

April 14, 2026

## Hero Housing Finance Limited: Rating withdrawn for commercial paper

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term fund based/Non-fund based – bank lines	2,640.00	2,640.00	[ICRA]AA+ (Stable)/[ICRA]A1+; outstanding
Non-convertible debentures	600.00	600.00	[ICRA]AA+ (Stable); outstanding
Subordinated debt	200.00	200.00	[ICRA]AA+ (Stable); outstanding
Commercial paper	150.00	0.00	[ICRA]A1+; withdrawn
<b>Total</b>	<b>3,590.00</b>	<b>3,440.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

ICRA has withdrawn the rating assigned to the Rs. 150-crore commercial paper (CP) programme as no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

The Key rating drivers, Liquidity position, Rating sensitivities, Key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-banking Finance Companies Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	The ratings derive significant strength from the strong parentage of HFCL and HHFL with HMCL, its individual promoters and their investment companies (collectively referred to as the Hero BML Group) holding a 78.1% equity stake in HFCL as on December 31, 2025. ICRA expects HMCL to remain the single largest shareholder in HFCL and the Hero BML Group to be willing to extend capital support to HFCL and HHFL, if needed, given the importance that the business holds for the Hero BML Group.
Consolidation/Standalone	Consolidation

### About the company

HHFL, incorporated in June 2016 as a majority-owned subsidiary of HFCL, is a non-deposit taking housing finance company. It undertakes housing finance operations in 11 states/Union Territories, including Delhi NCR, Haryana, Punjab, Gujarat, Maharashtra, Rajasthan, Uttar Pradesh, Tamil Nadu, Andhra Pradesh, Telangana, Uttarakhand, Pondicherry. The company plans to leverage the experience and network of its parent along with the strong brand recall of the Hero Group to scale up the loan book, largely in the mid-housing segment with some focus on the affordable segment. HHFL extends housing loans and loan against property (LAP) to retail borrowers and had assets under management (AUM) of Rs. 7,160 crore as on December 31, 2025 with home loans having the largest share at 56% followed by LAP (35%) and others including construction finance (9%).

HHFL reported a profit after tax (PAT) of Rs. 52 crore in 9M FY2026 on a managed asset base of Rs. 7,836 crore as on December 31, 2025 compared to Rs. 51 crore in FY2025 on a managed asset base of Rs. 7,431 crore as on March 31, 2025. As on December 31, 2025, the company had a net worth of Rs. 1,100 crore and capital adequacy of 20.3% (Rs. 848 crore and 17.2% as on March

31, 2025). The gross and net stage 3 stood at 2.4% and 1.8%, respectively, as on December 31, 2025 (1.7% and 1.3%, respectively, March 31, 2025).

### **Hero FinCorp Limited**

HFCL is an NBFC extending retail finance for 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 NHB in August 2017. On a consolidated basis, HFCL's assets under management (AUM) stood at Rs. 56,054 crore as on December 31, 2025 and comprised of personal loans with a share of 26%, LAP and CF (21%), 2-wheeler finance (17%; excluding inventory funding), unsecured MSME loans (8%), corporate loans (11%), pre-owned car finance (10%), home loans (7%).

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

HMCL and its promoter group (members of the Munjal family and their investment companies) together held a 78.1% equity stake in HFCL as of December 31, 2025. While 40.4% was held directly by HMCL, 37.7% 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 Otter Ltd (Chrys Capital), LC Hercules (Cayman) Limited, Apis, Tiger Laser Pte. Ltd, Vattikuti Ventures LLC together held a 14.2% equity stake with the balance (7.7%) held by HMCL's dealers, employees and others. Further, external investors such as Apollo Global and JM Financial Group had invested in HFCL via compulsorily convertible preference shares (CCPS) during the capital infusion in June 2022.

On a consolidated basis, HFCL reported a net loss<sup>1</sup> of Rs. 232 crore in 9M FY2026 on a managed asset base of Rs. 61,895 crore as on December 31, 2025 compared to PAT of Rs. 110 crore in FY2025 on a managed asset base of Rs. 63,947 crore as on March 31, 2025. As on December 31, 2025, the company had a net worth of Rs. 9,067 crore (Rs. 8,645 crore as on March 31, 2025). The gross and net stage 3 stood at 4.9% and 2.2%, respectively, as on December 31, 2025, compared to 5.2% and 2.4%, respectively, as on March 31, 2025.

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

**Any other information: None**

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<sup>1</sup> The reported PAT was lower by Rs. 433 crore in 9M FY2026 (Rs. 333 crore in FY2025) due to a non-cash non-payable accounting entry regarding CCPS valuation

## Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Apr 14, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based/ Non-fund based - bank lines</b>	Long Term/ Short Term	2,640.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	Apr 02, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jun 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Sep 15, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
				Apr 08, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	Dec 20, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Mar 01, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+
				Mar 27, 2026	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 29, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-
<b>NCD</b>	Long Term	600.00	[ICRA]AA+ (Stable)	Apr 02, 2025	[ICRA]AA+ (Stable)	Jun 30, 2024	[ICRA]AA+ (Stable)	Sep 15, 2023	[ICRA]AA+ (Stable)
				Apr 08, 2025	[ICRA]AA+ (Stable)	Dec 20, 2024	[ICRA]AA+ (Stable)	Mar 01, 2024	[ICRA]AA+ (Stable)
				Mar 27, 2026	[ICRA]AA+ (Stable)	Jan 29, 2025	[ICRA]AA+ (Stable)	-	-
<b>Subordinated debt</b>	Long Term	200.00	[ICRA]AA+ (Stable)	Apr 02, 2025	[ICRA]AA+ (Stable)	Jun 30, 2024	[ICRA]AA+ (Stable)	Sep 15, 2023	[ICRA]AA+ (Stable)
				Apr 08, 2025	[ICRA]AA+ (Stable)	Dec 20, 2024	[ICRA]AA+ (Stable)	Mar 01, 2024	[ICRA]AA+ (Stable)
				Mar 27, 2026	[ICRA]AA+ (Stable)	Jan 29, 2025	[ICRA]AA+ (Stable)	-	-
<b>Commercial Paper</b>	Short Term	150.00	[ICRA]A1+; withdrawn	Apr 02, 2025	[ICRA]A1+	Jun 30, 2024	[ICRA]A1+	Sep 15, 2023	[ICRA]A1+
				Apr 08, 2025	[ICRA]A1+	Dec 20, 2024	[ICRA]A1+	Mar 01, 2024	[ICRA]A1+
				Mar 27, 2026	[ICRA]A1+	Jan 29, 2025	[ICRA]A1+	-	-

Source: ICRA Research

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$) )	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI

Sr. No.	Instrument	FSR
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure :** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

### Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt	Simple
Non-convertible debentures	Simple
Long-term/Short-term fund based/Non-fund based	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 II: Instrument details<sup>^</sup>**

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE800X08012	Sub-debt	Dec-28-2018	9.5000%	Dec-28-2028	25.0	[ICRA]AA+ (Stable)
INE800X08020	Sub-debt	Mar-05-2021	7.8500%	Mar-05-2031	25.0	[ICRA]AA+ (Stable)
INE800X08038	Sub-debt	Nov-25-2022	8.7500%	Nov-25-2032	25.0	[ICRA]AA+ (Stable)
NA	Sub-debt*	NA	NA	NA	125.0	[ICRA]AA+ (Stable)
INE800X07105	NCD	Apr-29-2025	8.3200%	Apr-29-2027	100.0	[ICRA]AA+ (Stable)
INE800X07097	NCD	Apr-29-2025	8.3200%	Aug-30-2027	150.0	[ICRA]AA+ (Stable)
INE800X07055	NCD	Feb-15-2023	8.5000%	Feb-15-2033	25.0	[ICRA]AA+ (Stable)
NA	NCD*	NA	NA	NA	325.0	[ICRA]AA+ (Stable)
NA	LT/ST fund based/ Non-fund based	NA	NA	NA	2,619.39	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	LT/ST fund based/ Non-fund based*	NA	NA	NA	20.61	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Commercial paper*	NA	NA	NA	150.0	[ICRA]A1+; withdrawn

Source: ICRA Research; \* Yet to be placed/Proposed; <sup>^</sup> As on February 28, 2026; LT – Long term ST – Short term

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

**Annexure III: List of entities considered for consolidated analysis**

Company name	Ownership	Consolidation approach
Hero Housing Finance Limited (HHFL)	Rated entity	Full consolidation
Hero FinCorp Limited (HFCL)	Parent	Full consolidation

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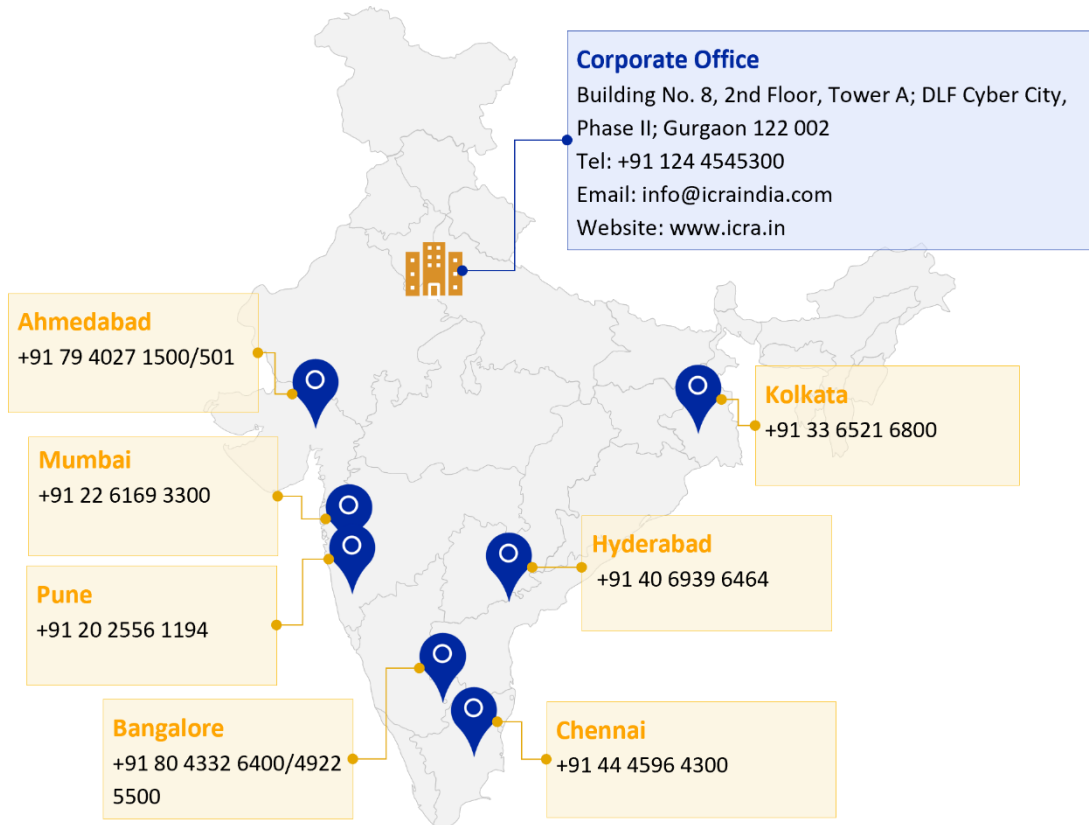


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