



## Before the Bell: IPO Edition



# Company Overview

- Hero Fincorp Limited is a NBFC that provides a wide range of financial products, mainly catering the retail customer segment and the MSME segment across India. The Company is a part of the Hero Group, with Hero MotoCorp Limited (HMCL) as its principal corporate promote.
- Hero Fincorp's business model is centered on originating, underwriting, and servicing loans through a combination of physical and digital channels. The company benefits from deep integration with Hero MotoCorp's dealership network, which serves as a significant origination and customer acquisition channel.
- Technology plays an increasingly important role across the lending value chain of Hero Fincorp. The Company has invested in digital onboarding, automated know-your-customer processes, analytics-driven credit assessment, and technology-enabled collections infrastructure. These capabilities enable faster turnaround times, enhance operational efficiency, and provide improved visibility and control over portfolio performance.
- **Competitive Advantages:**
  - Well-known and trusted Hero brand, backed by one of India's most respected corporate groups.
  - Strong presence in high-growth lending segments being retail, MSME and corporate finance along with access to a large and under-served customer base in Tier 2/3 cities.
  - Advanced digital platform for loan sourcing, underwriting, servicing, and collections has assisted in improving efficiency and scalability.
- **Risks/Challenges:**
  - A significant portion of the Company's portfolio is unsecured, increasing vulnerability to credit losses.
  - The business relies heavily on external funding, making it sensitive to interest rate cycles and liquidity conditions.
  - Heavy dependence on Hero MotoCorp dealerships for two-wheeler loan sourcing creates concentration and dependency risk.

# Financial Overview

(Amount in INR Crores)

Income Statement	FY 2022A	FY 2023A	FY 2024A	FY 2025A
Revenue from Operations	4,282	6,402	8,291	9,833
EBITDA	1,458	2,947	4,124	4,180
PBT	(254)	735	961	256
PAT	(192)	480	637	110

## Key Points:

- The Company delivered a strong topline and bottom-line growth over the last 4 years. Revenue from Operations of the company increased from INR 4,282 crore in FY22 to INR 8,291 crore in FY24 and further to INR 9,833 crore in FY25.
- The Company's PAT increased from (INR 192 crores) in FY22 to INR 637 crore in FY24 and then fell to INR 110 crore in FY25.
- The Company reported negative Cash flow from Operations till FY25, which has now turned positive for the Six-months ended 30<sup>th</sup> September, 2025.
- The Return on Net Worth of the Company has improved from (4.03%) in FY22 to 11.05% in FY24.

## Important Points

- The Company sourced approximately 99% of its two-wheeler loans through the dealership network of its promoter, Hero MotoCorp Limited, during Financial Years 2022, 2023 and 2024.
- The Company's full-time employee attrition rate was approximately 29% in FY24, 31% in FY23 and 31% in FY22. In simple words, this means that 1 out of 3 employees leave the Company every single year.
- **Financial Summary for Six-months ended 30<sup>th</sup> September, 2025:**
  - Revenue: INR 4,880 Crores
  - EBITDA: INR 1,934 Crores
  - PAT: (INR 131 Crores)
- About one-third of the Company's investments are in its housing finance subsidiary, Hero Housing Finance Limited (HHFL). If HHFL starts making losses, the Company could lose a significant part or potentially all of its mortgage loan business.
- The Company's promoters are subject to multiple criminal and tax proceedings, with an aggregate amount involved of approximately INR 10,498 crore.
- The Company completed a Pre-IPO placement of equity shares in June and July 2025, pursuant to which it allotted an aggregate of 22,14,277 equity shares at a price of INR 1,400 per share.
- Pursuant to the Pre-IPO placement, the size of the Fresh Issue has been reduced from ₹2,100 crore to INR 1,790 crore, while the Offer for Sale has been determined at INR 1,568 crore.

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