

January 08, 2021

Hero Fincorp Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper	6,000.00	6,000.00	[ICRA]A1+; reaffirmed
Subordinated Debt	700.00	700.00	[ICRA]AA+ (Stable); reaffirmed
Non-convertible Debentures	1,862.00	1,862.00	[ICRA]AA+ (Stable); reaffirmed
Non-convertible Debentures	759.00	-	[ICRA]AA+ (Stable); reaffirmed and withdrawn
Long-term Fund Based	10,975.50	12,889.50	[ICRA]AA+ (Stable); assigned/reaffirmed
Long-term Short-term Fund-based/Non-fund based^	24.50	110.50	[ICRA]AA+ (Stable)/ [ICRA]A1+; assigned/reaffirmed

*Instrument details are provided in Annexure-1; ^unallocated; #Withdrawn as ISINs stand fully redeemed basis publicly available information and/or confirmation from the company

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 there are significant operational and business synergies between the two companies in addition to a shared name and management oversight.

The ratings continue to draw strength from HFCL's strong parentage, track record of adequate capitalisation with a strong ability to recapitalise as seen in regular equity infusions (about Rs. 1,781 crore over two years ending March 2020), 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 79.5% stake in HFCL as on September 30, 2020. As a part of the Hero Group, HFCL and HHFL enjoy good financial flexibility and have continued to maintain a diversified borrowing profile and raised funds at competitive costs despite the challenging operating environment. HFCL is a key company for the Group's foray into financial services and is strategically important to the Group as the captive financier of the two-wheeler sales of HMCL. HFCL and HMCL also share a common name. ICRA expects HMCL to maintain majority shareholding in HFCL, which will continue to benefit from Group synergies in the form of branding, distribution network, management guidance, and capital and liquidity support.

HFCL's capitalisation profile remains adequate with a CRAR of 20.6% and a consolidated gearing of 4.8 times as on September 30, 2020. Moreover, a committed call of further equity of Rs. 472 crore from its shareholders provides visibility on capital for growth in the medium term as well as a cushion for absorbing any asset-side shocks. The capitalisation level of HFCL's wholly-owned subsidiary, HHFL, also continues to be supported by regular equity support from HFCL. As of September 30, 2020, HHFL's financial profile was characterised by a CRAR of 27.1%. While ICRA notes that HFCL and HHFL would continue to need equity infusions over the medium term to maintain prudent capitalisation levels while growing as per business plans, support from the parent group is expected to be forthcoming as and when required.

ICRA has taken note of the heightened portfolio vulnerability amid the challenging operating environment due to the Covid-19-induced disruption and the resultant slowdown in the economy. While the reported gross and net stage 3 ratios, at the consolidated level, improved to 5.5% and 3.3%, respectively, as on September 30, 2020 from 6.1% and 3.8%, respectively, as on March 31, 2020, it is noted that forward bucket movements in H1 FY2021 were curtailed by the prolonged forbearance period. Thus, the evolving asset quality trajectory over the near term and the resultant impact on profitability will remain a monitorable. Earlier, in FY2020, HFCL had witnessed a deterioration in the asset quality due to incremental slippages across segments, especially in the SME lending segment portfolio corresponding to loans originated prior to March 2017. However, subsequent originations showed a relatively better asset quality trajectory in FY2020, given the tightening in the credit processes and norms and the revamped collection infrastructure post March 2017. The elevated level of stage 3 assets adversely impacted the consolidated solvency metric with Net Stage 3/Net Worth of 17.4% in September 2020 (Net Stage 3/Tier I of 19.1%). While the committed equity infusion in FY2021 is likely to keep the leverage and solvency indicators under control for now, the inability to manage the asset quality pressures in the near to medium term can bring the solvency metric under further pressure.

The ratings also factor in HFCL's track record of moderate profitability with the return on equity (RoE) remaining below average (6.9% in FY2020 and 4.8% in H1 FY2021) as the operations have been in expansion mode (notwithstanding the impact of the pandemic in H1 FY2021). The profitability was also affected by the asset quality pressure and Covid-19-related provisioning. Going forward, the operating expenses at the consolidated level are likely to moderate (compared to the level seen till FY2020) with no new product line expected to be launched and the achievement of scale by three product lines under the retail segment. Meanwhile, HHFL's operating expenses are expected to remain high over the medium term, given the nascent stage of operations and the planned expansion of the scale and branch network. This, in turn, would keep the profitability indicators muted. Overall, 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.

Key rating drivers and their description

Credit strengths

Strong parentage¹ and strategic importance to HMCL – The ratings derive significant strength from the parentage of HFCL and HHFL with HMCL, its individual promoters and their investment companies (collectively referred to as the Hero Group) holding a 79.5% stake in HFCL as on September 30, 2020. 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 Group. HFCL is a key company for the Group's foray into financial services and is strategically important to the Group as the captive financier of the two-wheeler sales of HMCL. HFCL, HHFL and HMCL also share a common name, which, in ICRA's opinion, would persuade the 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.

Adequate capitalisation profile supported by regular equity infusions – HFCL's capitalisation profile remains adequate with a CRAR of 20.6% and a consolidated gearing of 4.8 times as on September 30, 2020. Moreover, a committed call of further equity of Rs. 472 crore from its shareholders provides visibility on capital for growth in the medium term as well as a cushion for absorbing any asset-side shocks. The capitalisation level has been supported by timely and regular equity

¹Hero Group holds a stake of ~79.5% in HFCL; HMCL, on a standalone basis, held a stake of 41.2% as on September 30, 2020

infusions by the existing promoters/investors (the company raised Rs. 1,181-crore equity in FY2019, followed by Rs. 603 crore in March 2020). The capitalisation level of HFCL's wholly-owned subsidiary, HHFL, also continues to be supported by regular equity infusions from HFCL. As of September 30, 2020, HHFL's financial profile was characterised by a CRAR of 27.1%. However, the subsidiary's capital requirement is expected to remain high, given its growth plans and marginal internal capital generation. ICRA notes that although HFCL and HHFL would continue to need equity infusions over the medium term to maintain prudent capitalisation levels while growing as per business plans, support from the parent group is expected to be forthcoming as and when required.

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 25% of the funding mix as on September 30, 2020). ICRA notes that the share of bank lines has increased considerably in the incremental borrowings of the company during the past two years.

Credit challenges

Asset quality pressure – Given the Covid-19-induced disruption and the resultant slowdown in the economy, alike broader industry, HFCL's portfolio is likely to be vulnerable. While the reported gross and net stage 3 ratios, at the consolidated level, improved to 5.5% and 3.3%, respectively, as on September 30, 2020, from 6.1% and 3.8%, respectively, as on March 31, 2020, it is noted that forward bucket movements were curtailed in H1 FY2021 by the prolonged forbearance period. Thus, the evolving asset quality trajectory over the near term and the resultant impact on profitability will remain a monitorable. Further, ICRA notes that HFCL witnessed a deterioration in the asset quality in FY2020, whereby the reported gross and net stage 3 ratios, at the consolidated level, increased to 6.1% and 3.8%, respectively, as on March 31, 2020, from 4.3% and 2.9%, respectively, as on March 31, 2019. This trend in FY2020 resulted from incremental slippages across segments, especially in the SME lending segment portfolio corresponding to loans originated prior to March 2017. Nevertheless, subsequent originations showed a relatively better asset quality trajectory in FY2020, given the tightening in the credit processes and norms and the revamped collection infrastructure post March 2017. Also, while the share of retail loans continues to increase, the corporate loan book remains sizeable at 20% of the total loan book as on September 30, 2020 (notwithstanding the sharp decline in the past 18 months. The company is, however, curtailing the growth in this book as its focus is on the retail and housing segments, which are granular. ICRA also notes that HFCL's housing finance operations through HHFL have a limited track record, though delinquencies have been under control.

The elevated level of stage 3 assets has adversely impacted the consolidated solvency metric with Net Stage 3/Net Worth of 17.4% in September 2020 (Net Stage 3/Tier I of 19.1%). While the Rs. 472-crore equity infusion in FY2021 is likely to keep the leverage and solvency indicators under control for now, the inability to manage the asset quality pressures in the near to medium term can bring the solvency metric under further pressure.

Modest profitability indicators – As HFCL's operations have been in expansion mode (notwithstanding the slowdown in growth due to the pandemic) and the asset quality is under pressure, the consolidated profitability remained subdued in FY2020 with an RoE of 6.9%². Moreover, the augmented asset quality pressures have brought the profitability under further pressure despite the cost rationalisation measures, as reflected by the RoE of 4.8% in H1 FY2021. While the yields, lending spread, and net interest margin (NIM) have improved in the past 18 months, the impact was offset by higher credit costs. HHFL's operating expenses are expected to remain high over the medium term, given the nascent stage of operations and the planned expansion of the scale and branch network. This, in turn, would keep the profitability indicators muted. Overall, the ability of HFCL and HHFL to grow while keeping good control over the asset quality will be critical for an

² 9.4% adjusted for the impact of Covid-19 provisioning; even higher if adjusted for equity infusion timing and investment made in HHFL

improvement in the profitability over the medium term. The sustained inability to improve the profitability from the currently modest levels will be a credit negative.

Liquidity position: Strong

Despite the curtailed cash inflows in H1 FY2021 because of the moratorium extended to customers (monthly average for portfolio under moratorium during forbearance period was 28%), HFCL and HHFL have retained a strong liquidity position. As of September 30, 2020, the consolidated on-balance sheet liquidity was about Rs. 3,100 crore (14% of total borrowings), besides the availability of off-balance sheet liquidity of about Rs. 2,500 crore in the form of undrawn working capital lines and uncalled equity. The available liquidity is adequate to take care of the debt servicing obligations (principal + interest) falling due in H2 FY2021. Additionally, HFCL has continued to tap debt/money markets and other borrowing opportunities with over Rs. 6,000 crore raised in H1 FY2021.

It is also noted that 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. As on September 30, 2020, HFCL's ALM reflected debt maturities of Rs. 5,057 crore for the 6-month period ending March 31, 2021, against which its scheduled inflows were Rs. 5,830 crore. This, along with sufficient cash and liquid investments (~Rs. 2,759 crore as on September 30, 2020) and sizeable sanctioned and unutilised working capital lines (Rs. 2,027 crore as on September 30, 2020), augurs well for the liquidity profile of the company. Further, the track record of regular support from the parent, in terms of equity infusion, provides comfort.

ICRA is cognizant of HHFL's ALM profile being characterised by mismatches in the near-to-medium-term buckets due to the longer tenure of the assets compared to the borrowings. As on September 30, 2020, HHFL's ALM reflected debt maturities of Rs. 265 crore over the 12-month period ending September 30, 2021, against which its scheduled inflows are only Rs. 81 crore. Nevertheless, cash and liquid investments of over Rs. 400 crore as on September 30, 2020 are sufficient to plug mismatches in the near-term buckets. Also, ICRA notes that the company has been able to successfully raise funds 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. It is further noted that HHFL has uncalled equity of Rs. 100 crore which can be called (from the parent) anytime within 12 months.

Rating sensitivities

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

Negative triggers – The ratings could be downgraded on a deterioration in HMCL's credit profile or lower-than-expected support from the parent group. Besides, a deterioration in the consolidated asset quality indicators and/or the capitalisation level with the solvency ratio (Net Stage 3/ Tier I) deteriorating beyond 25% and/or a cushion of less than 3% in the Tier I capital over the regulatory requirement on a sustained basis will be a trigger for a downward revision. The ratings could also come under pressure in case of 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 ICRA's Credit Rating Methodology for Housing Finance Companies Financial Consolidation and Rating Approach Impact of Parent or Group Support on an Issuer's Credit Rating
Parent/Group Support	<p>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 Group) holding a 79.5% stake in HFCL as on September 30, 2020. 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 Group. HFCL is a key company for the Group's foray into financial services and is strategically important to the Group as it is the captive financier of the two-wheeler sales of HMCL. HFCL, HHFL and HMCL also share a common name, which, in ICRA's opinion, would persuade the Group to provide financial support to HFCL to protect its reputation from the consequences of a Group entity's distress.</p>
Consolidation/Standalone	<p>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 there are significant operational and business synergies between the two companies in addition to a shared name and management oversight.</p>

About the company

HFCL is a non-banking financial company (NBFC) engaged in extending retail finance for the two-wheeler sales of HMCL (rated [ICRA]AAA (Stable)/[ICRA]A1+), bill discounting for HMCL's suppliers, loans to small and medium enterprises, loan against property (LAP), used car financing and personal loans³. Moreover, HFCL's subsidiary, HHFL, received a housing finance licence from National Housing Bank (NHB) in August 2017. On a consolidated basis, the assets under HFCL's management stood at Rs. 24,338 crore as on September 30, 2020 compared to Rs. 25,152 crore as on March 31, 2020. HHFL extends housing loans to retail borrowers and had a total loan book of Rs. 1,976 crore as on September 30, 2020 compared to Rs. 1,793 crore as on March 31, 2020.

HFCL was incorporated in December 1991 under the name Hero Honda FinLease Limited. Following a change in the ownership of its parent, Hero MotoCorp Limited (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 two-wheelers, used cars financing, personal loans, LAP, etc.

HMCL and its promoter group (members of the Munjal family and their investment companies) together held a 79.5% ownership stake in HFCL as of September 30, 2020. While 41.2% is directly held by HMCL, 38.3% is held by the Munjal family members and their investment companies including Bahadur Chand Investment Pvt. Ltd. (rated [ICRA]AA (Stable)). External investors such as Credit Suisse (Singapore) and Otter Ltd (Chrys Capital) hold a 14% stake with the balance 6.4% held by HMCL's dealers, employees, etc.

³ Cross-sell loans extended to two-wheeler customers with a good track record and no overdues in the initial nine-month period

On a standalone basis, HFCL reported a profit after tax (PAT) of Rs. 310 crore on a total asset base of Rs. 26,517 crore in FY2020 against a PAT of Rs. 268 crore on a total asset base of Rs. 21,133 crore in FY2019. In H1 FY2021, the company achieved a PAT of Rs. 123 crore on a total asset base of Rs. 26,093 crore. As on September 30, 2020, HFCL had a net worth of Rs. 4,619 crore against Rs. 4,527 crore as on March 31, 2020 and capital adequacy of 20.6% (Tier I: 17.3%). The gross and net non-performing assets stood at 5.9% and 3.6%, respectively, as on September 30, 2020 compared to 6.5% and 4.1%, respectively, as on March 31, 2020.

On a consolidated basis, HFCL reported a PAT of Rs. 278 crore on a total asset base of Rs. 28,092 crore in FY2020 against a PAT of Rs. 246 crore on a total asset base of Rs. 21,551 crore in FY2019. In H1 FY2021, the company achieved a PAT of Rs. 109 crore on a total asset base of Rs. 28,187 crore. As on September 30, 2020, the company's consolidated loan portfolio comprised two-wheeler finance with a portfolio share of 34%, dealer inventory funding (2%), pre-owned car finance (7%), personal loans (9%), home loans (6%), retail SME loans (22%), and corporate loans (20%).

Key financial indicators – Hero Fincorp Limited

Amounts in Rs. crore	Standalone			Consolidated		
	FY2019	FY2020	H1 FY2021	FY2019	FY2020	H1 FY2021
Accounting Standard	Ind-AS	Ind-AS	Ind-AS	Ind-AS	Ind-AS	Ind-AS
PAT	268	310	123	246	278	109
Net Worth	3,667	4,527	4,619	3,642	4,471	4,550
Assets under Management (AUM)	19,692	23,359	22,362	20,254	25,152	24,338
Return on Average Assets	1.5%	1.3%	0.9%	1.4%	1.1%	0.8%
Return on Average Equity	9.1%	7.6%	5.4%	8.3%	6.9%	4.8%
Gearing (times)	4.5	4.6	4.3	4.7	5.0	4.8
Net Worth/ AUM	19%	19%	21%	18%	18%	19%
CRAR	19.3%	19.6%	20.6%			
Gross NPAs%	4.5%	6.5%	5.9%	4.3%	6.1%	5.5%
Net NPAs%	3.0%	4.1%	3.6%	2.9%	3.8%	3.3%
Net NPA/ Net Worth	16%	21%	17%	16%	21%	17%

Source: HFCL, ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

	Instrument	Current Rating (FY2021)				Rating History for the Past 3 Years						
		Type	Amount Rated	Amount Outstanding*	Jan 08, 2021	FY2020		FY2019			FY2018	
						Mar 23, 2020	Apr 02, 2019	Nov 22, 2018	Sep 25, 2018	Aug 03, 2018	Oct 03, 2017	Apr 12, 2017
1	Commercial Paper	ST	6,000	3,043	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Sub-debt	LT	700	595	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
3	NCD	LT	1,862	868	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
4	NCD	LT	759	-	Rating Withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
5	LT Fund Based	LT	12,889.50	NA	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
6	LT/ST Fund Based/Non-fund Based [^]	LT/ST	110.50	-	[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+	[ICRA]AA+ (Stable)/ [ICRA]1+

Source: ICRA research; Amount in Rs. crore; *As of Sep 30, 2020; ^unallocated

Note: LT - Long Term; ST - Short Term

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE957N07104	NCD	24-Sep-15	8.93%	18-Feb-21	16.00	[ICRA]AA+ (Stable)
INE957N07146	NCD	6-Jan-16	8.76%	10-Jun-21	12.00	[ICRA]AA+ (Stable)
INE957N07351	NCD	18-Aug-17	7.70%	18-Aug-22	85.00	[ICRA]AA+ (Stable)
INE957N07369	NCD	8-Jan-18	8.10%	8-Apr-21	115.00	[ICRA]AA+ (Stable)
INE957N07377	NCD	8-Jan-18	8.10%	8-Jul-21	80.00	[ICRA]AA+ (Stable)
INE957N07468	NCD	20-Jun-19	8.41%	20-Jun-22	110.00	[ICRA]AA+ (Stable)
INE957N07484	NCD	20-Dec-19	7.75%	20-Dec-22	100.00	[ICRA]AA+ (Stable)
INE957N07492	NCD	27-Apr-20	7.85%	27-Apr-23	350.00	[ICRA]AA+ (Stable)
NA	NCD*	NA	NA	NA	994.00	[ICRA]AA+ (Stable)
INE957N07385	NCD	26-Jun-18	8.81%	29-May-20	150.00	Rating Withdrawn
INE957N07344	NCD	18-Aug-17	7.60%	18-Nov-20	295.00	Rating Withdrawn
INE957N07393	NCD	26-Jun-18	8.81%	8-Jul-20	100.00	Rating Withdrawn
INE957N07401	NCD	27-Jul-18	8.81%	8-Jul-20	105.00	Rating Withdrawn
INE957N07245	NCD	16-Jan-17	7.83%	9-Jun-20	4.00	Rating Withdrawn
INE957N07336	NCD	18-Aug-17	7.60%	3-Aug-20	75.00	Rating Withdrawn
INE957N07047	NCD	23-Apr-15	8.98%	23-Apr-20	20.00	Rating Withdrawn
INE957N07096	NCD	24-Sep-15	8.93%	24-Sep-20	10.00	Rating Withdrawn
INE957N08011	Sub-Debt	15-Sep-15	9.35%	15-Sep-25	100.00	[ICRA]AA+ (Stable)
INE957N08029	Sub-Debt	3-Aug-16	8.98%	3-Aug-26	100.00	[ICRA]AA+ (Stable)
INE957N08037	Sub-Debt	20-Jun-17	8.52%	18-Jun-27	100.00	[ICRA]AA+ (Stable)
INE957N08045	Sub-Debt	6-Dec-18	9.81%	24-Nov-28	125.00	[ICRA]AA+ (Stable)
INE957N08052	Sub-Debt	5-Feb-20	8.85%	5-Feb-30	100.00	[ICRA]AA+ (Stable)
INE957N08060	Sub-Debt	4-Mar-20	8.49%	4-Mar-30	25.00	[ICRA]AA+ (Stable)
INE957N08078	Sub-Debt	11-Dec-20	7.65%	11-Dec-30	45.00	[ICRA]AA+ (Stable)
NA	Sub-Debt*	NA	NA	NA	105.00	[ICRA]AA+ (Stable)
NA	CP	-	-	7-365 Days	6,000.00	[ICRA]A1+
NA	Cash Credit 1	-	-	-	50.00	[ICRA]AA+ (Stable)
NA	Cash Credit 2	-	-	-	50.00	[ICRA]AA+ (Stable)
NA	Cash Credit 3	-	-	-	200.00	[ICRA]AA+ (Stable)
NA	Cash Credit 4	-	-	-	100.00	[ICRA]AA+ (Stable)
NA	Cash Credit 5	-	-	-	300.00	[ICRA]AA+ (Stable)
NA	Cash Credit 6	-	-	-	200.00	[ICRA]AA+ (Stable)
NA	Cash Credit 7	-	-	-	100.00	[ICRA]AA+ (Stable)
NA	Cash Credit 8	-	-	-	200.00	[ICRA]AA+ (Stable)
NA	Cash Credit 9	-	-	-	300.00	[ICRA]AA+ (Stable)
NA	Cash Credit 10	-	-	-	100.00	[ICRA]AA+ (Stable)
NA	Term Loan 1	17-Sep-19	1y MCLR + 55 bps	17-Sep-24	100.00	[ICRA]AA+ (Stable)
NA	Term Loan 2	26-Dec-16	1y MCLR + 20 bps	26-Dec-21	150.00	[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 3	27-Sep-19	1y MCLR + 15 bps	27-Sep-24	200.00	[ICRA]AA+ (Stable)
NA	Term Loan 4	13-Jul-18	1m MCLR	13-Jul-21	100.00	[ICRA]AA+ (Stable)
NA	Term Loan 5	13-Jul-18	1m MCLR	13-Jul-23	200.00	[ICRA]AA+ (Stable)
NA	Term Loan 6	23-Oct-18	6m MCLR	23-Oct-21	25.00	[ICRA]AA+ (Stable)
NA	Term Loan 7	16-Dec-17	1y MCLR + 35 bps	27-Mar-23	750.00	[ICRA]AA+ (Stable)
NA	Term Loan 8	31-Mar-16	3m MCLR	31-Mar-21	113.00	[ICRA]AA+ (Stable)
NA	Term Loan 9	26-Jun-19	1y MCLR + 5 bps	26-Jun-24	250.00	[ICRA]AA+ (Stable)
NA	Term Loan 10	29-Jun-18	6m T-bill +147 bps	29-Apr-21	200.00	[ICRA]AA+ (Stable)
NA	Term Loan 11	14-Feb-18	1y MCLR + 45 bps	30-Jan-21	100.00	[ICRA]AA+ (Stable)
NA	Term Loan 12	26-Jul-18	1y MCLR + 45 bps	31-Jul-23	450.00	[ICRA]AA+ (Stable)
NA	Term Loan 13	21-Dec-18	1y MCLR + 75 bps	31-Dec-22	500.00	[ICRA]AA+ (Stable)
NA	Term Loan 14	26-Dec-18	1y MCLR + 60 bps	31-Dec-22	500.00	[ICRA]AA+ (Stable)
NA	Term Loan 15	2-Mar-17	1y MCLR	28-Feb-22	350.00	[ICRA]AA+ (Stable)
NA	Term Loan 16	28-Dec-18	1Y MCLR + 150 bps	31-Dec-23	1,000.00	[ICRA]AA+ (Stable)
NA	Term Loan 17	31-Dec-19	1y MCLR + 75 bps	31-Dec-24	500.00	[ICRA]AA+ (Stable)
NA	Term Loan 18	27-Dec-19	1y MCLR + 15 bps	30-Jun-23	200.00	[ICRA]AA+ (Stable)
NA	Term Loan 19	8-Mar-18	3m MCLR	8-Mar-23	50.00	[ICRA]AA+ (Stable)
NA	Term Loan 20	1-Nov-18	1y MCLR + 50 bps	8-Mar-23	100.00	[ICRA]AA+ (Stable)
NA	Term Loan 21	1-Mar-19	1y MCLR + 60 bps	1-Mar-24	85.00	[ICRA]AA+ (Stable)
NA	Term Loan 22	28-Mar-19	1y MCLR + 60 bps	28-Mar-24	340.00	[ICRA]AA+ (Stable)
NA	Term Loan 23	30-Sep-19	1y MCLR + 110 bps	30-Sep-24	475.00	[ICRA]AA+ (Stable)
NA	Term Loan 24	30-Dec-19	1y MCLR + 65 bps	30-Dec-24	500.00	[ICRA]AA+ (Stable)
NA	Term Loan 25	7-Dec-18	1y MCLR + 25 bps	7-Dec-21	50.00	[ICRA]AA+ (Stable)
NA	Term Loan 26	30-Mar-17	1y MCLR	28-Feb-23	50.00	[ICRA]AA+ (Stable)
NA	Term Loan 27	5-Feb-18	1y MCLR	28-Feb-23	50.00	[ICRA]AA+ (Stable)
NA	Term Loan 28	24-Feb-17	1y MCLR	28-Feb-22	200.00	[ICRA]AA+ (Stable)
NA	Term Loan 29	28-Mar-19	1y MCLR + 25 bps	31-Mar-24	100.00	[ICRA]AA+ (Stable)
NA	Term Loan 30	24-Dec-19	1y MCLR + 50 bps	24-Dec-24	500.00	[ICRA]AA+ (Stable)
NA	Term Loan 31	29-Mar-19	1y MCLR + 75 bps	29-Mar-25	200.00	[ICRA]AA+ (Stable)
NA	Term Loan 32	15-Oct-19	1y MCLR + 35 bps	15-Oct-24	500.00	[ICRA]AA+ (Stable)
NA	Fund-based^	NA	NA	NA	2,401.50	[ICRA]AA+ (Stable)
NA	Proposed/ Unallocated LoC	NA	NA	NA	110.50	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: HFCL, ICRA research; Amount in Rs. crore; *Yet to be placed; ^Excluding bank lines which have been raised but not captured in the list above

Annexure-2: List of entities considered for consolidation

Company Name	Ownership	Consolidation Approach
Hero Fincorp Limited	Rated Entity	Rated Entity
Hero Housing Finance Limited	Subsidiary	Full Consolidation

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