

Hero FinCorp Limited

Company Highlights

CIN Number: U74899DL1991PLC046774
 ISIN Number: INE957N01016
 Face Value (INR): 10
 Authorized Share Capital: INR 300 Cr
 Paid Up Capital: INR 127.31 Cr
 Outstanding Shares: 12,73,06,674
 Status: Unlisted
 Industry: Finance-NBFC
 Business Divisions: Financing services
 HQ: Vasant Vihar, Delhi
 CEO & MD: Mr. Abhimanyu Munjal

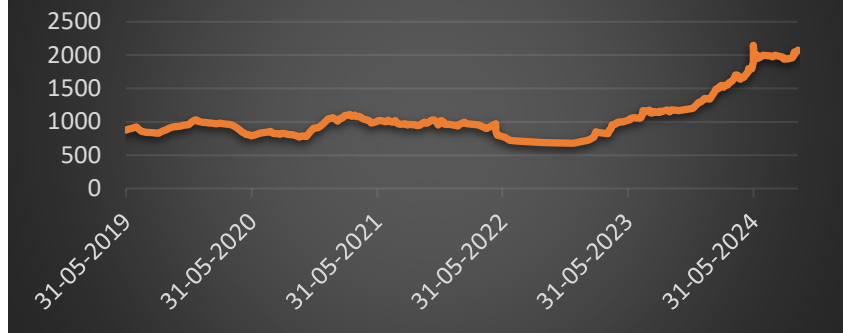
Key Financial Metrics (in ₹ Cr.)

| Particulars | FY24 | FY23 | FY22 |
|-------------------------|----------|----------|----------|
| Net interest income | 4,382.02 | 3,545.65 | 2,563.34 |
| EBIT | 4,123.87 | 2,947.1 | 1,424.5 |
| PAT | 637.05 | 479.95 | -191.9 |
| ROE | 11.04% | 9.15% | -4.02% |
| ROA | 1.19% | 1.10% | -0.56% |
| EPS (in ₹) | 50.04 | 37.70 | -15.07 |
| Interest Coverage Ratio | 1.33 | 1.34 | 0.85 |

SHAREHOLDING PATTERN

| Kind of shareholders | % |
|----------------------|-------------|
| Promoters | 79.54% |
| Others | 20.46% |
| TOTAL | 100% |

Price Movement



Executive Summary

Hero FinCorp started as Hero Honda FinLease Limited in December 1991. After restructuring from its parent company, Hero MotoCorp Limited, it became Hero FinCorp Limited. Today, it operates nearly 2000 retail financing touch-points within Hero MotoCorp's network and plans to expand further in services and reach.

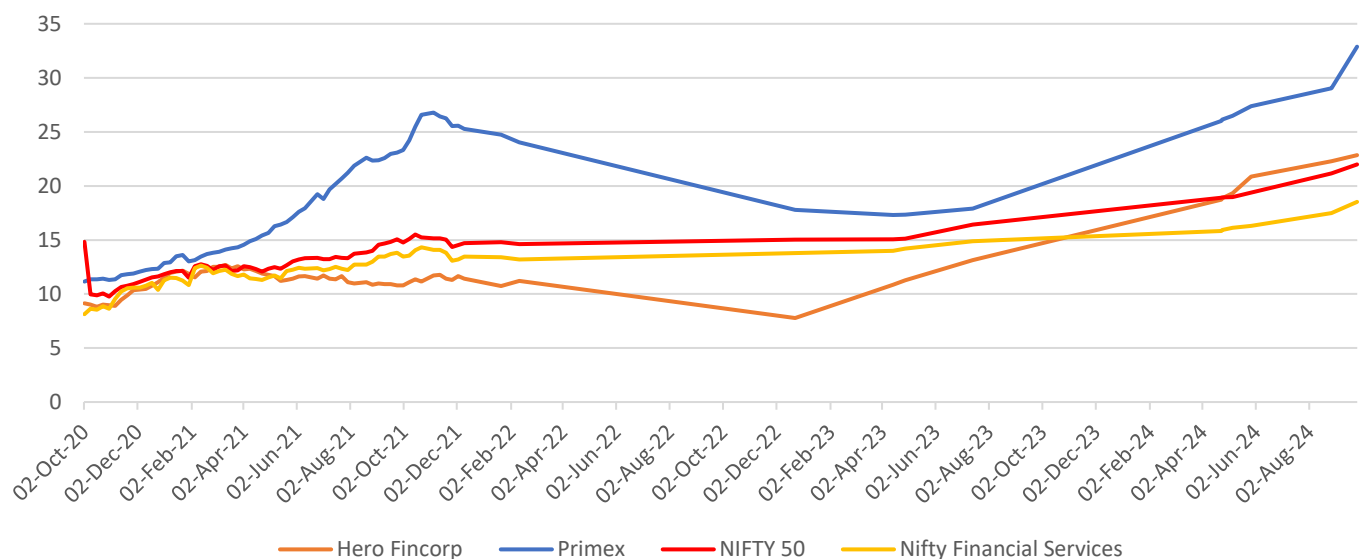
Financial Highlights

- Receivables under financing activity grew by 22.98% from Rs. 37,800 Cr. (FY 2022-23) to Rs. 46,488 Cr. (FY 2023-24).
- Total income increased by 29.65% from Rs. 6,447.55 Cr. (FY 2022-23) to Rs. 8,359.72 Cr. (FY 2023-24).
- Profit/(Loss) before tax rose by 30.64% from Rs. 735.22 Cr. (FY 2022-23) to Rs. 960.55 Cr. (FY 2023-24).
- Profit/(Loss) after tax surged by 32.73% from Rs. 479.95 Cr. (FY 2022-23) to Rs. 637.05 Cr. (FY 2023-24).
- Recommended a final dividend @ 100% (Rs. 10 per equity share) for FY 2023-24, subject to approval at the AGM.
- Approved a dividend @ 3% on the face value of Rs. 550/- each on Class A & B Compulsorily Convertible Preference Shares (Rs. 16.5 per CCPS on a pro-rata basis).

KEY PERFORMANCE

- The increase in Hero FinCorp Profit After Tax (PAT) from 479.95 Cr in FY23 to 637.05 Cr in FY24, along with a rise in Earnings Per Share (EPS) from 37.70 to 50.04, indicates a strong positive trend in profitability.
- Total Revenue up by 29.65% to Rs. 8,359.72 Cr. In FY 2024 from Rs. 6,447.55 Cr. in FY 2023.
- Operating Revenue has increased at a 3-year CAGR of 20.50% over the last 3yr.
- Assets have increased at a 3-year CAGR of 15.65%.
- EBIT has increased at a 3-year CAGR of 42.52%.
- The Return on Equity increase from 9.15% in FY 23 to 11.04% in FY 24.

Relative Price Movement



*[Primex-40](#) is India's first live private market equity Index crafted by WWIPL to track the performance of companies in unlisted markets.

Financial Highlights

Rs. (in crores)

| Particulars | Financial Year | | | | | CAGR |
|-------------------------------------|----------------|--------------|--------------|--------------|--------------|----------|
| | 2023-24 | Y-o-Y Growth | 2022-23 | Y-o-Y Growth | 2021-22 | |
| Interest earned | 7,479.38 | 30.77% | 5,719.60 | 34.84% | 4,241.87 | 20.81% |
| Interest expended | 3,097.36 | 42.48% | 2,173.95 | 29.52% | 1,678.53 | 22.66% |
| Net interest income | 4,382.02 | 23.59% | 3,545.65 | 38.32% | 2,563.34 | 19.57% |
| Other operating income | 811.52 | 18.99% | 682.00 | 37.28% | 496.79 | 17.77% |
| Total revenue from operations | 8,290.90 | 29.51% | 6,401.60 | 35.09% | 4,738.66 | 20.50% |
| Other income | 68.82 | 49.77% | 45.95 | -22.12% | 59.00 | 5.27% |
| Net total income | 8,359.72 | 29.66% | 6,447.55 | 34.39% | 4,797.66 | 20.33% |
| Other operating expenses | 3,543.14 | 19.77% | 2,958.30 | -0.85% | 2,983.52 | 5.90% |
| Profit before tax | 960.55 | -30.65% | 735.22 | -389.42% | -254.03 | -255.79% |
| Tax expenses | 323.50 | -26.73% | 255.27 | -510.86% | -62.13 | -273.32% |
| Profit after tax | 637.05 | -32.73% | 479.95 | -350.10% | -191.90 | -249.18% |
| EPS | 50.04 | -32.73% | 37.70 | -350.10% | -15.07 | -249.18% |
| Number of equity shares outstanding | 12,73,06,674 | - | 12,73,06,674 | - | 12,73,06,674 | - |
| Equity share capital | 127.31 | - | 127.31 | - | 127.31 | - |
| Total Networth | 5,765.97 | 9.87% | 5,247.83 | 10.02% | 4,769.98 | 6.53% |
| Total Assets | 53,204.66 | 22.45% | 43,451.22 | 26.32% | 34,399.05 | 15.65% |
| Total Borrowings | 35,840.39 | 34.67% | 26,612.99 | 20.80% | 22,030.67 | 17.61% |

Valuation Ratios

| Particulars | FY 24 | FY23 | FY22 |
|---------------------|---------|---------|---------|
| Price (in Rs.) | 1600.00 | 840.00 | 945.00 |
| Price Growth (%) | 90.48% | -11.11% | -14.86% |
| EPS (in Rs.) | 50.04 | 37.70 | -15.07 |
| EPS Growth % | 32.73% | 350% | -472% |
| Price- Earnings (x) | 31.97 | 22.28 | -62.71 |
| BVPS (in Rs.) | 452.92 | 412.22 | 374.68 |
| BV Growth (%) | 10% | 10.02% | -3.98% |
| Price -BV (x) | 3.53 | 2.04 | 2.52 |
| Dividend | 10.00 | 8.10 | 1.00 |
| Dividend Growth (%) | 23.46% | 710.00% | -60.78% |

*Current Market Price is Rs. 2075 & the prices mentioned above correspond to values as of 31st March.

In FY 2024, the company's stock price increased by 90.48% with an EPS of 50.04 Rs. The Book Value per share increased over the years, and the dividend showed substantial fluctuations, being highest in FY24.

Financial Metrics

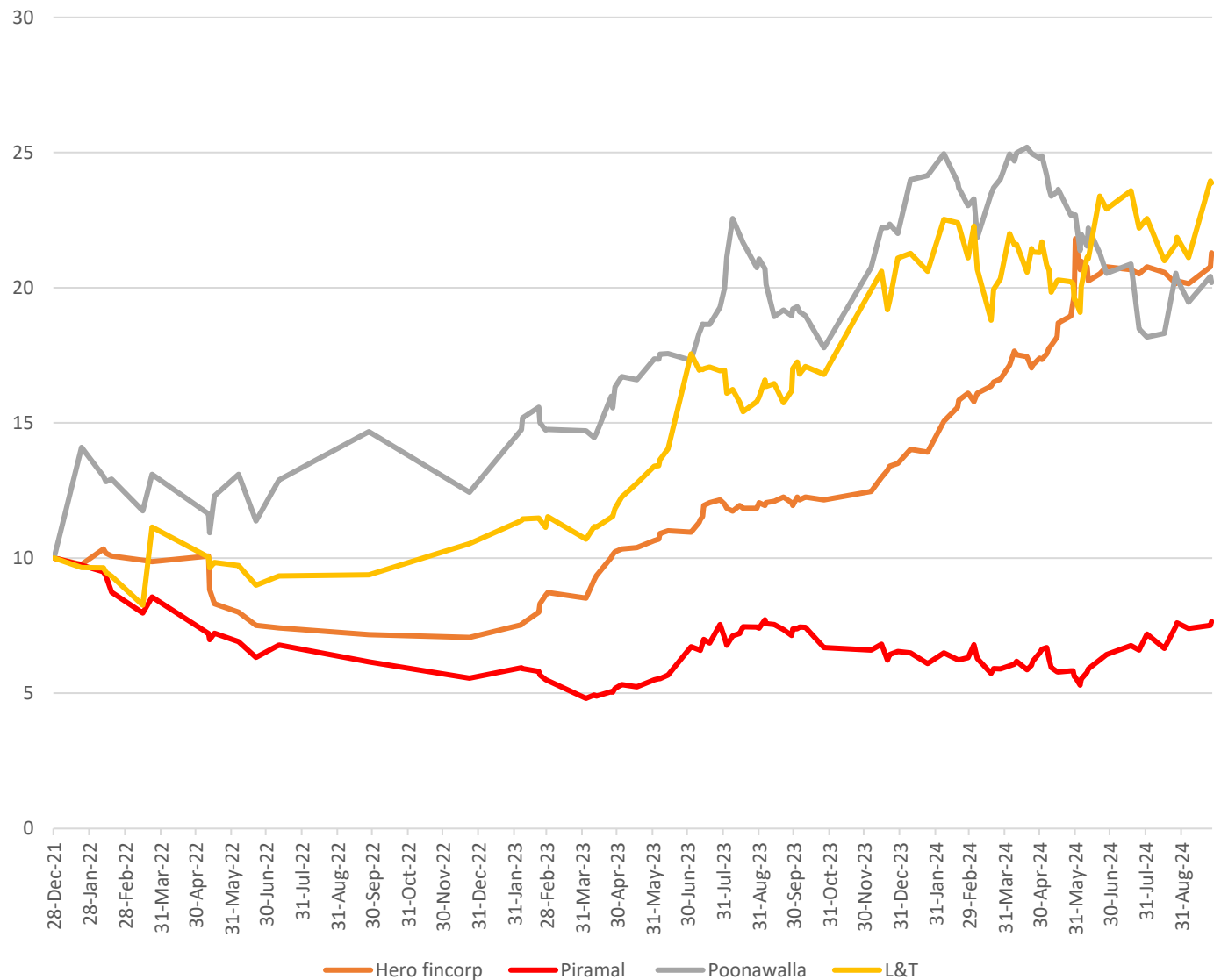
| Particulars | FY24 | FY23 | FY22 |
|---|--------|--------|--------|
| Asset Quality ratio | | | |
| GNPA | 4.21% | 4.68% | 6.98% |
| NNPA | 2.07% | 2.79% | 3.93% |
| Profitability & Efficiency ratio | | | |
| RoE | 11.05% | 9.15% | -4.02% |
| RoA | 1.20% | 1.10% | 0.56% |
| Cost to Income | | 65.61% | 67.76% |
| Balance Sheet structure ratios | | | |
| AUM growth (in %) | 23.00% | 25.93% | 31.18% |
| Equity/ Assets (in %) | 10.84% | 12.08% | 13.87% |
| Equity/ Loans (in %) | 12.00% | 13.16% | 15.22% |
| Debt equity ratio | 7.38 | 6.36 | 5.87 |
| Spread analysis | | | |
| Yield on advances | 15.00% | 14.35% | 13.53% |
| Cost of funds | 8.64% | 8.17% | 7.62% |
| Spread | 6.36% | 6.18% | 5.92% |

- The company's asset quality has improved in FY24, with a decline in GNPA and NNPA percentages.
- Profitability has shown improvement, with ROE and ROA rebounding in FY24.
- The company experienced steady AUM growth, but its reliance on equity funding has decreased, leading to a higher debt-equity ratio.
- The spread has fluctuated, with a slight increase in FY24.

Peer Comparison (Dated October 9th, 2024)

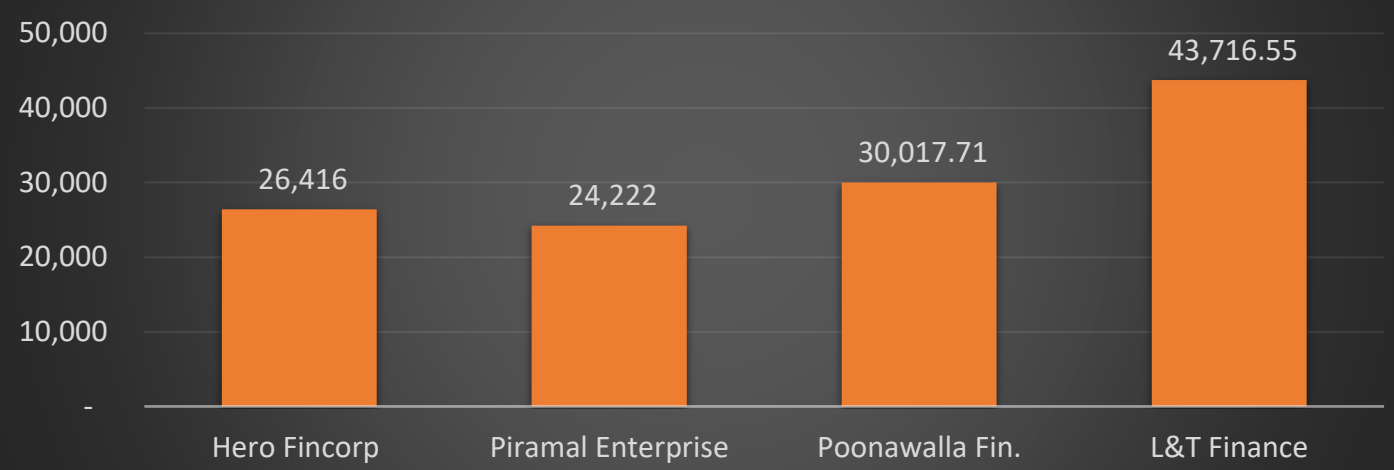
| Particulars | Hero Fincorp | Piramal Enterprise | Poonawalla Fin. | L&T Finance |
|--|--------------|--------------------|-----------------|-------------|
| CMP* (in Rs.) | 2,075.00 | 1,031.00 | 390.25 | 169.42 |
| Market Cap (In Cr.) | 26,416.13 | 24,221.53 | 30,017.71 | 43,716.55 |
| EPS (Earnings Per Share) (in Rs.) | 50.04 | -72.82 | 21.89 | 9.34 |
| P/E | 41.47 | -14.16 | 17.83 | 18.14 |
| BVPS | 452.92 | 1,182.15 | 105.99 | 95.96 |
| P/BV | 4.58 | 0.87 | 3.68 | 1.77 |
| Return on Asset | 1.20% | -2.03% | 6.98% | 4.63% |
| Return on Equity | 11.05% | -6.33% | 20.60% | 17.79% |
| Debt to Equity ratio | 6.22 | 2.02 | 1.85 | 3.27 |
| Gross NPA | 4.21% | 2.04% | 1.16% | 3.15% |
| Net NPA | 2.07% | 0.10% | 0.59% | 0.79% |
| Net profit margin | 7.62% | -18.33% | 54.13% | 17.06% |
| Interest Coverage Ratio | 1.33 | 0.88 | 2.45 | 1.58 |

- Hero Fincorp has a competitive Net Profit Margin of 7.62% despite tough market conditions. This indicates the company's ability to manage expenses and maintain profitability.
- Hero Fincorp's impressive Return on Asset (ROA) of 1.20% showcases its ability to generate profits relative to its total assets.
- Competitive EPS and P/E Ratio: Hero Fincorp has a strong EPS of Rs. 50.04, reflecting solid earnings per share, and a P/E ratio of 41.47, indicating favorable market sentiment.
- Despite a slightly lower Interest Coverage Ratio of 1.34 compared to some peers, Hero Fincorp's ability to cover interest expenses shows adequate financial strength.

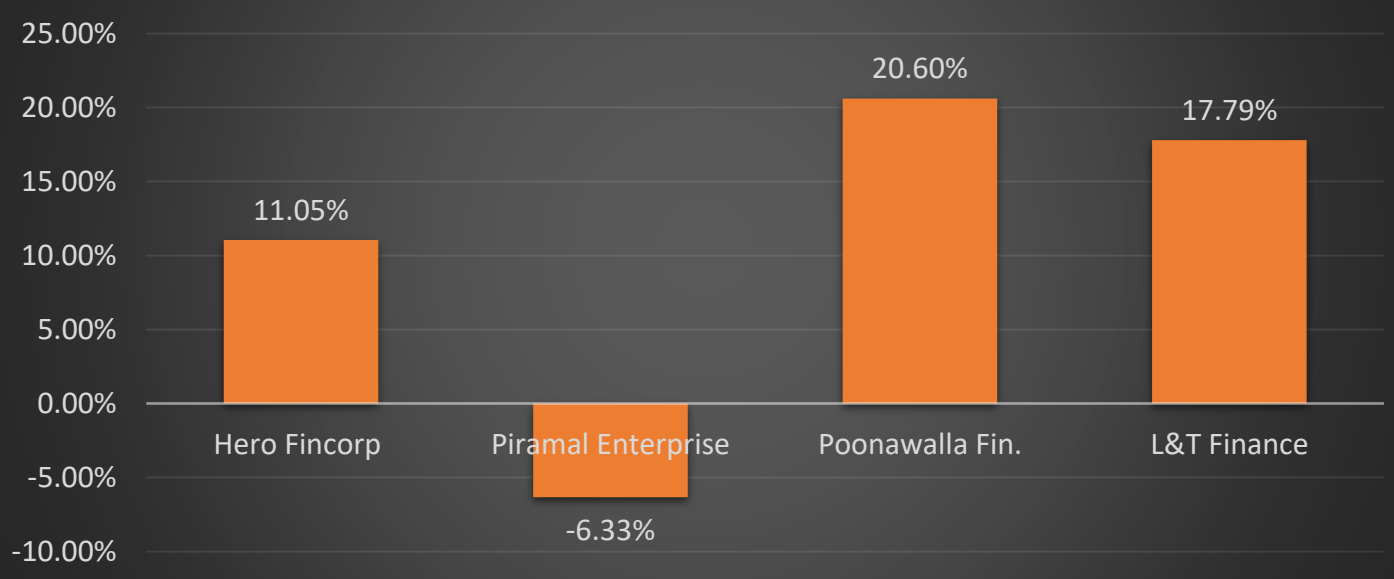
Relative Price Movement


FINANCIALS

Market Cap (In Cr.)



ROE (in %)



DISCLAIMER

The figures as on 31 March 2024 have been taken from the Company’s annual report.

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