial paper	Nov-20-2023	NA	Jan-22-2024	50.0	[ICRA]A1+
INE957N14HP2	Commercial paper	Nov-24-2023	NA	Feb-12-2024	100.0	[ICRA]A1+
NA	Commercial paper*	NA	NA	NA	3,300.0	[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)
INE957N08094	Sub-debt	Oct-21-2022	8.65%	Oct-21-2032	55.0	[ICRA]AA+ (Stable)
INE957N08102	Sub-debt	Dec-01-2022	8.65%	Dec-01-2032	100.0	[ICRA]AA+ (Stable)
NA	Sub-debt*	NA	NA	NA	150.0	[ICRA]AA+ (Stable)
NA	Sub-debt*	NA	NA	NA	700.0	[ICRA]AA+ (Stable)
INE957N07591	NCD	May-07-2021	7.35%	May-07-2031	25.00	[ICRA]AA+ (Stable)
INE957N07633	NCD	Aug-03-2021	6.25%	Aug-02-2024	200.00	[ICRA]AA+ (Stable)
INE957N07641	NCD	Aug-11-2021	0.00%	Aug-09-2024	150.00	[ICRA]AA+ (Stable)
INE957N07682	NCD	Jul-29-2022	7.99%	Jul-29-2025	400.00	[ICRA]AA+ (Stable)
INE957N07724	NCD	Dec-13-2022	0.00%	Aug-13-2024	139.00	[ICRA]AA+ (Stable)
INE957N07740	NCD	Dec-30-2022	8.25%	Dec-30-2024	35.00	[ICRA]AA+ (Stable)
INE957N07757	NCD	May-12-2023	8.35%	May-12-2026	50.00	[ICRA]AA+ (Stable)
NA	NCD*	NA	NA	NA	2,895.0	[ICRA]AA+ (Stable)
NA	Term loan 1	Mar-31-2021	NA	Mar-31-2025	130.00	[ICRA]AA+ (Stable)
NA	Term loan 2	Dec-30-2022	NA	Jan-15-2026	75.01	[ICRA]AA+ (Stable)
NA	Term loan 3	Mar-29-2019	NA	Mar-29-2025	60.00	[ICRA]AA+ (Stable)
NA	Term loan 4	Mar-19-2020	NA	Mar-19-2025	125.00	[ICRA]AA+ (Stable)
NA	Term loan 5	Dec-18-2020	NA	Dec-31-2025	200.00	[ICRA]AA+ (Stable)
NA	Term loan 6	Jun-30-2022	NA	Jun-30-2027	700.00	[ICRA]AA+ (Stable)
NA	Term loan 7	Sep-26-2023	NA	Sep-30-2028	750.00	[ICRA]AA+ (Stable)
NA	Term loan 8	Sep-30-2023	NA	Sep-30-2028	250.00	[ICRA]AA+ (Stable)
NA	Term loan 9	Mar-30-2021	NA	Mar-30-2026	300.00	[ICRA]AA+ (Stable)
NA	Term loan 10	Sep-17-2019	NA	Jul-17-2024	16.59	[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 11	Sep-14-2020	NA	Sep-14-2025	44.40	[ICRA]AA+ (Stable)
NA	Term loan 12	Dec-09-2021	NA	Dec-08-2026	72.20	[ICRA]AA+ (Stable)
NA	Term loan 13	Mar-01-2019	NA	Mar-01-2024	10.00	[ICRA]AA+ (Stable)
NA	Term loan 14	Mar-30-2019	NA	Mar-28-2024	40.00	[ICRA]AA+ (Stable)
NA	Term loan 15	Sep-30-2019	NA	Sep-30-2024	100.00	[ICRA]AA+ (Stable)
NA	Term loan 16	Dec-30-2019	NA	Dec-30-2024	125.00	[ICRA]AA+ (Stable)
NA	Term loan 17	Dec-16-2020	NA	Dec-16-2025	225.00	[ICRA]AA+ (Stable)
NA	Term loan 18	Feb-04-2022	NA	Jan-31-2027	812.50	[ICRA]AA+ (Stable)
NA	Term loan 19	Sep-20-2022	NA	Sep-30-2027	1,600.00	[ICRA]AA+ (Stable)
NA	Term loan 20	Jun-02-2023	NA	Jun-30-2028	475.00	[ICRA]AA+ (Stable)
NA	Term loan 21	Jun-14-2023	NA	Jun-30-2028	475.00	[ICRA]AA+ (Stable)
NA	Term loan 22	Dec-24-2020	NA	Dec-24-2025	111.11	[ICRA]AA+ (Stable)
NA	Term loan 23	Jun-28-2022	NA	Jul-28-2024	150.00	[ICRA]AA+ (Stable)
NA	Term loan 24	Sep-21-2021	NA	Sep-21-2024	44.45	[ICRA]AA+ (Stable)
NA	Term loan 25	Sep-30-2022	NA	Sep-30-2025	182.22	[ICRA]AA+ (Stable)
NA	Term loan 26	Jun-07-2021	NA	Jun-06-2024	75.00	[ICRA]AA+ (Stable)
NA	Term loan 27	Jun-24-2021	NA	Jun-06-2024	175.00	[ICRA]AA+ (Stable)
NA	Term loan 28	Dec-29-2022	NA	Dec-29-2025	525.00	[ICRA]AA+ (Stable)
NA	Term loan 29	Mar-27-2023	NA	Mar-27-2026	250.00	[ICRA]AA+ (Stable)
NA	Term loan 30	Mar-29-2023	NA	Mar-29-2026	416.67	[ICRA]AA+ (Stable)
NA	Term loan 31	Nov-28-2023	NA	Nov-28-2026	750.00	[ICRA]AA+ (Stable)
NA	Term loan 32	Oct-25-2021	NA	Oct-25-2024	100.00	[ICRA]AA+ (Stable)
NA	Term loan 33	Feb-25-2022	NA	Feb-25-2025	83.33	[ICRA]AA+ (Stable)
NA	Term loan 34	Sep-22-2022	NA	Oct-22-2025	296.67	[ICRA]AA+ (Stable)
NA	Term loan 35	Dec-29-2022	NA	Apr-29-2026	107.69	[ICRA]AA+ (Stable)
NA	Term loan 36	Mar-29-2023	NA	Jun-30-2026	156.54	[ICRA]AA+ (Stable)
NA	Term loan 37	Aug-11-2023	NA	Nov-11-2026	600.00	[ICRA]AA+ (Stable)
NA	Term loan 38	Oct-15-2019	NA	Oct-15-2024	100.00	[ICRA]AA+ (Stable)
NA	Term loan 39	Nov-26-2020	NA	Nov-26-2025	201.75	[ICRA]AA+ (Stable)
NA	Term loan 40	Dec-31-2020	NA	Dec-30-2025	210.53	[ICRA]AA+ (Stable)
NA	Term loan 41	Dec-09-2021	NA	Dec-09-2026	315.79	[ICRA]AA+ (Stable)
NA	Term loan 42	Sep-29-2022	NA	Sep-29-2027	394.74	[ICRA]AA+ (Stable)
NA	Term loan 43	Mar-29-2023	NA	Mar-28-2028	225.00	[ICRA]AA+ (Stable)
NA	Term loan 44	Dec-28-2020	NA	Dec-28-2025	100.00	[ICRA]AA+ (Stable)
NA	Term loan 45	Aug-31-2021	NA	Jun-30-2024	60.00	[ICRA]AA+ (Stable)
NA	Term loan 46	Jun-26-2019	NA	Jun-26-2024	41.46	[ICRA]AA+ (Stable)
NA	Term loan 47	Dec-31-2019	NA	Dec-31-2024	249.58	[ICRA]AA+ (Stable)
NA	Term loan 48	Mar-31-2021	NA	Mar-31-2026	416.67	[ICRA]AA+ (Stable)
NA	Term loan 49	Sep-29-2021	NA	Sep-29-2024	33.33	[ICRA]AA+ (Stable)
NA	Term loan 50	Sep-24-2021	NA	Sep-23-2025	25.00	[ICRA]AA+ (Stable)
NA	Term loan 51	Aug-12-2022	NA	Sep-30-2027	320.00	[ICRA]AA+ (Stable)
NA	Term loan 52	Dec-29-2022	NA	Dec-31-2027	637.50	[ICRA]AA+ (Stable)
NA	Term loan 53	Mar-09-2023	NA	Mar-31-2028	90.00	[ICRA]AA+ (Stable)
NA	Term loan 54	Sep-27-2019	NA	Sep-27-2024	40.00	[ICRA]AA+ (Stable)
NA	Term loan 55	Mar-28-2019	NA	Mar-31-2024	12.50	[ICRA]AA+ (Stable)
NA	Term loan 56	Dec-24-2019	NA	Dec-24-2024	166.67	[ICRA]AA+ (Stable)
NA	Term loan 57	Dec-28-2022	NA	Dec-28-2027	250.00	[ICRA]AA+ (Stable)
NA	Term loan 58	Sep-05-2023	NA	Sep-05-2028	1,000.00	[ICRA]AA+ (Stable)
NA	Working capital 1	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Working capital 2	NA	NA	NA	200.0	[ICRA]AA+ (Stable)
NA	Working capital 3	NA	NA	NA	200.0	[ICRA]AA+ (Stable)
NA	Working capital 4	NA	NA	NA	700.0	[ICRA]AA+ (Stable)

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Working capital 5	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Bank line 1	Feb-17-2023	NA	Mar-10-2026	1,654.2	[ICRA]AA+ (Stable)
NA	LT fund-based term loan*	NA	NA	NA	500.1	[ICRA]AA+ (Stable)
NA	LT fund-based cash credit*	NA	NA	NA	300.0	[ICRA]AA+ (Stable)
NA	LT/ST fund-based/ Non-fund based – Others*	NA	NA	NA	2,545.8	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: ICRA Research; * Yet to be placed/Proposed

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

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

Manushree Sagar
+91 124 4545 316
manushrees@icraindia.com

Rajat Kher
+91 124 4545 833
rajat.kher@icraindia.com

Mishi Yadav
+91 124 4545 311
mishi.yadav@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

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

ICRA Limited



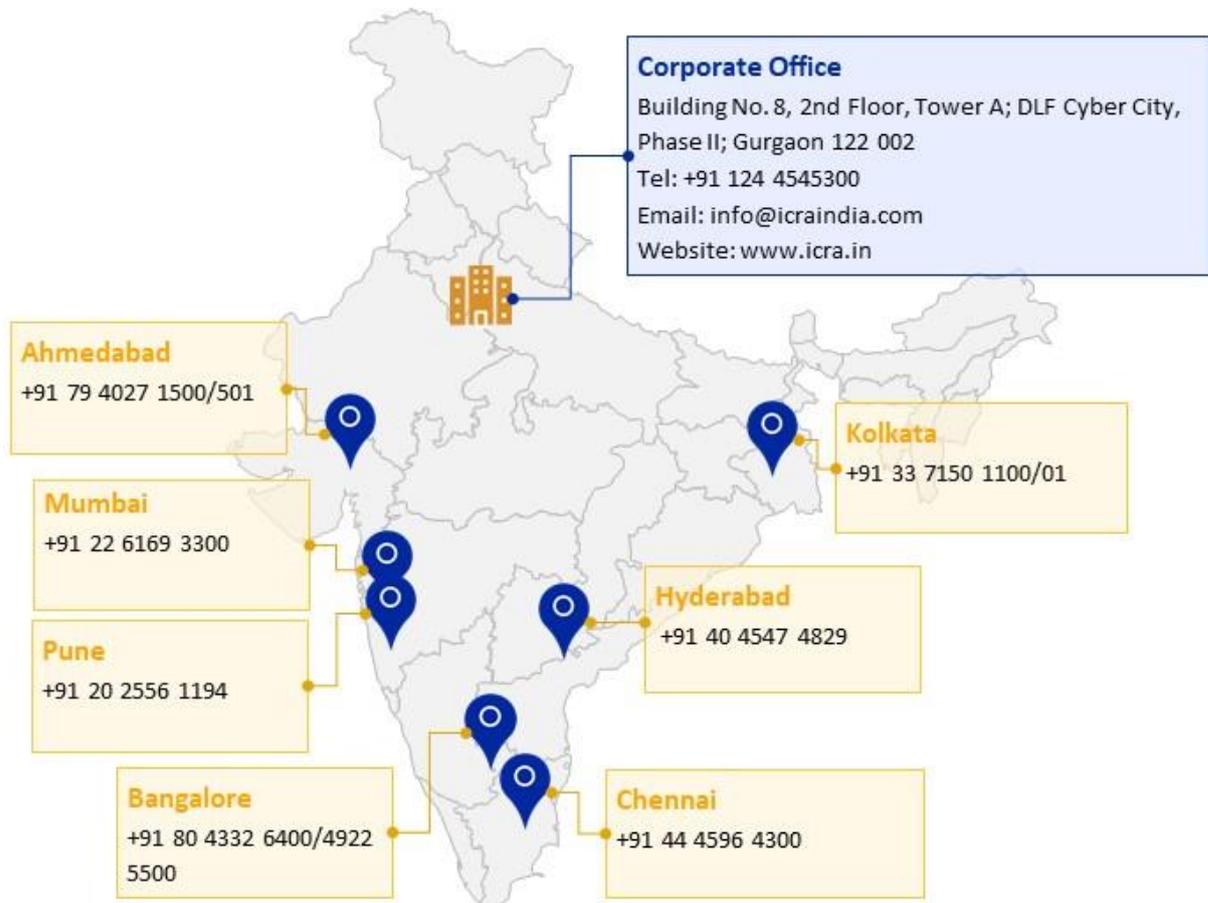
Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2023 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 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.