

September 16, 2022

Hero Housing Finance Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper	150	150	[ICRA]A1+; reaffirmed
Subordinated debt	200	200	[ICRA]AA+ (Stable); reaffirmed
Non-convertible debentures	200	200	[ICRA]AA+ (Stable); reaffirmed
Long-term/Short-term fund-based/ Non-fund based	800	800	[[ICRA]AA+ (Stable)/ [ICRA]A1+; reaffirmed
Total	1,350.0	1,350.0	

*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 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.

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.

HHFL also raises funds at competitive costs from diverse sources with bank lines continuing to dominate the borrowing mix at 85% as on June 30, 2022 (82% as on March 31, 2022) while the balance 15% (18% as on March 31, 2022) is accounted for by NCDs and CPs.

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.

HHFL's gearing increased to 6.6 times (net gearing of 5.6 times) on a net worth of Rs. 433 crore as on June 30, 2022, from the gearing of 5.9 times (net gearing of 5.0 times) on a net worth of Rs. 432 crore as on March 31, 2022. This was due to the debt-funded expansion in the loan book. Given the Group's focus on the housing finance segment, the loan book growth is expected to remain strong over the medium term and, hence, the subsidiary's capital requirement is expected to remain high. The company's CRAR also declined to 21.3% as on June 30, 2022, from 24.4% as on March 31, 2022, due to the fast-paced portfolio growth. Nonetheless, ICRA expects support from the parent group to be forthcoming, as and when required, for maintaining a prudent capitalisation level.

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).

ICRA also notes that although HHFL's asset quality indicators witnessed a slight deterioration in FY2022 due to slippages and the impact of the clarification regarding the IRAC norms, the same remained range-bound in Q1 FY2023 with gross and net stage 3 ratios of 3.0% and 2.2%, respectively, as on June 30, 2022, compared to 3.1% and 2.3%, respectively, as on March 31, 2022. Going forward, the asset quality indicators are expected to be under control because of stringent credit underwriting norms.

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.

HHFL 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	ICRA's Credit Rating Methodology for Non-banking Finance Companies Financial Consolidation and Rating Approach Impact of Parent or Group Support on an Issuer's Credit Rating
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 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.
Consolidation/Standalone	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

HHFL, incorporated in June 2016 as a wholly-owned subsidiary of HFCL, is a non-deposit taking housing finance company. It undertakes housing finance operations in nine states/Union Territories, including Delhi NCR, Haryana, Punjab, Gujarat, Maharashtra, Rajasthan, Uttar Pradesh, Tamil Nadu, Puducherry. 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. 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%.

The company continues to be supported by regular equity infusions from HFCL. HHFL's financial profile was characterised by a CRAR of 21.3% as on June 30, 2022, compared to 24.4% as on March 31, 2022. However, its capital requirement is expected to remain high, given its growth plans and marginal internal capital generation. HHFL reported a PAT of Rs. 0.4 crore in Q1 FY2023 compared to a PAT of Rs. 2 crore in FY2022 and a net loss of Rs. 19 crore in FY2021. The company's net worth stood at Rs. 433 crore as on June 30, 2022.

Key financial indicators

	HHFL			
	FY2020	FY2021	FY2022	Q1 FY2023
PAT	-32	-19	2	0.4
Net worth	344	426	432	433
Assets under management (AUM)	1,793	2,369	2,824	3,048
On-balance sheet loan book	1,793	2,369	2,722	2,891
Return on average assets	-2.4%	-0.8%	0.1%	0.1%
Return on average equity	-11.3%	-4.9%	0.5%	0.4%
Gearing (times)	4.6	5.5	5.9	6.6
Net worth/ AUM	19.2%	18.0%	15.9%	15.0%
CRAR	31.7%	27.5%	24.4%	21.3%
Gross stage 3	0.1%	2.0%	3.1%	3.0%
Net stage 3	0.1%	1.2%	2.3%	2.2%
Net NPA/ Net worth	0%	7%	14%	15%

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

Hero FinCorp Limited

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), 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 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).

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
PAT	310	71	-194	109	278	52	-192	110
Net worth	4,527	5,042	4,838	6,901	4,471	4,968	4,770	6,834
Assets under management (AUM)	23,389	25,121	30,228	31,110	25,182	27,490	33,052	34,158
On-balance sheet loan book	23,359	25,103	30,227	31,108	25,152	27,472	32,950	34,000
Return on average assets	1.3%	0.3%	-0.6%	1.3%	1.1%	0.2%	-0.6%	1.2%
Return on average equity	7.6%	1.5%	-3.9%	7.4%	6.9%	1.1%	-3.9%	7.6%
Gearing (times)	4.6	4.4	5.5	3.7	5.0	4.9	6.1	4.2
Net worth/ AUM	19.4%	20.1%	16.0%	22.2%	17.8%	18.1%	14.5%	20.1%
CRAR	19.5%	19.7%	15.6%	23.6%				
Gross stage 3	6.5%	7.4%	7.9%	7.8%	6.1%	7.0%	7.5%	7.4%
Net stage 3	4.1%	4.6%	4.6%	4.3%	3.8%	4.3%	4.4%	4.1%
Net NPA/ Net worth	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	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)*	Current Rating (FY2023)		Chronology of Rating History for the Past 3 Years				
				Date & Rating in FY2023		FY2022		FY2021		FY2020
				Sep 16, 2022	Jun 30, 2022	Jul 02, 2021	Apr 05, 2021	Jun 23, 2020	Mar 23, 2020	Jun 26, 2019
1	Commercial paper	150.0	100.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Sub-debt	200.0	50.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
3	Non-convertible debentures	200.0	100.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
4	Long-term/Short-term fund-based/ Non-fund based	800.0	616.3	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+

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
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: www.icra.in

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
INE800X14119	Commercial paper	Aug-22-2022	NA	Jun-22-2023	100.0	[ICRA]A1+
NA	Commercial paper*	NA	NA	NA	50.0	[ICRA]A1+
INE800X08012	Sub-debt	Dec-28-2018	9.50%	Dec-28-2028	25.0	[ICRA]AA+ (Stable)
INE800X08020	Sub-debt	Mar-05-2021	7.85%	Mar-05-2031	25.0	[ICRA]AA+ (Stable)
NA	Sub-debt*	NA	NA	NA	150.0	[ICRA]AA+ (Stable)
INE800X07022	NCD	Jun-25-2020	7.75%	Jun-23-2023	100.0	[ICRA]AA+ (Stable)
NA	NCD*	NA	NA	NA	100.0	[ICRA]AA+ (Stable)
NA	Bank line 1	NA	NA	NA	103.8	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Bank line 2	NA	NA	NA	100.0	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Bank line 3	NA	NA	NA	91.1	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Bank line 4	NA	NA	NA	71.4	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Bank line 5	NA	NA	NA	150.0	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Bank line 6	NA	NA	NA	100.0	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	LT/ST fund-based/ Non-fund based - Proposed/Unallocated	NA	NA	NA	183.7	[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 Housing Finance Limited (HHFL)	Rated Entity	Full Consolidation
Hero FinCorp Limited (HFCL)	Parent	Full Consolidation

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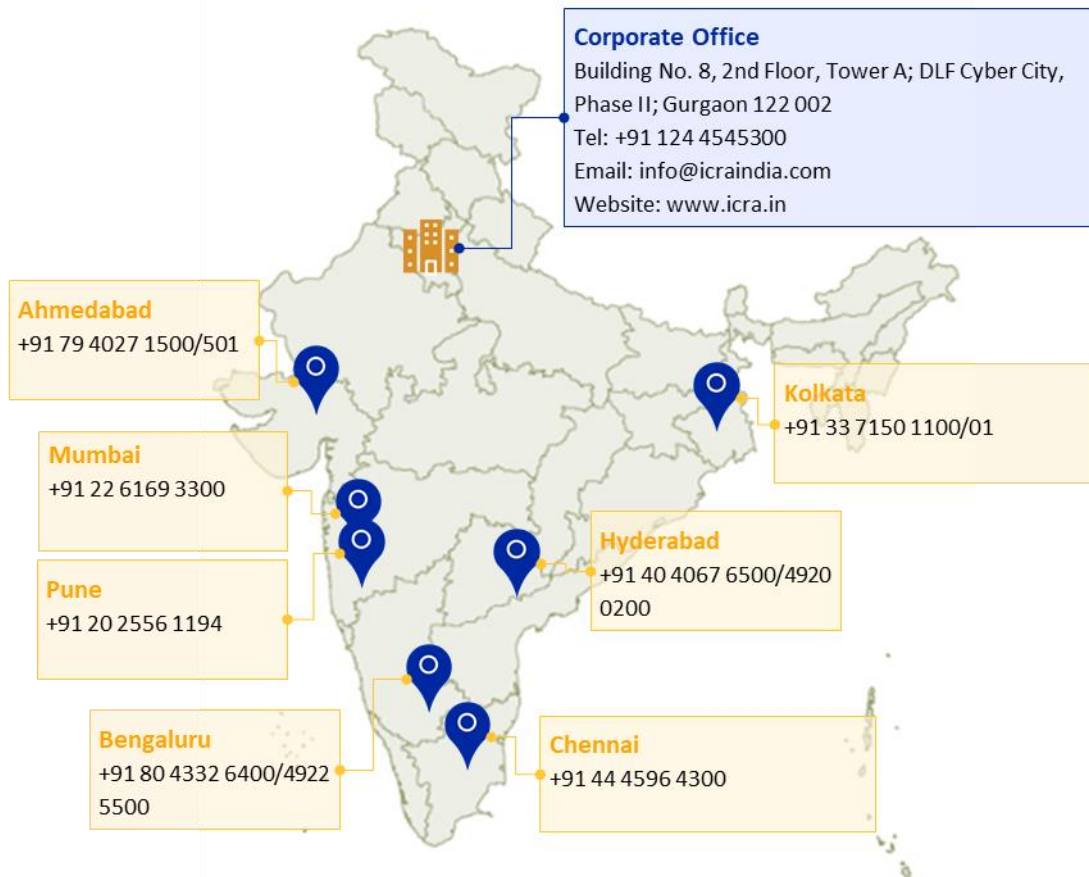
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