

Hero FinCorp (INE957N01016)

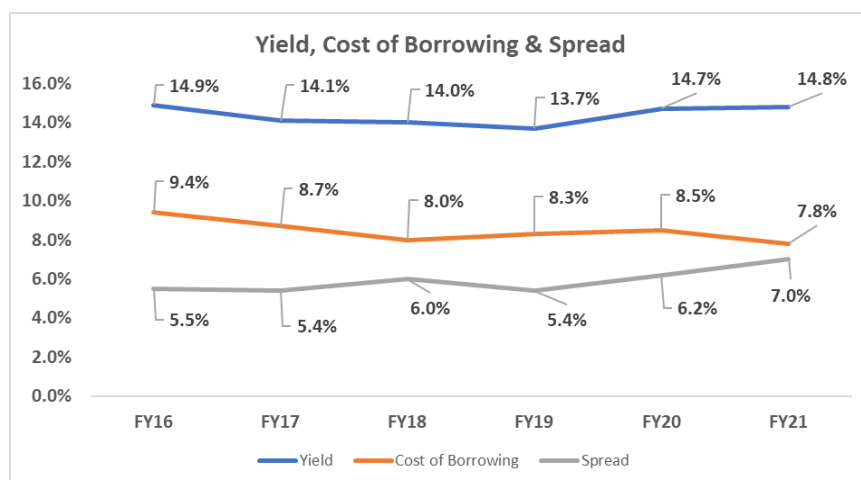
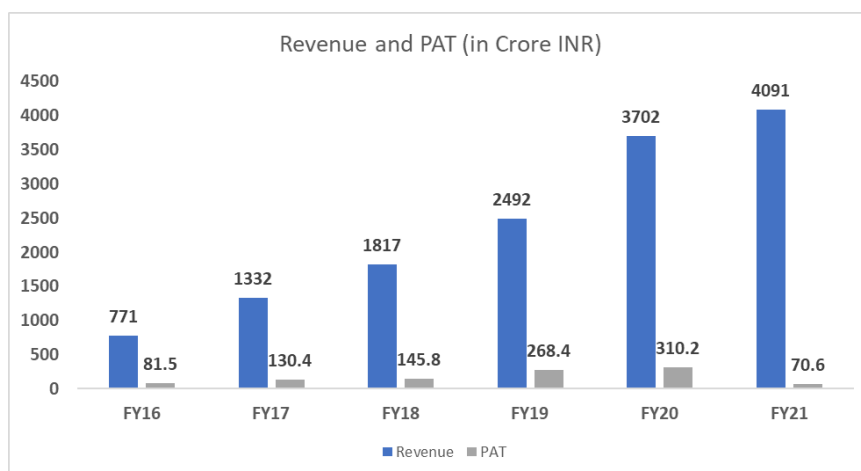
[About Hero FinCorp](#)

Hero FinCorp is the NBFC arm of Hero MotoCorp Ltd, **the largest Two-Wheeler manufacturer** in the World. The company was incorporated in 1991. **The Promoter Hero MotoCorp along with Munjal family, Hero InvestCorp and Bahadur Chand Investments together hold 80% of the shareholding in the NBFC.** The balance is held by significant financial private equity investors like Chrys Capital, Otter Limited, Credit Suisse as well as minority shareholders.

The company has presence in over 858 dedicated dealerships of Hero MotoCorp and has over 4000 touch points to provide its products and services across the country. The company has the capacity to process up to 3 lakh loan applications per month.

The company is managing INR 25,121 Cr of assets out of which **80% is Secured Loans**. CRISIL has reaffirmed its **'CRISIL AA+ and CRISIL A1+'** ratings on the long term and short-term instruments of Hero FinCorp Limited (HFCL) as of December 2020. It is also rated AA+ by CARE on its long-term instruments

[Hero FinCorp-Financials](#)



From Hero FinCorp Annual Reports

1. As of Mar'21, the company assets have a yield of 14.8% with cost of borrowing is 7.8% with a healthy spread of 7%
2. Company's revenue has grown 5.3x in the last 5 years. In FY21, revenue was INR 4091 Cr, 10.5% up from previous financial year
3. Profit After Tax (PAT) has steadily grown from INR 81.5 Cr in FY16 to INR 310.2 Cr in FY20. In FY21, PAT was impacted due to one-time bad debt write-off

Strengths

1. India is the largest market for two wheelers. Sales of electric two-wheelers are expected to grow 24 times their current volumes in India by the year 2030, according to a report by venture capital fund Blume.
2. The parent company is the world's largest two-wheeler manufacturer with a market share of 34.5% in India. Given their current market share and dealer distributor network of the parent company, Hero FinCorp may continue to have proprietary loan origination via parent company

Weakness

1. The company is dependent on its parent Hero MotorCorp. Market share loss of Hero MotorCorp might lead to revenue loss for the company.
2. From Dec 2020 to Dec 2021, Hero MotorCorp lost 4.7% market share. The industry faces stiff competition from Bajaj, TVS, Honda and upcoming electric two wheelers like Ola etc.