

**BUILDING A  
BRIGHTER  
TOMORROW**

**27<sup>th</sup> Annual Report 2017-18**

**Hero FinCorp Limited**



The  
future  
depends  
on what  
you do  
today

- Mahatma Gandhi



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**DR. BRIJMOHAN LALL MUNJAL,  
Founder Chairman, Hero Group**

*July 01, 1923 - Hero Forever*

# Our Tribute

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Dr. Brijmohan Lall Munjal, our founder chairman, was corporate India's true Hero, an extraordinary entrepreneur and a doyen of Indian industry. His business acumen, values-driven management practices and drive to create world leading companies in India has made the Hero Group what it is today - a world renowned group and a beacon of excellence.

We, along with many others, are inspired by his life and proud to follow in his footsteps.

# KEY HIGHLIGHTS



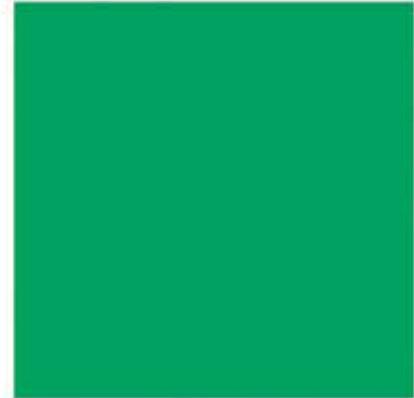
Assets Under Management  
**Rs. 13,542 cr.\***



**1** Over  
**Lakh**  
Loan Application Processing Capability per month



**4500+**  
Employees<sup>#</sup>



Disbursing a loan every  
**30** SECONDS

Consistently  
High Credit  
Rating of  
**AA+**



**2.5**  
MILLION  
Lives Impacted

Fastest  
**Network**  
Rollout

Focus on Financial  
Inclusion:

**73%**

of our customers  
are new to credit



**1200+**  
Locations



Touch Points  
**3100+**

\*Includes both on roll and off roll employees

\*Gross AUM as of March 31, 2018



# Chairman's Message

*Pawan Munjal*

## Dear Shareholders,

The seamless and instantaneous flow of data and information across geographical barriers has dramatically changed the manner in which we conduct our businesses and live our lives today.

The brisk socio-economic change induced by new-age technology and innovation has also meant that industries are undergoing unprecedented transformation. Sectors such as manufacturing, communication, and transportation, which are considered critical GDP drivers, have begun to radically migrate from their conventional systems and processes.

Even as technology continues to impact our lives, there is a constant and determined discourse on the grave ecological changes the world is undergoing. Environmental protection is a matter of huge concern for not only the governments but also for corporates and their leadership.

Corporates and captains of industry will have to increasingly take a stand on the issues impacting our societies, environment and the climate.

Amidst all these developments, the one sector that has been influenced the most, and is poised to drastically alter its scope of operations, is the service industry.

Consumers across industries are increasingly opting for those who provide the shortest turn-around time and a prompt response. This customer behaviour manifests itself across different stages, whether one is buying a product or seeking a service.

On the economic front, however, there is an increasing stability. A steady monetary policy and multiple policy initiatives by the government have led to improved macro-economic fundamentals.

Structurally, the deployment of the Goods & Services Tax (GST) regime has been a very significant development. Keeping aside initial challenges, the benefits of this move are starting to show and would continue to accrue for years to come.

'Digitization' is one of the top priorities for the government, and it has undertaken a slew of initiatives in that direction, including eKYC, eSign, UPI, and Aadhaar.

Measures such as these have helped India climb a few notches in terms of ease of doing business. In addition, India's sovereign rating has also recently been upgraded.

All these developments should result in more stability, higher investments, and an overall positive outlook in the short to medium term.

On the credit front, growth is picking up and it has been a good year so far. This is largely due to tighter liquidity conditions and increasing demand in tier 2 – 3 locations. NBFC retail credit grew by 22% during FY'18 - the fastest in the past four years, to INR 7.5 Trillion.

Key segments, which contributed to the overall growth, were Loan Against Property and SME Finance, Commercial Vehicle (CV), Personal Credit, and Microfinance, which aggregated to 63% of total NBFC-retail credit in March 2018.

NBFCs became the main source of funding for SMEs and Small Businesses due to a significant gap between credit demand and supply. With the increasing requirement for working capital after the GST implementation, bank credit to these segments grew at a relatively moderate pace during the period, further pushing them towards NBFC-sourced financing.

Overall, FY'18 has fared largely in line with expectations, keeping aside some asset quality related issues, which affected a few players. The regulator, however, is actively making efforts to arrest these concerns and has issued guidelines to ensure optimum operational processes and risk management.

Our company has always been in-sync with these developments. Ever since we started broadening the scope and scale of Hero FinCorp in 2013, we had the correct consumer expectations ingrained into the blue print of the organization. Our approach has always been aligned with market needs, and as a result, we have achieved commendable growth in the past five years.

Since inception, we have acquired over 2.5 Million customers who have opted for a variety of products, such as Two-Wheeler Loans, Pre-Owned Car Loans, SME & Commercial Loans, and more. We have set up a nationwide presence through more than 2500 touch-points, located across 1300 cities, towns, districts, and villages. Our pan-India manpower strength exceeds 4,500 individuals, of which, over 1,200 are on-roll employees. Our credit rating is AA+, and the borrowing costs are amongst the lowest in the industry.

On the people front, in order to gauge the effectiveness of our workplace culture, we participated in a globally recognized survey by Great Place To Work. I am pleased to share that your Company has been rated exceedingly high by its employees on Trust and Culture Indexes.

As I said earlier, technology and innovation have changed how we live our lives and conduct our business. At Hero FinCorp, we recognize this well, and continue to invest in several technological enhancements besides leveraging the Internet eco-system,

for digitally sourcing customers and providing seamless post disbursement service and support. We are keen to build and maintain our strengths in technological capabilities. To this end, we have partnered with a few high potential FinTech players over the past year and will continue to actively assess and explore more investment and partnership opportunities in the Global FinTech Space.

Another important element is managing risk and ensuring effective control. For this, we have undertaken several measures, such as setting up an Analytics Centre of Excellence (CoE), deployment of an Enterprise Risk Management Framework, Concurrent Audits, and further strengthening our risk, compliance and legal teams.

Going forward, we will continue the shift towards a relationship-driven orientation instead of a transaction-driven one. In addition, as a responsible corporate citizen, we will increase focus on boosting financial inclusion, and enhance our efforts towards those segments that will help catalyze economic growth.

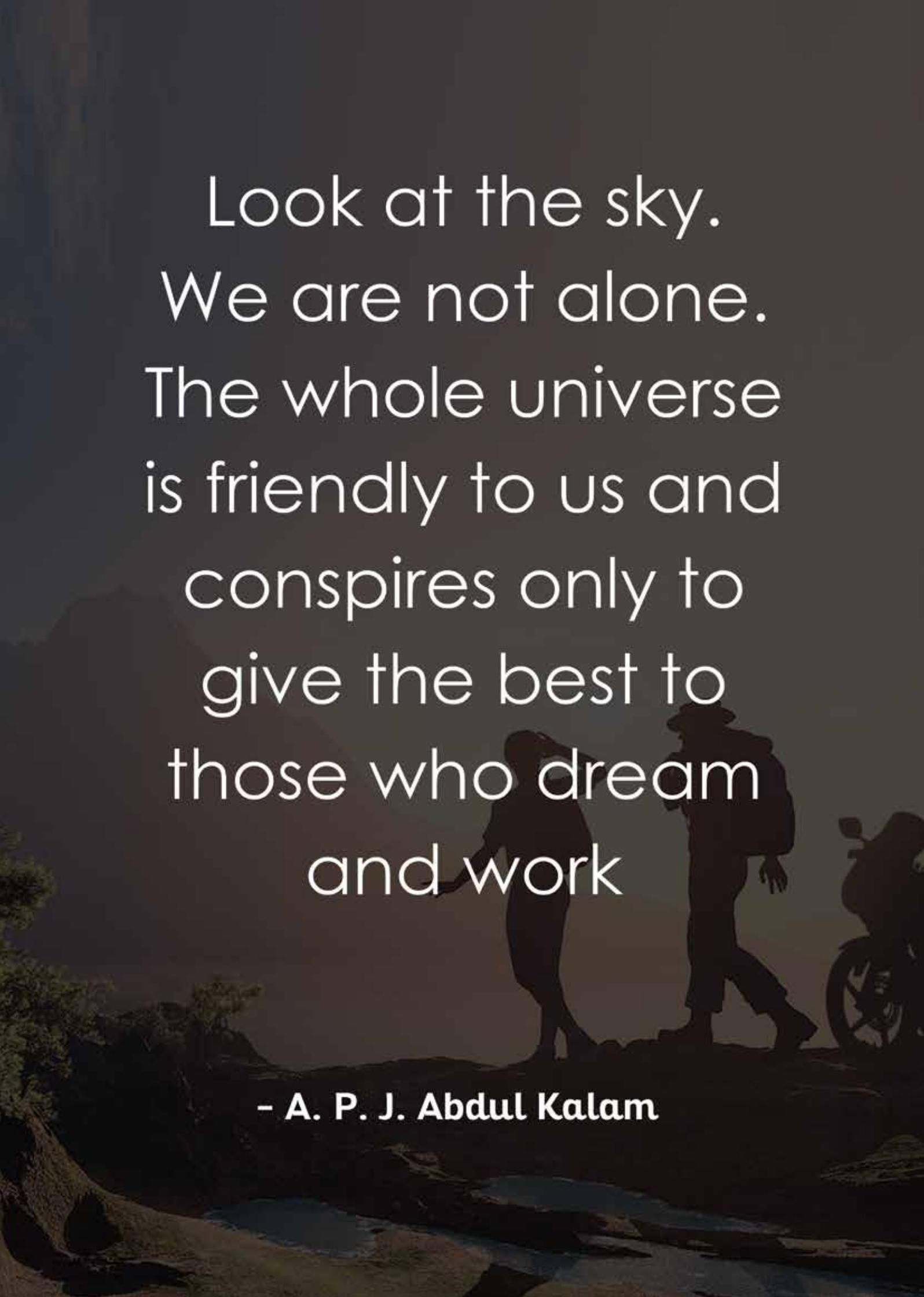
This year, we also launched a Corporate Social Responsibility (CSR) campaign on financial literacy called *Dhan Charcha*. Aimed at spreading awareness and promoting the usage of formal financial services, the program seeks to touch over 75,000 individuals in more than 500 locations by the end of March 2019.

We strongly believe in the India Story, and continue to build Hero FinCorp into one of India's premier financial institutions.

On this note, I present to you our Annual Report for FY'18, which offers detailed insights into your company's performance over the past one year.

On behalf of Team Hero FinCorp, I thank all our customers, stakeholders, investors, and employees for their continued support.

**Pawan Munjal**  
CHAIRMAN, HERO FINCORP

The background of the image shows the silhouettes of two people and a motorcycle against a dark, hazy sky, likely at sunset or sunrise. One person is standing and looking towards the sky, while the other is walking with a large backpack. A motorcycle is parked to the right. The overall mood is contemplative and hopeful.

Look at the sky.  
We are not alone.  
The whole universe  
is friendly to us and  
conspires only to  
give the best to  
those who dream  
and work

**- A. P. J. Abdul Kalam**

# Jt. MD & CEO's Message

*Abhimanyu Munjal*



## Dear Shareholders,

We are living in a dynamic world today where each and every one of us, in our own way, is trying to build a brighter tomorrow. This dynamism is especially true for our Country which has witnessed significant positive changes in form of new launch of schemes & reforms under the current government.

These developments, related to policy reforms, are very promising and should deliver growth in the years to follow. Key reforms in the past year, include, GST implementation, which though initially increased the complexity and cost of doing business; has now started to bear fruit by not only helping in simplifying the tax structure, but over the long term, we believe, will help in solving the information asymmetry issue in the Indian economy.

This theme very articulately encapsulates the power of dreams and how we enable people who strive towards fulfillment.

A second reform, implemented in fiscal 2018 was the Insolvency and Bankruptcy Code, 2016. We believe this reform is of great significance as it will not only improve the ease of doing business in India, but also facilitate a better and faster debt recovery mechanism. Other important reforms like the introduction of Real Estate (Regulation & Development) Act, 2016 (RERA), are expected to bring further accountability and transparency in the real estate sector – a key sector which drives growth in the economy.

*Hero FinCorp has been envisioned to serve the man on the street and to continue to enable his/her dreams throughout their life stages.*

Due to all of these growth oriented reforms, the economy has been showing positive movement with the signs of recovery in the investment cycle. The Index of Industrial Production for capital goods is at its highest. Revenue growth for capital goods firms has revived, industrial activity has improved and government capex deployment remains healthy. Our parent company, Hero MotoCorp has recorded the highest sales growth in fiscal 2018, which has led to the creation of a world record of selling 7.5 million Two wheelers. Two Wheelers being a lead indicator for consumption, we believe,

we can all look forward to positive movement in the economy in the coming time. We at Hero FinCorp also recorded encouraging results fuelled by increased originations, the Company's Assets under Management (AUM) has grew at a CAGR of 83% over last five years.

The Company is now present across the length and breadth of the Country in more than 1,200 locations with 1,266 employees and has a portfolio size of INR 13,542 crores. With this growth rate and expansion rate, the Company has emerged as a major financial services player in India.

## FINANCIAL HIGHLIGHTS

It gives me immense pleasure to share with you the highlights of the Company's performance during the last year. During the year, the Company disbursed loans amounting to INR 9,037 crores, as compared to INR 6,735 crores in fiscal 2017, representing a growth of 37%. Backed by strong disbursement growth, the Assets under Management(AUM) grew by 38% from INR 9,815 crores as on March 31, 2017 to INR 13,542 crores as on March 31, 2018 and Profit After Tax grew by 25% from 130 crores for FY17 to 162 crores to FY18. The Company's Gross Non Performing Asset (GNPA) % stood at 3.67% as of March 31, 2018, which was higher than 2.69% recorded as the GNPA% at the end of fiscal 2017. This was primarily due to reporting standard changing, from 120 Days Past due (DPD) to 90 Days Past due (DPD), as per Reserve Bank of India (RBI) regulations. If the FY 2017 GNPA% were to be measured at 90 DPD level, it would be 3.35%.



## KEY INITIATIVES AND DEVELOPMENTS

The Management Team's vision is to make Hero FinCorp as the most differentiated financial services institution of the Country. In pursuit of this vision, over the last 6 years, we have been working on the dream to build Hero FinCorp as India's Next Gen Ultra Lean Credit Champion. During the fiscal 2017, driven with the vision and dream, we had initiated certain key initiatives like

- ➔ Develop our product portfolio by launching new products to diversify our loan book
- ➔ Invest in building a robust customer service platform so as to deliver a consistent customer experience across the length and breadth of the country in different segments and quickly resolve grievances.
- ➔ Upgrading our technology platform, which shall be the main driver of scaling up the business while maintaining low operating cost.
- ➔ Further strengthen the various business units and functions by lateral hire of talent from the industry.

During the Fiscal 2018, I am happy to share that your Company has continued its focus and efforts on all these initiatives and much progress has been made. The major developments are listed below:

### Customer Centricity driving our product & company portfolio strategy –

Hero FinCorp is working towards a vision of offering customers customized financial solutions at different stages of their life, according to their changing lifestyle, credit profiles and life-stage needs. With this in mind, during the past year, your Company has launched various products such as Hero Loyalty Card, Healthcare industry focused products, Structured Finance and SME Premier. Another big step in this direction is the launch of a wholly owned housing finance company - 'Hero Housing Finance Ltd.'. Hero Housing Finance has been designed with an overarching philosophy of serving our customer's housing finance needs with a tag line 'from wheels to walls'. As we progress through the year, the management team will seek to scale this business profitably and achieve the aspirations of all our stakeholders from this new-age technology driven housing finance company. Also, the Company is in the process of rolling out personal loan product which will be done by end of the current fiscal. Further, the Company is actively undertaking due diligence of other financial services products that it could potentially develop and launch.

### Enhancing customer service -

The Hero Group has retained its leadership position in the Indian Two Wheeler industry over the past 30 years because of its focus on the Indian commuter, and putting them at the center of all its products and operations. Hero FinCorp has also inherited the same philosophy and aims to be recognized as the preferred financier for Indian consumers. To attain these objectives, on the Operations front, your Company has undertaken the strategic initiative of decentralizing its operations to facilitate quicker disbursements and fulfillment of loans.

For this, as a first initiative, the Company has opened 10 new offices across India, at high volume areas, serving all lines of business, under the LEANO program. Second, under the OPSO program, more than 230 operations executives have been placed at Hero Dealerships to facilitate quicker turnaround for loan disbursements. Additionally, the Company have launched 7 mobile vans under the VANO program for enhanced customer service and collections. It is your Company's intent to keep investing in additional programs which will help it in becoming more customer centric and re-define the paradigms of customer service in the financial services industry

### **Scaling businesses through technology & innovation –**

Your Company considers technology and innovation as key drivers for successful and sustainable business growth. Therefore, our business models must also be enabled by the latest technology and innovative. Continuing with this belief, last year, the Company launched its Pre-Owned Cars finance business through Salesforce.com's customer acquisition solution. Salesforce.com is an industry leading software solution provider, and this implemented solution is expected to make Hero FinCorp's Pre-Owned Cars customer acquisition quicker, more responsive and, thus, exceptionally scalable. As we progress through the year, your Company will transition the acquisition process for all Retail products on to the Salesforce solution.

Additionally, to ensure that your Company's continues to have cost efficient processes, the Management Team has put in place an innovative new collections model for the Two Wheeler business. The Company's aim is to bring down collections cost by 20% in the coming year, by collecting overdue EMIs of retail customers through low cost alternate channels. During the fiscal 2018, the Management team worked with a best in class Management Consulting firm, to design a new-age solution geared towards achieving these objectives. The solution was implemented and run in nine states as a pilot. The results have been very encouraging and the Company has decided to scale this solution to rest of the country in the current year.

### **Strengthening the workforce and building a high performance culture –**

Hero FinCorp employees have always been its key strength and have enabled us to deliver results year after year. Last year, the Company's efforts were aimed at strengthening various functions by hiring senior talent, skilling up its employees and creating a highly engaged work force. Significant progress was achieved on all three ends.

Your Company has made senior level appointments in the finance, CEO's office, litigation, analytics and fraud prevention function. Second, for skilling up, behavioral competency-based and functional skill enhancement programs were conducted across the organization. Further, to develop an internal pipeline of future leaders and business managers, the Company have developed a unique platform for our high potential employees called *Ivy League*. This learning and development initiative exposes Hero FinCorp's high potential employees to a robust curriculum of live projects, simulations, and case discussions at acclaimed institutions of higher learning in India and abroad.

Some of the universities where the selected employees have already attended courses are B.M.L Munjal University, Singapore Management University and Imperial College, London. This year, the second batch of our Ivy League program has successfully graduated and the Company is actively placing them in positions of greater responsibilities. Finally, to create a high performance culture in your Company, the Management Team has implemented and periodically runs several employee engagement programs, such as, organization-wide Rewards & Recognition, an all employee Annual Meet, a family led get-together called Togetherness Fest, Health initiative called 'Healthy Hero, Healthy FinCorp', and many fun activities like Frenzy Friday, Movie day, and much more. I am very happy to share that due to all these practices your Company has been recognized as a leading employer by many prestigious organizations. Some of the awards your company has received in fiscal 2018 are listed below:

- World HRD Congress, supported by the Times Group, has rated the Ivy League program as the "Best Leadership Development Program for Middle Management"
- Confederation of Indian Industry (CII) has rated Hero FinCorp as first runner up at the National HR Circle Competition under the category "Best Training and Development Organization"
- Hero FinCorp became one of the fastest NBFC's to be certified as a 'Great Place to Work' by an external agency called Great Place to Work®. This honor was bestowed to your company after a pan India assessment of over 700 companies.

As we go forward in our journey, your Company will continue to strengthen its people practices and build a motivated workforce with a culture for high performance.

## **FUTURE OUTLOOK**

The vision for Hero FinCorp is to be a value driven, high performance organization with an innovation centric mindset. Going forward, the Management Team intends to keep this momentum by implementing a long-term disciplined and sustainable approach to growth. This shall be achieved through four strategic pillars, namely, continued focus on customer-centricity and people development, digitization and technology and enhanced controls.

### **Continued focus on customer centricity –**

To achieve customer centricity your Company will pro-actively seek to develop customized financial solutions as per the needs of its customers. Therefore, Hero FinCorp's portfolio strategy will always be determined by its customers, for this the company will keep investing resources in market research and analytics. Second, the Company will also transform its customer services from transaction oriented approach to a relationship management based one. And last, as a part of the Hero Group, we will strive to be a socially-responsible financial services company. This we shall undertake by designing our products so that we avoid over-leveraging our customers and by running financial literacy programs in the interiors of the country.

To be a financier of choice and become a one-stop financial services company, by offering world class products through innovation & teamwork.



We strive to be the best, most transparent, next-gen, ultra lean, credit champion.

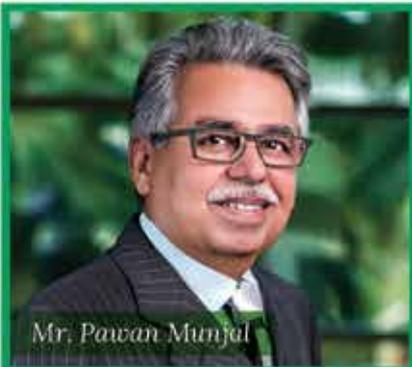


# OUR KEY PRINCIPLES



Our culture manifests through 5 core values - 'TITHI'  
Teamwork | Integrity | Trust & Respect  
| Humility | Innovation & Speed

# BOARD OF DIRECTORS



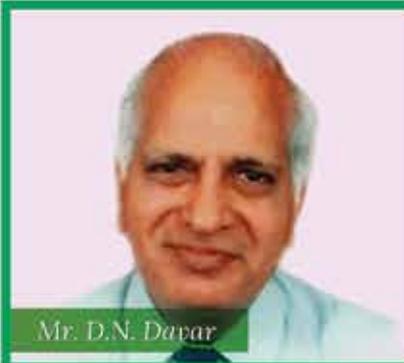
Mr. Pawan Munjal

Mr. Pawan Munjal is the Chairman & Director of Hero FinCorp Ltd., he also serves on the Boards of various Hero Group Companies, Governmental & Educational Institutions



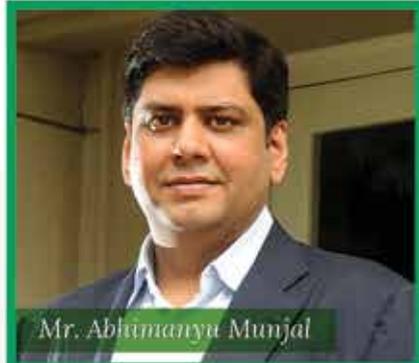
Mrs. Renu Munjal

Mrs. Renu Munjal is the Managing Director of Hero FinCorp Ltd., she is also actively involved in various philanthropic activities across the Hero Group



Mr. D.N. Davar

Mr. D.N. Davar holds a Masters in Economics and CAIIB besides being a fellow of the Economic Development Institute of the World Bank



Mr. Abhimanyu Munjal

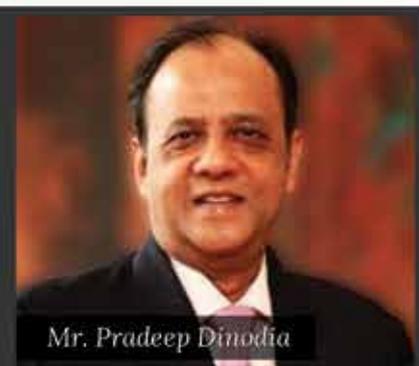
Mr. Abhimanyu Munjal has over 13 years of experience in strategic leadership and people management. He has successfully spearheaded international JVs, M&A's & complex transformations.

Mr. Sanjay Kukreja is the MD of ChrysCapital, and leads the Business services, Financial Services and Manufacturing sectors for the firm. He holds an M.B.A. from IIM, Bangalore and a BA in Economics from SRCC, Delhi University.



Mr. Sanjay Kukreja

Mr. Pradeep Dinodia is a member of The ICAI, and a senior partner in the Delhi-based Chartered Accountancy firm M/s. S.R. Dinodia & Co.



Mr. Pradeep Dinodia

## INTRODUCTION

CSR is an integral part of Hero group's business philosophy and we have always remained committed to it. We aim to build and sustain a culture of care through our initiatives, and believe that businesses can be an enabling force for social advancement. Through Hero FinCorp we aim to create sustainable value for the community at large and build the nation of our dreams.



Khwabon Ki  
**UDDAAN**

“ We must  
give back to  
the society  
from whose  
resource we  
generate  
wealth

”

- **DR. BRIJMOHAN LALL MUNJAL,**  
Founder Chairman, Hero Group

## OUR APPROACH TO CSR

We focus on being a responsible lender by fostering holistic development of the community and our operating environment. We believe that a company's performance must be measured by its Triple Bottom Line contribution towards building economic, social, and environmental capital aimed at enhancing societal sustainability. Our approach of using the Triple Bottom Line (TBL) as a framework has helped us build pathways for a program that is focused on sustainable growth and development.

We strive to serve communities by creating cutting age development models, unleashing the power of entrepreneurial vitality, innovation, and creativity resulting in betterment of human lives. All our CSR interventions have been designed to serve the man on the street. Given our approach and objectives, our CSR programs have been developed around four broad areas: Financial Literacy, Sustainability & Environment, Aiding Farmers and Women Empowerment. We aim to reach every corner of our country with a hope and promise of a better tomorrow.

## INITIATIVES WE SUPPORT:

1. Building a financially included nation through our maiden financial literacy program – '**Dhan Charcha**'
2. Raising awareness about environmental issues through contribution to programs such as **Rally for Rivers**
3. Uplifting livelihoods of farmers by enhancing their knowledge & providing resources in partnership with **Isha Foundation's Farmer-Producer Organizations (FPO)**
4. Funding and supporting the creation of a brighter future for the participating kids and our country in partnership with **Raman Kant Munjal Foundation**

Upgrading the social status of vulnerable groups by providing skills, resources, and other tools as may be required

Our company focusses on attaining inclusive and sustainable growth through a variety of initiatives. In the past year, we have associated ourselves with various social, educational, and environmental initiatives.

# INITIATIVES WE SUPPORT



# DHAN CHARCHA

*On the road to build a financially inclusive India...*

## ABOUT THE PROGRAM

Financial literacy and financial stability are two key aspects for an efficient economy. India is home to 17.5% of the world's population but nearly 76% of its adult population does not understand even basic financial concepts. This puts a burden on the country in the form of higher cost of financial security and lesser prosperity, signifying the importance of financial literacy in the country. Realizing the need for financial literacy, our company took the challenge to strategize an action plan for a program to educate and finance the last mile.

In line with this belief and with our committed efforts, we crafted and launched our maiden financial literacy program – '**Dhan Charcha**' in March 2018. This grass root level program was developed in collaboration with our partner – Raman Kant Munjal Foundation (RKMF). The first phase of the program plans to cover a rural belt of 150+ villages and small towns around Rewari, Dharuhera, Bhiwadi, Tauru and Manesar.

This initiative is targeted at individuals from the age group 18 – 45 years with little or no financial education. The target beneficiaries were divided into four segments: Villagers, School/ College Students, Urban Poor and Industrial Workers. This was done to maximize coverage across multiple audience types. Customized programs for each of these target groups were developed to ensure audience relevant training.

The unique proposition of the program is the mobile 'Dhan Charcha Van' which is designed to reach the remotest of areas. The Dhan Charcha van started its journey in the month of March 2018 covering villages, schools, colleges, ITI's, and urban slums. The van screens a thirty minute video on financial concepts, government schemes, loans, and digital finance. The van is accompanied by a team of trainers, who address the participants, familiarize them with financial concepts and resolve queries of the participants at these camps. During the program, each participant is provided with an expense diary, which can help them manage their expenses and increase their savings rate.

The entire program has been carefully designed with a very robust monitoring system in place. All activities are regularly tracked to ensure maximum coverage and highest efficacy.

## KEY HIGHLIGHTS

Expected reach & Impact- 75,000+ lives touched across 500+ locations by end of March 2019

So far, the program has reached approximately 50 villages and more than 40 schools covering more than 11,000 individuals in roughly 3 months. Continuing with the current pace, we plan to touch the lives of more than 75,000 individuals through our initiative.

## LOOKING FORWARD

Going forward, we will channelize our efforts in building a more sustainable world where every individual can dream of a brighter future. We aim to identify the barriers that stand in way of these dreams and work together to overcome them. In future, more programs would be launched to deal with people's issues which will try to create a healthier society.

Our current initiative 'Dhan Charcha' was started with a dream to build a financially inclusive India. We want each individual to effectively manage her/his financial resources and develop the capability to take informed decisions. In line with our goal of enabling this dream, we aim to expand the scope of this program so as to cover the remotest of areas. Our future CSR plans will take this program to the national level, expanding to newer geographies, intended to connect

more individuals with formal financing services.

As part of these efforts, we shall also revamp our content strategy for maximizing relevance of information being disseminated, and establish a stronger connect with our target audience. We are currently contemplating a digital ready reckoner which would help create easy accessibility and availability of relevant reading material pertaining to financial literacy.

We believe that the combined efforts of each individual would help boost social advancement. Continuing on this belief, we aim to encourage volunteering as a critical part of our employees' lives. We hope that with our current and future efforts, we will make a significant impact on society and move a step closer towards building the nation of our dreams.

# RALLY FOR RIVERS

*(In partnership with Isha Foundation)*

Currently, 25% of India is turning into a desert and there is 75% less water per person as compared to 1947. Realizing the importance of this issue, Hero FinCorp partnered with Isha Foundation to create awareness and provide solutions to revitalize the depleting rivers of India.

This nationwide program was aimed at creating awareness across the country, it started from Kanyakumari all the way up to the Himalayas. The 9300 km awareness drive covered 19 locations and hosted 142 events. Throughout the campaign, there were several on-ground events which reached out to the local populations to help them realize the importance of this issue. To drive awareness for this cause, over 700 hoardings were placed across 6 major cities – New Delhi, Mumbai, Bangaluru, Hyderabad, Chennai, and the Rest of Tamil Nadu.

# PRIMARY EDUCATION

*(In partnership with Raman Kant Munjal Foundation)*

India is the 2nd most populated country in the world, however it still lags behind in terms of literacy rate among other countries. Education being the cornerstone for any nation, is still not accessible by a majority of our population. We at Hero FinCorp believe that it's every individual's fundamental right to be able to read and write. Providing the right education at initial stages of life can help a child lead a financially stable life during adult hood.

Continuing with the same thought, we provide support for primary education through our partner Raman Kant Munjal Foundation (RKMF). Through this comprehensive initiative, we are seeking to enhance access to education at the primary level. The company funds and supports the creation of a brighter future for the participating kids and our country.

# FARMER- PRODUCER ORGANIZATIONS (FPO)

*(In partnership with Isha Foundation)*

Farming which was the foundation of our civilization, has now become a heart-breaking activity for many farmers. In a nation where agriculture employs over 50% of the total workforce, farmers in distress is not a good sign. In an effort to bring Indian farmers out of their poor and exploitative situations, we partnered with Isha Outreach and extended our support for their model 'Farmer- Producer Organizations (FPO)'. The model was developed 5 years ago to help the farmers around Coimbatore.

The key interventions of the model are aimed at building farmer's bargaining power via economies of scale, training of farmers to increase their productivity, creating platforms for networking, making them self-sufficient and giving them access to market trends and market prices so they are not exploited.

Since inception, the initiative has been successful in bringing 1065 farmers together from 61 villages. Despite four years of successive draught, this FPO generated INR 10.5 crore in turnover, and additionally facilitated the transactions of INR 13.5 crores for participating farmers in the last four years. This year the program aims at a turnover of INR 8.76 crores along with expansion to other districts of Tamil Nadu.

Our company will continue to work towards the vision of inclusive growth. In the coming years, we aim that our consistent efforts will create a difference in a manner that is environmentally sustainable and socially uplifting. We envision to build a culture of care and responsibility. We aim to have an impact which benefits society and our country at the broadest level.

The path  
from dreams  
to success  
does exist

- Kalpana Chawla



# ON-GROUND IMPACT

## CASE STUDY 1



“

*DhanCharcha ne mujhe sirf paiso ko sahi tarah se upyog karna aur bachana hi nahi balki aaj kiye gaye thode se nivesh se apna kal surakshit karna bhi sikhaya. Mujhe bohot saari sarkaari yojnaon ke baare mein bhi bataya jo humara jeevan aasan bana sakti hain. Dhanyawaad Team Hero, meri zindagi badalne ke liye.*

**– PRIYANKA, HOUSEWIFE**”

Priyanka, a housewife who lives with her two children and husband comes from a small village of Chandala Dungarwas in Haryana. She was always concerned about the well-being and the future of her family post retirement of her husband. For this purpose, she used to contribute her bit by saving money every month in her kitchen utensils.

In the month of May, she visited one of her relatives in Fazalwas, where she came across the Dhan Charcha van. She chose to stay at the camp and attended the entire session where savings habits, expense management and other financial concepts were taught. Post completion of the session, she got in touch with the trainers for her queries relating to savings and government schemes. After learning about various Government schemes, she finally found the solution to her concerns and has now opened a deposit account under Atal Pension Yojana, where she seeks to deposit a part of her savings for her family's future.

Priyanka says “DhanCharcha came up as the perfect guidance for her to manage the financials in the right way”.

## CASE STUDY 2



*DhanCharcha dekhne ke baad mujhe aarthik soojh-boojh se judi bohot saari aisi baatein pata chali jo mujhe maloom hi nahi thi. Iss abhiyan ko dekhne ke baad, ab main paiso ka sahi tarah se upyog kar paati hun aur apne parivar ke liye sarkari yojnaon ka laabh uthati hun.*

**– SEEMA DEVI, HOUSEWIFE**

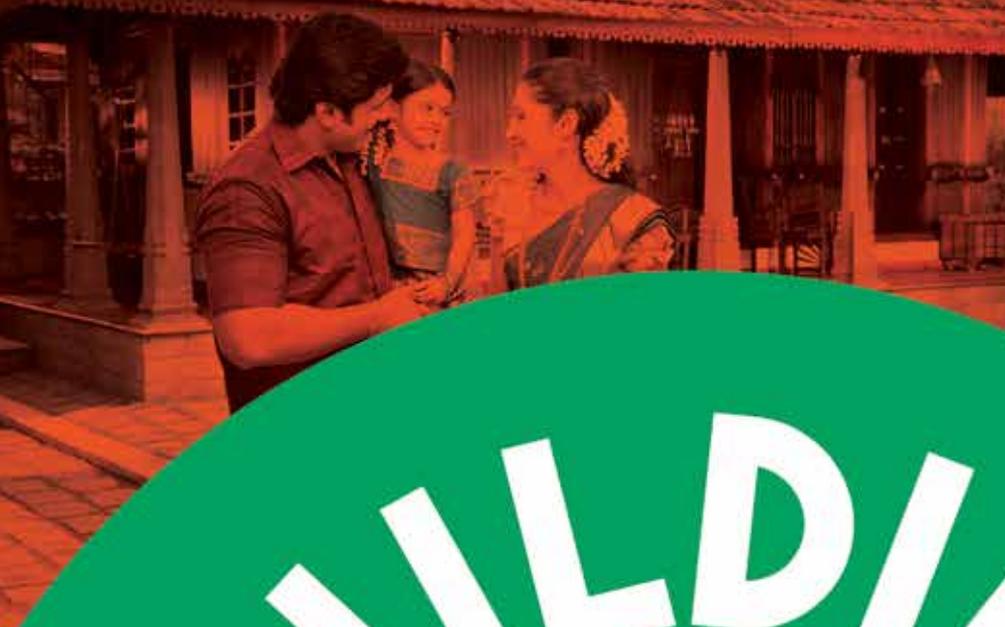


Seema Devi belongs to a small village named Gujjar Ghatal situated in Haryana. Due to lack of awareness, they used to borrow money from the moneylender at a high rate of interest in stressful times. Eventually it got difficult for them to manage their financial condition as there was rarely a month where they were able to save a penny. In their perception, banking was an alternative for literate and wealthy people.

In the month of March, she and her husband saw the DhanCharcha van on their way to the market at village Chopal. As both of them were worried about their financial condition, they chose to attend the literacy camp. After attending the camp, both of them were surprised to know about

the various banking options available to them which they were not aware of earlier. She and her husband have now opened a bank account for their savings need. Seema has now even started using digital banking through her mobile. It was after the event that she realized that taking a loan from a bank instead of the local money lender is so much better and cheaper.

Furthermore, she has also opened a deposit account for her seven year old daughter, Jiya under **Sukanya Samridhi Yojna**. DhanCharcha truly proved to be a life changing opportunity for her. She says "With so much information, she is now saving money every month and keeping a track of her money in monthly expense booklet".



**BUILDING  
B • A • G**

**BRIGHTER**

**TOMORROW**



## TOMORROW BRINGS A NEW DAY, A NEW HOPE, AND THE FRUITION OF TODAY'S DREAMS!

Every individual's life is divided into three parts, the past, present, and future. No one can change the past, but each one of us can work in the present to build a brighter tomorrow.

The efforts that we put in today are the beginning of an arduous journey, filled with a multitude of challenges and difficulties. Only those who have grit, perseverance, and the will to achieve their dreams, shall march forward. They will not let various ups and downs affect their commitment. The select few, who stay committed, understand the significance of dreams. They know that dreams are what makes us alive, make us chase what we truly want, and drive us through our everyday lives.

At Hero FinCorp, it is the commitment to one's cause that drives us to do what we do. We strive to help each and every individual who aims to build a brighter tomorrow, whether for themselves or for a larger set. Those who dare to dream, are the ones who aim to achieve. We stand with them every step of the way, whether it's a young individual trying to build her/his business or a professional trying to achieve more in life.

Today, we are present across the length and breadth of India, and have already partnered with millions of Dreamers. It is time for us to join hands with the billions still trying to achieve their dreams. We are and will remain committed in supporting their journey towards *Building a Brighter Tomorrow...*

# OUR

1991-2012

- ▶ Incorporated as Hero Honda Finlease Ltd.
- ▶ Financed captive needs of the Hero Ecosystem
- ▶ Company renamed as Hero FinCorp Ltd.

- ▶ Business plan created for the new entity
- ▶ Equity infusion of ₹106 Cr

2013

- ▶ Launched Corporate Finance Division
- ▶ Equity infusion of ₹312 Cr
- ▶ Assets Under Management reaches ₹3,072 Cr

2014

- ▶ Launched Two Wheeler Financing business
- ▶ Assets Under Management reaches ₹1,123 Cr

2015



# 2017

- ▶ Launched used car finance business
- ▶ Fund raising agreement of ₹1,002 Cr from PE investors & Promoters
- ▶ Capitalized Hero Housing Finance Ltd. by ₹50 Cr
- ▶ Assets Under Management reaches ₹9,815 Cr
- ▶ Obtained ISO certification for Operations and related Customer Support

# 2016

- ▶ Equity infusion of ₹407 Cr.
- ▶ Launched Loyalty Loan Programme
- ▶ First Mass Marketing Campaign 'Karo kwabon Se Ishq' launched across TV, Radio & Digital Platforms
- ▶ Assets Under Management reaches ₹6,383 Cr

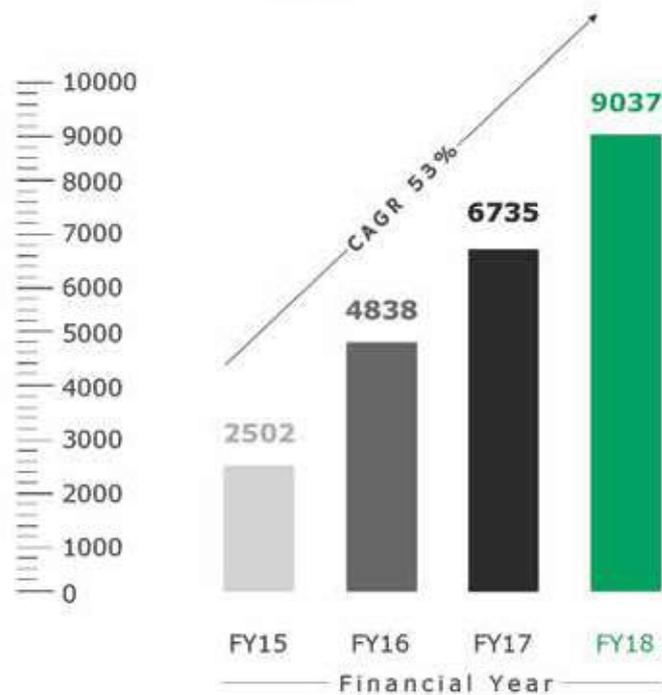
- ▶ Launched Hero Housing Finance Ltd.
- ▶ Asset Under Management reach 13,542 Cr.\*
- ▶ Crossed 2.5 Mn happy customers

# 2018

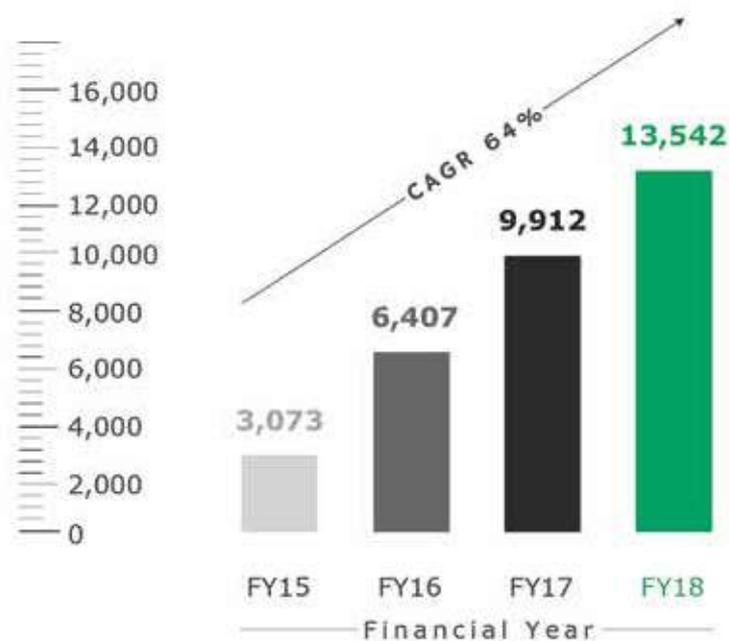
\*Gross AUM as of March 31, 2018

# GROWTH AT A GLANCE

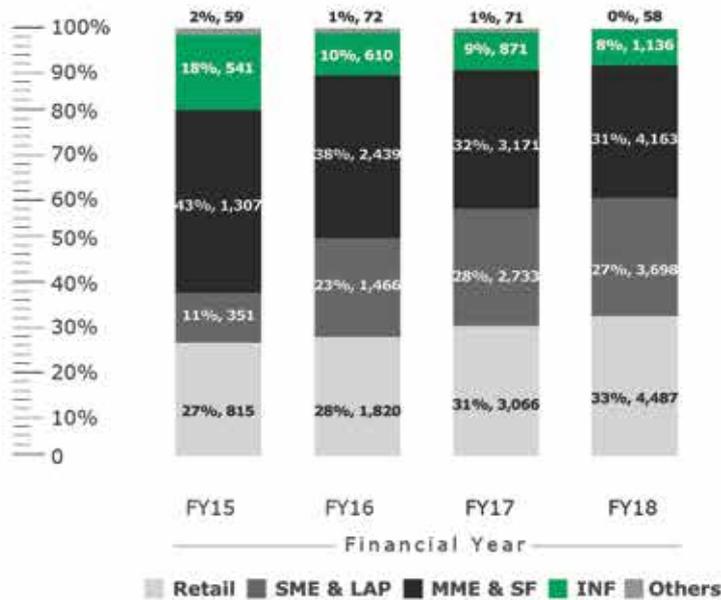
## DISBURSEMENTS (IN INR CRORES)



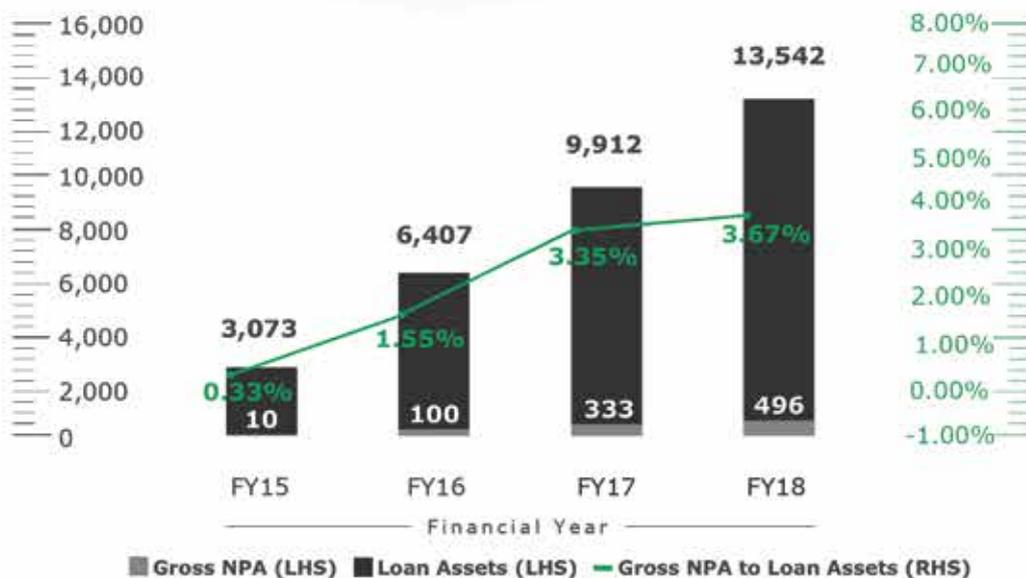
## LOAN ASSETS (IN INR CRORES)



## LOAN ASSETS MIX

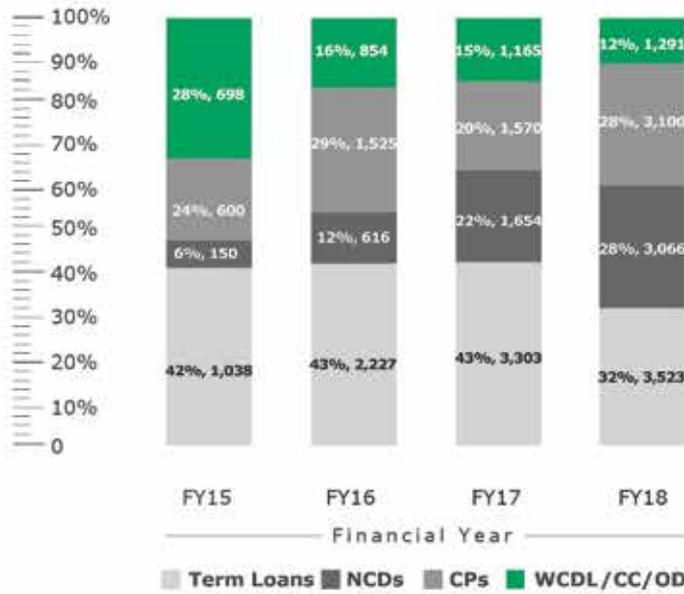


## LOAN ASSETS, GROSS NPA & GROSS NPA TO LOAN ASSETS (%)

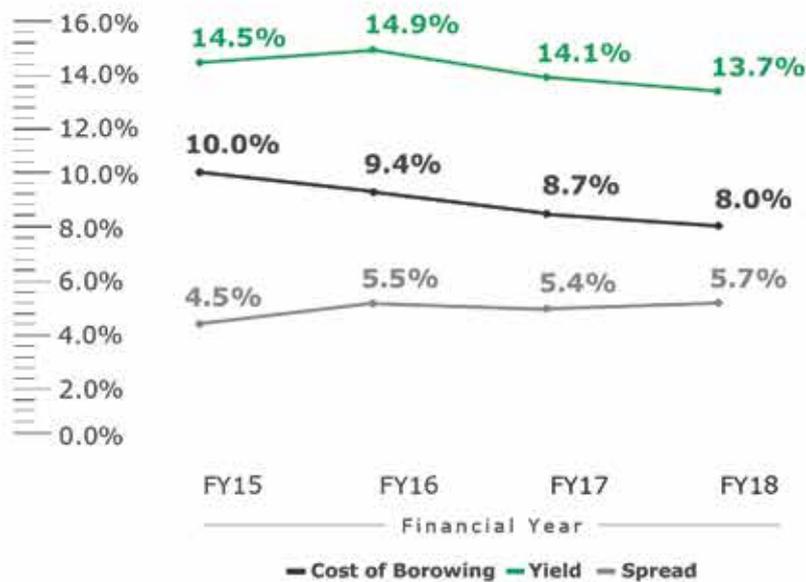


\* Gross NPA for FY15, FY16 & FY17 has been recasted to 90 DPD

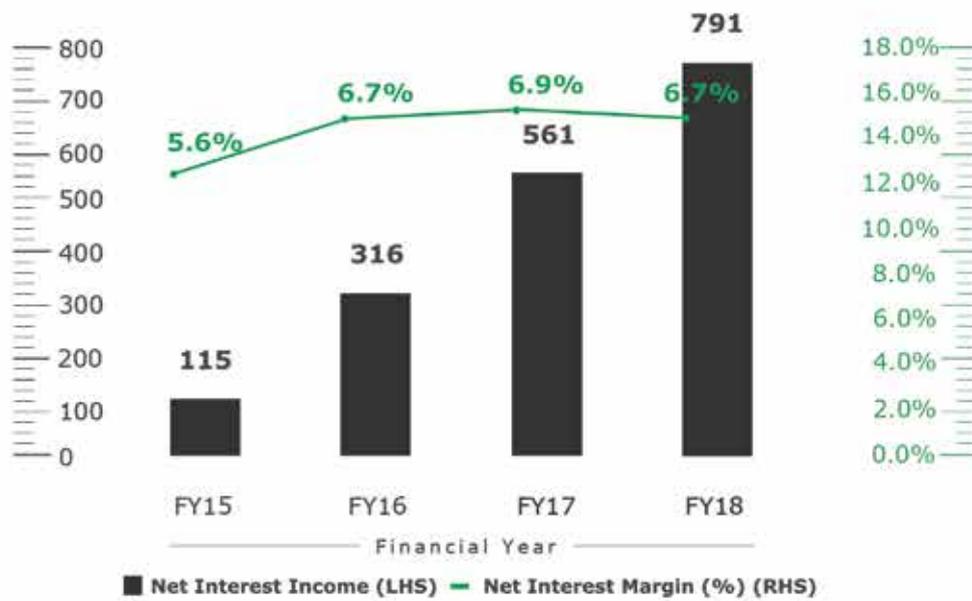
# BORROWING MIX



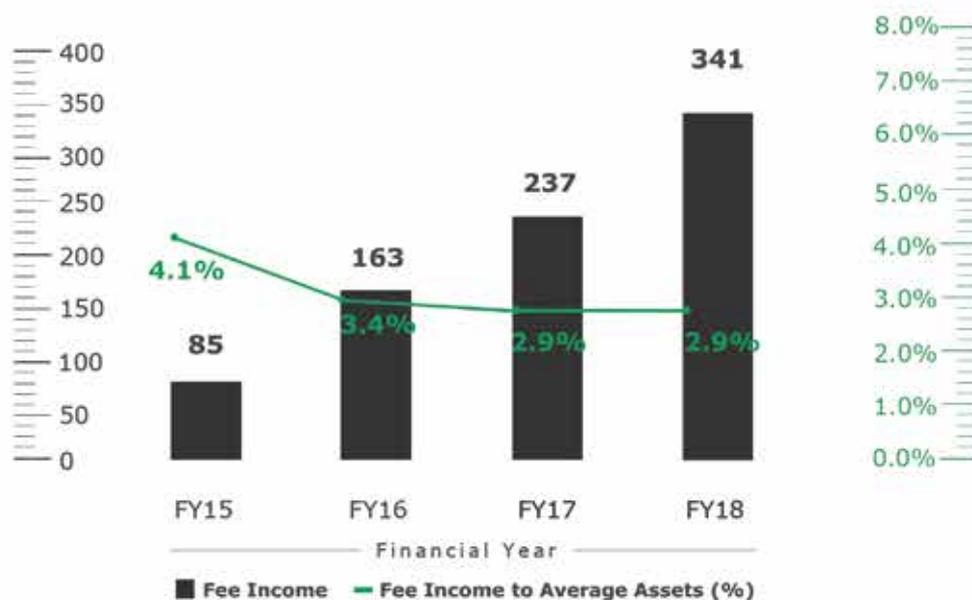
# YIELD, COST OF BORROWING & SPREAD



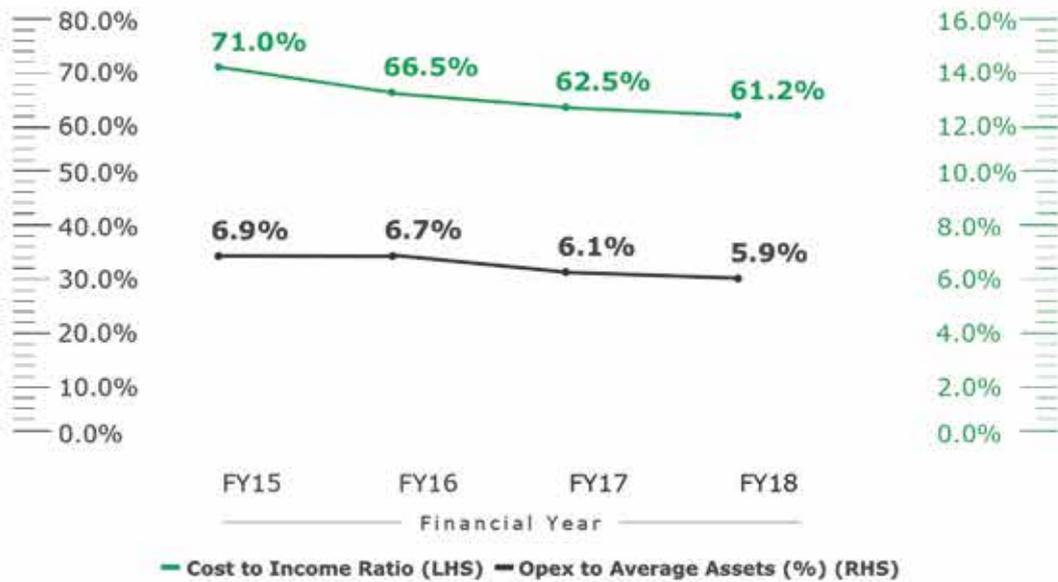
## NET INTEREST INCOME & NET INTEREST MARGIN(%)



## FEE INCOME & FEE INCOME TO AVERAGE ASSETS (%)



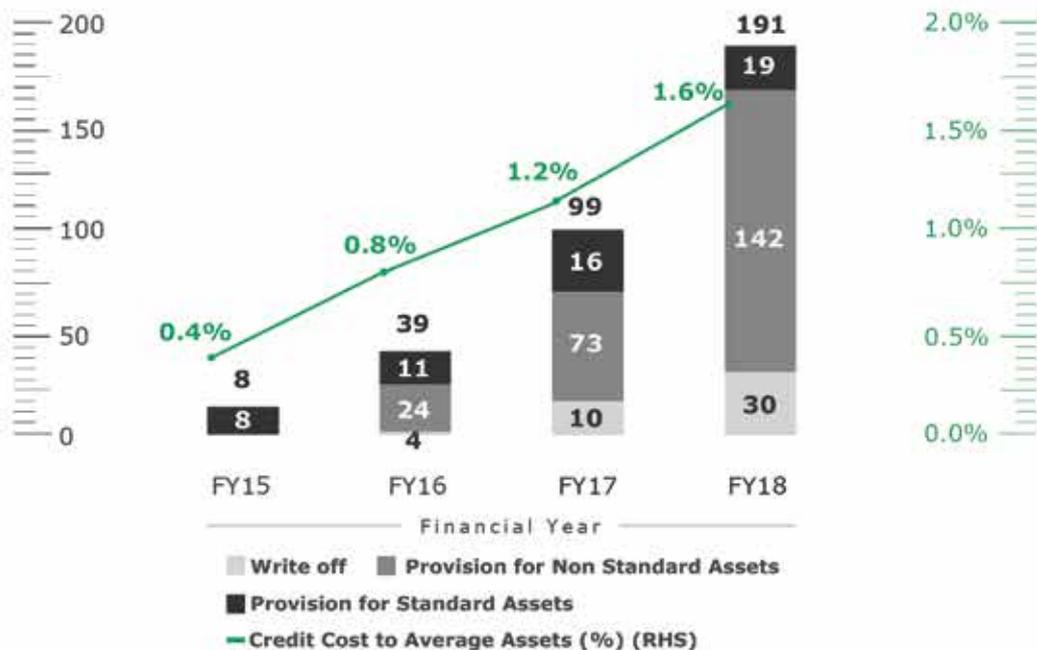
## COST TO INCOME RATIO (%) & OPEX TO AVERAGE ASSETS (%)



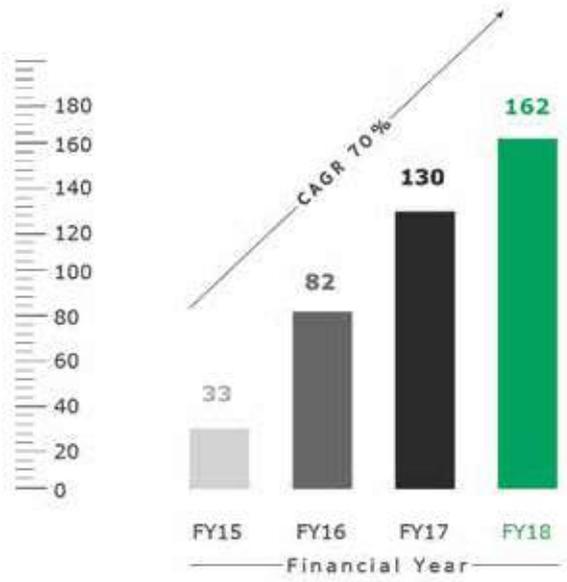
\*Cost = Total Operating Expenses (Expenses excluding Finance Cost and Loan Losses & Provisions)

\*\*Income = Total Income Net of Finance Cost

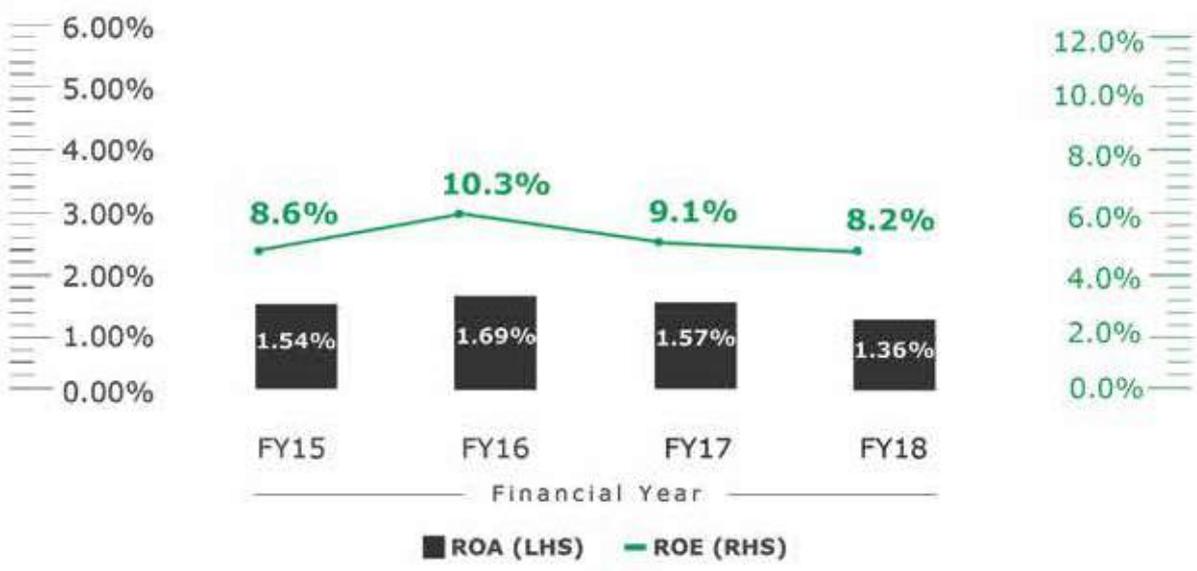
## CREDIT COST & CREDIT COST TO AVERAGE ASSETS (%)



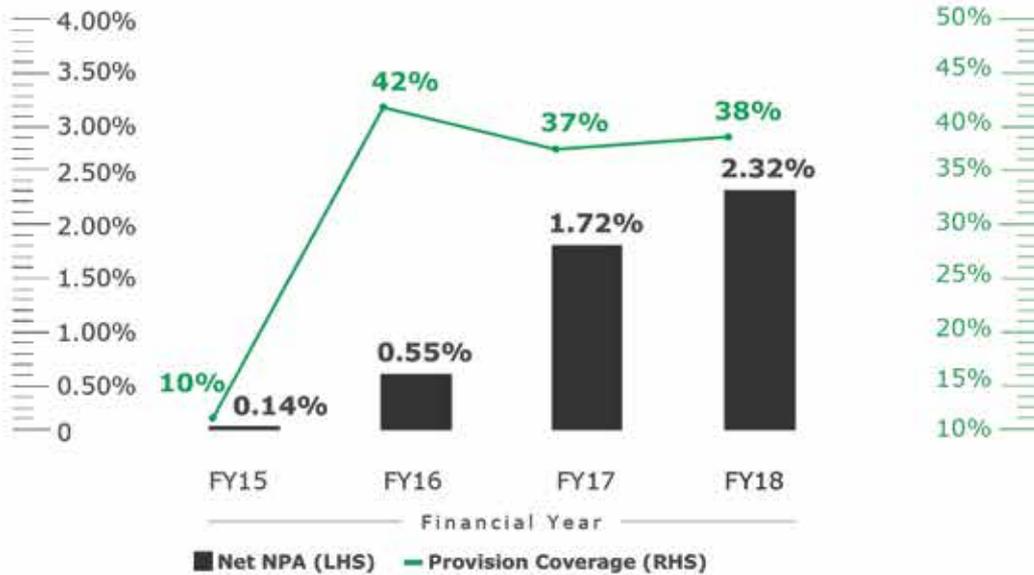
## PROFIT AFTER TAX (IN INR CRORES)



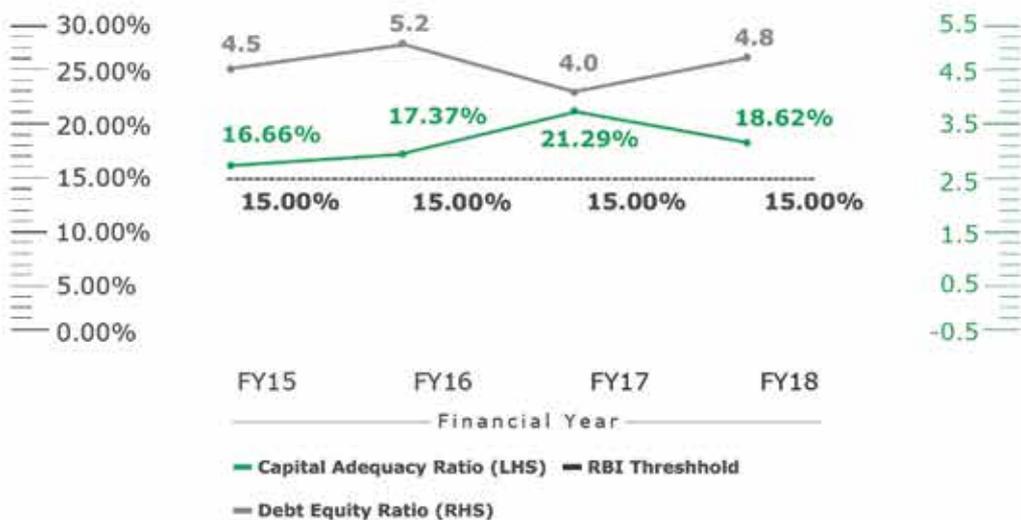
## RETURN ON EQUITY (ROE) & RETURN ON ASSETS (ROA) (%)



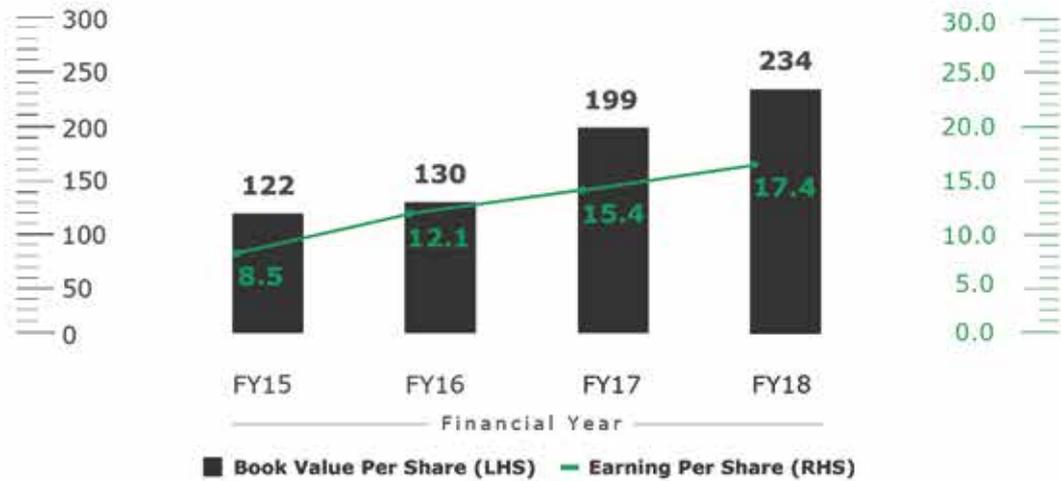
## NET NPA & PROVISIONING COVERAGE



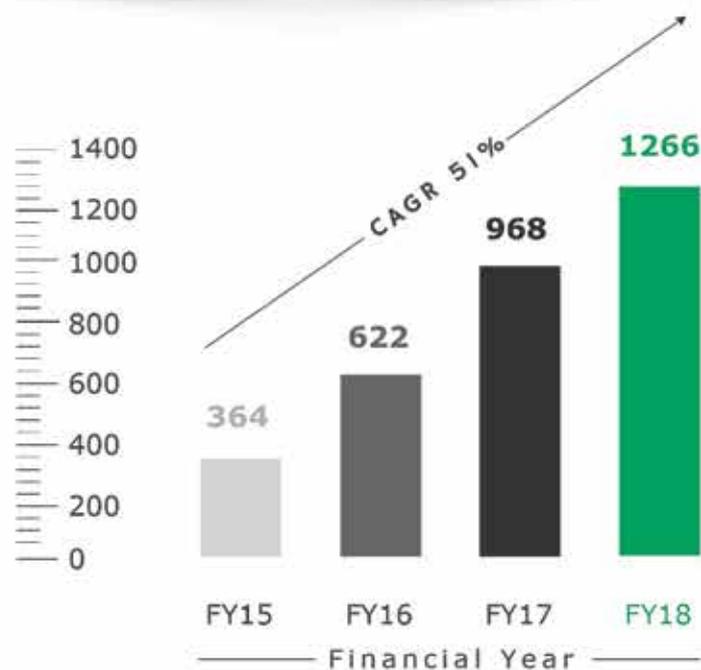
## CAPITAL ADEQUACY RATIO & DEBT EQUITY RATIO



## BOOK VALUE PER SHARE & EARNING PER SHARE



## EMPLOYEE HEADCOUNT



## BOARD COMMITTEES

### AUDIT COMMITTEE

Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Pradeep Dinodia	Member

### NOMINATION & REMUNERATION COMMITTEE

Mr. D. N. Davar	Chairman
Mr. Pawan Munjal	Member
Mr. Pradeep Dinodia	Member

### ASSET & LIABILITY MANAGEMENT COMMITTEE

Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member
Mr. Pradeep Dinodia	Member
Mr. Sanjay Kukreja	Member

### RISK MANAGEMENT COMMITTEE

Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member
Mr. Pradeep Dinodia	Member
Mr. Sanjay Kukreja	Member

### IT STRATEGY COMMITTEE

Mr. Pradeep Dinodia	Chairman
Mr. Abhimanyu Munjal	Member
Mr. Sanjay Kukreja	Member
Mr. Sajin Mangalathu	Member
Mr. Subhransu Mandal	Member

### STAKEHOLDER RELATIONSHIP COMMITTEE

Mr. Pradeep Dinodia	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Renu Munjal	Chairperson
Mr. Pawan Munjal	Member
Mr. D. N. Davar	Member
Mr. Pradeep Dinodia	Member
Mr. Abhimanyu Munjal	Member

### COMMITTEE OF DIRECTORS

Mr. Pawan Munjal	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member

### KEY MANAGERIAL PERSONNELS

**Mrs. Renu Munjal**  
Managing Director

**Mr. Abhimanyu Munjal**  
Joint Managing Director &  
Chief Executive Officer

**Mr. Jayesh Jain**  
Chief Financial Officer

**Mr. Vikas Gupta**  
Company Secretary

## CORPORATE INFORMATION

CIN No. U74899DL1991PLC046774

### STATUTORY AUDITORS

Deloitte Haskins & Sells,  
Chartered Accountants, (FRN. No. 015125N)  
7th Floor, Building No. 10, Tower B,  
DLF Cyber City Complex, DLF City Phase - III,  
Gurgaon - 122 002, Haryana  
Tel: +91 124 679 2000  
Fax: +91 124 679 2012  
Website: [www.deloitte.com/In](http://www.deloitte.com/In)

### INTERNAL AUDITORS

1. JRA & Associates, Chartered Accountants,  
B 15 (LGF), G.K. Enclave-II, New Delhi - 110 048  
Tel: +91 11 4056 2787  
Fax: +91 11 4056 2779  
Website: [www.jraca.com](http://www.jraca.com)
2. Ernst & Young LLP, Chartered Accountants,  
14th Floor, The Ruby, 29, Senapati Bapat Marg,  
Dadar (West), Mumbai - 400 028  
Tel: +91 22 6192 0000  
Fax: +91 22 6192 1000  
Website: [www.ey.com](http://www.ey.com)
3. PricewaterhouseCoopers Pvt. Ltd.  
252, Veer Savarkar Marg, Shivaji Park,  
Dadar, Mumbai - 400 028  
Tel: +91 22 6669 1500  
Fax: +91 22 6654 7801  
Website: [www.pwc.com](http://www.pwc.com)

### PRINCIPAL BANKERS

1. State Bank of India
2. HDFC Bank
3. ICICI Bank
4. Indian Bank
5. Axis Bank
6. BNP Paribas
7. Bank of America

### DEBENTURE TRUSTEE

#### Vistra ITCL (India) Limited

The IL&FS Financial Centre,  
Plot C- 22, G Block,  
Bandra Kurla Complex,  
Bandra(E), Mumbai 400051  
Tel: +91 22 2425 5215  
Website: [www.itclindia.com](http://www.itclindia.com)

### REGISTRAR & SHARE TRANSFER AGENT

#### 1. FOR EQUITY SHARES RELATED MATTERS

Link Intime India Pvt. Ltd.  
44 Community Centre, 2<sup>nd</sup> Floor,  
Naraina Industrial Area, Phase 1,  
New Delhi - 110028  
Tel: +91 11 4141 0592  
Fax: +91 11 4141 0591  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

#### 2. FOR NON-CONVERTIBLE DEBENTURE RELATED MATTERS

Karvy Computershare Pvt. Ltd.  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032  
Tel: +91 40 6716 2222  
Fax: +91 40 2300 1153

### REGISTERED OFFICE

34, Community Centre, Basant Lok,  
Vasant Vihar, New Delhi - 110 057  
Tel: +91 11 4604 4100, +91 11 2614 2451  
Fax: +91 11 2614 3321, +91 11 2614 3198

### CORPORATE OFFICE

09, Community Centre, Basant Lok,  
Vasant Vihar, New Delhi - 110 057  
Tel: +91 11 4948 7150  
Fax: +91 11 4948 7197 - 98  
Email: [Investors@HeroFinCorp.com](mailto:Investors@HeroFinCorp.com)  
Website: [www.HeroFinCorp.com](http://www.HeroFinCorp.com)

Arise, awake  
and do not stop  
until the goal is  
reached.

- Swami Vivekananda



## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty Seventh Annual Report, together with the Company's Audited Financial Statements for the financial year ended March 31, 2018.

### FINANCIAL RESULTS – STANDALONE & CONSOLIDATED

The Standalone and Consolidated financial highlights of your Company are as follows:

Amount (INR in Crores)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	1817.32	1332.69	1817.76	1332.70
Profit before Finance Costs, Depreciation & Amortization Expense	960.06	756.74	954.17	755.26
Less: Finance Costs	685.62	535.23	685.62	535.23
Depreciation & Amortization Expense	26.50	20.89	26.52	20.89
<b>Profit before tax</b>	<b>247.94</b>	<b>200.62</b>	<b>242.03</b>	<b>199.14</b>
Less: Provision for tax				
Current	122.19	100.37	122.19	100.37
Deferred	(36.70)	(30.16)	(36.65)	(30.42)
<b>Profit after tax</b>	<b>162.45</b>	<b>130.41</b>	<b>156.49</b>	<b>129.19</b>
Add: Balance of profit brought forward	173.92	82.63	172.70	82.63
Balance available for appropriation	336.37	213.04	329.19	211.82
<b>Appropriations</b>				
Dividend (INR) – Proposed	27.56	13.90	27.56	13.90
Corporate Dividend Tax – Current year	5.67	2.83	5.67	2.83
Transfer to Statutory Reserve	32.50	26.08	32.50	26.08
Transfer to General Reserve	16.25	13.04	16.25	13.04
Other Adjustments	-	-	-	-
<b>Balance carried to Balance Sheet</b>	<b>270.89</b>	<b>173.92</b>	<b>263.71</b>	<b>172.70</b>
Dividend (%) (Proposed)	28	15	28	15
Earnings per Share (EPS)				
- Basic	17.42	15.38	16.78	15.24
- Diluted	17.37	15.22	16.73	15.07

### FINANCIAL HIGHLIGHTS

During the year under review, receivables under financing activity including leasing portfolio has grown by 36.62% from INR 9,911.99 Crores in 2016-17 to INR 13,541.99 Crores in 2017-18. The total revenue has shown an impressive growth of 36.36% from INR 1,332.69 Crores in 2016-17 to INR 1,817.32 Crores in 2017-18. Profit before tax (PBT) increased by 23.59% from INR 200.62 Crores in 2016-17 to INR 247.94 Crores in 2017-18, so also the Profit after tax (PAT) registered an increase of 24.57% from INR 130.41 Crores in 2016-17 to INR 162.45 Crores in 2017-18.

A detailed discussion on the Company's operations is mentioned in the Section 'Management Discussion and Analysis Report' and attached to this Report as **Annexure-A**.

## **SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS**

The Company has one wholly owned subsidiary company viz. Hero Housing Finance Limited ("HHFL"). During the financial year under review, HHFL had obtained the approval from the National Housing Bank (NHB) vide its certificate dated August 21, 2017 for commencement of its business and is also registered as housing finance company under the provisions of section 29A of the NHB Act, 1987. HHFL will be engaged in the business of providing housing loans. HHFL shall commence its business shortly and the Company is regularly monitoring its performance.

The consolidated financial statements of the Company including its subsidiary duly audited by the statutory auditors are presented in the annual report. A report on performance and financial position of the subsidiary included in the consolidated financial statement is presented in a separate section in this annual report. Please refer AOC-1 annexed to the financial statements in the annual report.

The Company shall make available the annual accounts of the subsidiary company to any member of the Company upon request. The annual accounts of the subsidiary company will also be kept open for inspection at the registered office of the Company and the respective office of subsidiary company. The annual accounts of the subsidiary are also available on the website of the Company viz. [www.herofincorp.com](http://www.herofincorp.com) and can be accessed by clicking on the following link - <https://www.herofincorp.com/investor-relations/financial-performance>.

## **DIVIDEND**

The Board of Directors at their meeting held on April 30, 2018 have recommended a final dividend of 28% (INR 2.80/- per equity share) for the financial year ended March 31, 2018. The final dividend payable shall be subject to the approval of the members of the Company at the ensuing annual general meeting.

## **AMENDMENT OF ARTICLES OF ASSOCIATION**

During the year under review, SEBI vide its circular no. CIR/IMD/DF-1/67/017 dated June 30, 2017 stipulated that in respect of private placement of debt securities, a maximum number of 17 International Securities Identification Numbers (ISINs) maturing in any financial year shall be allowed, which comprises of 12 ISINs for plain vanilla debt securities (Secured and Unsecured) and 5 ISINs for structured and market linked debt securities with call and/or put option etc.

Accordingly, in order to align the articles of association of the Company with the aforesaid circular, the shareholders of your Company had approved the amendment of articles of association of the Company through postal ballot on October 10, 2017 and as per aforesaid circular, the confirmation certificate had also been given to the stock exchange and depositories within the stipulated time.

## **RAISING OF FUNDS/ CAPITAL**

### **A. PRIVATE PLACEMENT OF EQUITY SHARES AND WARRANTS TO INVESTORS AND PROMOTERS**

Pursuant to investment agreement(s) executed amongst Otter Limited, Credit Suisse (Singapore) Limited, the Promoter group companies and the Company in September, 2016, the Company was required to call the entire balance amount in respect of warrants within the period of 18 months. During the year under review, the Company, with the approval of its Board of Directors, called and received the balance call money from all the promoter investors and all the warrants were converted into 57,65,905 equity shares of the Company on February 22, 2018.

Post allotment of 57,65,905 equity shares, on account of conversion of warrants, the paid up share capital of the Company stands increased to INR 98.45 Crores. Each warrant is convertible into 1 (one) equity share of INR 10 each. The details of promoter investors to whom the allotment was made during the year is as follows :-

<b>S. No.</b>	<b>Name of the Investors</b>	<b>No. of equity shares allotted on the conversion of convertible warrants</b>
1.	Hero MotoCorp Ltd.	20,45,551
2.	M/s Brijmohan Lal Om Prakash (Partnership Firm)	17,98,386
3.	Munjal Acme Packaging Systems Private Limited	19,21,968
<b>Total</b>		<b>57,65,905</b>

#### **B. NON CONVERTIBLE DEBENTURES**

Secured non-convertible debentures worth INR 1,615 Crores were issued by the Company during the year under review. Additionally, your Company had also raised INR 100 Crores from Tier-II subordinated debt during the year. The said non-convertible debentures were listed on the National Stock Exchange of India Limited.

#### **C. COMMERCIAL PAPERS**

Commercial Papers worth INR 8,635 Crores were issued by the Company during the year under review. Total Commercial paper outstanding as on March 31, 2018 was INR 2,820 Crores as against INR 1,570 Crores as on March 31, 2017.

#### **D. BANK LINES**

Secured term loans of worth INR 1,500 Crores were borrowed from different banks during the year under review. Additionally, your Company enhanced the working capital lines (secured and unsecured) from INR 2,561 Crores to INR 2,986 Crores. The Company inducted one new bank during the year. The Company also deepened relationships with the existing bankers not just in terms of additional working capital and term loan facilities but also notably deepening the banks' subscription to our commercial papers and debentures.

### **RATINGS**

During the year under review, the rating agencies reaffirmed the following long term and short term ratings of the Company -

Amount (INR in Crores)

<b>Rating</b>	<b>Program/Category</b>	<b>Outlook</b>	<b>Quantum</b>
<b>ICRA</b>			
ICRA AA+	Non-Convertible Debentures	Stable	3,200.00
ICRA AA+	Subordinated Debt	Stable	500.00
ICRA AA+	Bank Loan Rating	Stable	7,000.00
ICRA A1+	Commercial Paper	-	4,000.00
<b>CRISIL</b>			
CRISIL AA+	Non-Convertible Debentures	Stable	2,200.00
CRISIL AA+	Subordinate Debt	Stable	500.00
CRISIL AA+	Bank Loan Rating	Stable	3,000.00
CRISIL A1+	Commercial Paper	-	4,000.00

## CAPITAL ADEQUACY RATIO

The Company continues to fulfill all the norms and standards laid down by the RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets etc. As against the RBI norm of 15%, your Company has been able to maintain a Capital Adequacy Ratio (CAR) of 18.6% as on March 31, 2018, which is well above the RBI mandated norm of 15%.

## FIXED DEPOSITS

During the year under review, the Company did not accept any public deposit(s) under the provisions contained in Section 73 of the Companies Act 2013, read with Companies (Acceptance of Deposits) Rules, 2014.

## TRANSFER TO GENERAL AND STATUTORY RESERVE

Your directors are pleased to report that with an objective to reinforcing the financial strength into the Company, a sum of INR 16.25 Crores being 10% of the profit after tax (PAT) of the year under review, has been transferred to the General Reserve of the Company.

Further, an amount of INR 32.50 Crores being 20% of the profit after tax (PAT) was transferred to Statutory Reserve of the Company pursuant to Section 45IC of the Reserve Bank of India Act, 1934.

## DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL INCLUDING THOSE WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

In terms of the applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sanjay Kukreja, Director of the Company retires from the Board by rotation this year and being eligible, offered himself for re-appointment. Brief resume and other details of Mr. Sanjay Kukreja who is proposed to be re-appointed as a director of your Company have been furnished, along with the explanatory statement to the notice of the ensuing 27<sup>th</sup> Annual General Meeting.

During the year under review, Mr. Jayesh Jain was appointed as Chief Financial Officer of the Company effective from January 29, 2018 and Mr. Shyam Lal, the erstwhile Chief Financial Officer re-designated as Senior Vice President-Finance of the Company. Further, Mr. Vikas Gupta was appointed as Company Secretary of the Company effective from March 22, 2018 in place of Mr. Amit Jain who had resigned effective from October 11, 2017.

Details of the whole-time key managerial personnel ("KMP") of the Company as on the date of this report are as under:

- |                         |   |
|-------------------------|---|
| 1. Mrs. Renu Munjal     | Managing Director                                   |
| 2. Mr. Abhimanyu Munjal | Joint Managing Director and Chief Executive Officer |
| 3. Mr. Jayesh Jain      | Chief Financial Officer                             |
| 4. Mr. Vikas Gupta      | Company Secretary                                   |

## DECLARATION BY INDEPENDENT DIRECTORS

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Director(s) have submitted their declaration of independence, stating that they meet the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act and rules made thereunder and are independent of the management.

## CORPORATE GOVERNANCE

The report on corporate governance is annexed as **Annexure - B** and forms part of this annual report. The Company is committed to maintain the high standards of corporate governance and is continuously striving to implement several best corporate governance practices.

## EXTRACTS OF ANNUAL RETURN

In accordance with the provisions of Section 92 of the Companies Act, 2013 read with rule 12 of Companies (Management and Administration) Rules, 2014, the extract of the annual return in form MGT-9 is attached to this report as **Annexure-C**.

## NUMBER OF BOARD MEETINGS

Your Board of Directors met 5 (five) times during the financial year 2017-18. The details of the Board meetings and the attendance of the directors are provided in the corporate governance report.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was also held on May 8, 2017, without the presence of non-independent directors and members of the management, to review the performance of non-independent directors and the Board as a whole, the performance of the Chairman of the company and also to assess the quality, quantity and timeliness of flow of information between the company's management and the Board.

## DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors state:

1. That in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures in the Auditor Report and notes to accounts;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis.
5. The Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which functions under direct supervision of Mrs. Renu Munjal, Managing Director of the Company, who is also the Chairperson of the CSR Committee. Other members of the committee are Mr. Pawan Munjal, Mr. Abhimanyu Munjal, Mr. D.N. Davar and Mr. Pradeep Dinodia. The committee has formulated the CSR policy indicating the activities to be undertaken by the Company from time to time. The committee, has been entrusted with the prime responsibility of implementation of the activities under the CSR policy and recommend the amount to be spent on such CSR activities. The committee is also responsible for recommending to the Board such activities which could be undertaken as per CSR policy.

Your Company has undertaken the CSR activities and complied with the provisions of Section 135 of Companies Act, 2013. The CSR activities undertaken by your Company are based on the approved CSR policy, which is available on the Company's website, [www.herofincorp.com](http://www.herofincorp.com) and can be accessed by clicking on the following link: <https://www.herofincorp.com/investor-relations/company-policies>. The details of CSR activities including the details of expenditure and CSR Committee are provided in the **Annexure – D** to this report.

The CSR policy of your Company, as adopted by the Board, broadly covers the following focus areas –

- To direct HFCL's CSR Programmes, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;
- To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development;
- To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;
- To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;
- To carry out CSR Programmes in relevant local areas to fulfil commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;
- To carry out activities at the time of natural calamity or engage in Disaster Management system;
- To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

## STATUTORY AUDITORS AND REPORT

In accordance with the applicable provisions of the Companies Act, 2013, M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 015125N) were appointed as the statutory auditors of the Company for the period of 4 (four) years i.e. upto the conclusion of 27<sup>th</sup> annual general meeting of the Company to be held in the year 2018. They have audited the financial statements of the Company for the FY under review.

The observations of auditors in their report, read with notes to the accounts are self-explanatory and therefore do not require further comments/elaborations pursuant to Section 134 of the Companies Act, 2013. There is no qualification made by the Statutory Auditors in their report. Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Companies Act, 2013.

On the completion of tenure of existing Statutory Auditors, your Company in its meeting of Board of directors dated April 30, 2018 has proposed to appoint M/s BSR & Co. LLP (ICAI Firm Regn. no. 101248W/W-100022) as the Statutory Auditors of the Company for a period of 5 (Five) years i.e. from the conclusion of 27<sup>th</sup> AGM upto the conclusion of 32<sup>nd</sup> AGM of the Company. Your Company had received an eligibility letter from the Statutory Auditors to the effect that the re-appointment, would be in accordance with Sections 139 and 141 of the Companies Act, 2013. Their appointment is being placed before the shareholders for approval in the ensuing 27<sup>th</sup> Annual General Meeting of the Company.

## SECRETARIAL AUDITORS & REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding rules framed thereunder, M/s Sanjay Grover and Associates were appointed as the secretarial

auditors of the Company to carry out the secretarial audit of the Company for the financial year ended March 31, 2018.

A secretarial audit report given by the secretarial auditors in requisite Form No. MR-3 is annexed with this report as **Annexure-E**. The Auditors' in their report to the members, made following observations. Response of your Directors with respect to them are as follows –

- 1. The Company has not filed Compliance Certificate with the stock exchanges as required under Regulation 7(3) of SEBI Listing Regulations for half year ended on March 31, 2017 and September 30, 2017 in respect of non-convertible debentures listed with National Stock exchange of India Limited and the same has been filed with for the half year ended on March 31, 2018;*

Explanation – The Company has subsequently filed the compliance certificate(s) with the Stock Exchange.

- 2. The Company has filed return on FDI with the Reserve Bank of India for the half year ended on March 31, 2017 and September 30, 2017 beyond the prescribed time.*

Explanation – The Company has subsequently filed the FDI return(s) with the Reserve Bank of India.

## LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186(11)(a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loans made, guarantee given or security provided in the ordinary course of business by a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such, the particulars of loans and guarantee have not been disclosed in this report.

Information regarding investments covered under the provisions of Section 186 of the said Act are detailed in the financial statements.

## RELATED PARTY TRANSACTIONS AND POLICY

All the related party transactions pursuant to Section 188(1) of the Companies Act, 2013 ("the Act") that were entered into by your Company during the year under review were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by your Company with its promoters, directors, key managerial personnel or other designated persons, which might have any conflict with the interest of the Company.

Your Board had approved and put in place a policy on related party transactions. In terms of provisions of Section 177 of the Act, all the related party transactions had been placed before the audit committee for its approval. There was no material transaction which required the approval of the Board therefore no detail is provided in Form AOC-2. Pursuant to Section 188 of the Companies Act, 2013, your Company has developed standard operating procedures for the purpose of identification of related party transactions and monitoring on a regular basis. Related party transactions were also disclosed to the Board on a regular basis as per Accounting Standard (AS)-18 of the Institute of Chartered Accountants of India.

None of the Directors had any pecuniary relationships or transactions vis-a-vis the Company except as provided in the notes to the accounts.

Pursuant to requirement of Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the policy on related party transactions is available on the Company's website, [www.herofincorp.com](http://www.herofincorp.com) and can be accessed by clicking on the following link: <https://www.herofincorp.com/investor-relations/company-policies>.

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has in place a well formulated vigil mechanism/whistle blower policy to deal with instance of fraud and mismanagement, if any. The policy enables any employee, director and other stakeholders to raise their concern directly to Audit committee. During the year 2017-18, no incident has been reported when the access to the Audit committee was denied to any of the employee for raising his/her concern as a part of vigil mechanism. During the year under review, no complaints have been received by the Company.

The whistle blower policy of the Company is available on the Company's website, [www.herofincorp.com](http://www.herofincorp.com) and can be accessed by clicking on the following link: <https://www.herofincorp.com/investor-relations/company-policies>.

## MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No other material changes and commitments affecting the financial position of the Company had occurred between April 1, 2018 and the date of signing of this report.

## CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the financial year ended March 31, 2018.

## INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EX- CHANGE

Your Company, being engaged in leasing and financing business within the Country, does not have any activity relating to conservation of energy, technology absorption and export of materials, goods or services. The directors, therefore, have nothing to report on conservation of energy and technology absorption.

The information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are as follows:

- I. Parts A and B pertaining to conservation of energy and technology absorption - NIL
- II. Foreign exchange earnings and outgo:
  - Earnings – INR NIL
  - Outgo – INR 1.10 crores on account of travel etc. (Previous year INR 1.20 crores).

## RISK MANAGEMENT

Effective risk management is essential to success and is an integral part of our culture. While we need to accept a level of risk in achieving our goals, sound risk management helps us to make the most of each business opportunity, and enables us to be resilient and respond decisively to the changing environment. Our approach to risk management assists us in identifying risks early and addressing them in ways that manage uncertainties, minimize potential hazards, and maximize opportunities for the good of all our stakeholders including shareholders, customers, suppliers, regulators and employees. Risks can be broadly classified as strategic, operational, financial, legal and regulatory.

The Risk Management Committee of the Board is set up to assist the Board in its oversight of various risks, review of compliance with risk policies, monitoring of risk tolerance limits, review and analyse the risk exposures related to specific issues and provides oversight of risk across the organization. The Board of Directors have also adopted risk management policy for the

Company which provides for identification, assessment and control of risks that in the opinion of the Board may threaten the existence of the Company. The management identifies and controls risks through a properly defined framework in terms of the aforesaid policy.

## ANNUAL EVALUATION-BOARD AND ITS COMMITTEES

A formal evaluation of the performance of the Board, its Committees, and the individual directors was carried out for financial year 2017-18. The Nomination and Remuneration Committee ("NRC") has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each Director (including executive, non-executive and independent directors), of the Board as a whole and its Committee.

The criteria include different aspects covered under administrative, strategic, operational and compliance headings.

As per laid down procedure, the Independent Directors held a separate meeting to review the performance of the Chairperson of the Company after taking into account the views of executive and non-executive directors. The substantial and continuing, contribution of the Chairperson in the growth of the Company was highly commended. The independent directors also reviewed performance of every executive and non-executive director of the Board. The performance evaluation of each independent director was done by the entire Board (except the independent directors being evaluated). The performance of each committee has been evaluated by its members and found to be satisfactory.

## REMUNERATION POLICY

The Board of Directors had approved and adopted the nomination & remuneration policy, inter alia, for appointment and fixing remuneration of the directors, key managerial personnel and other employees. The said policy is attached herewith as **Annexure-F** to this report. The remuneration policy of your Company can be accessed by clicking on the following link- <https://www.herofincorp.com/investor-relations/company-policies>.

## INTERNAL CONTROL SYSTEMS

Internal Control Culture is pervasive in the Company. The Company has a comprehensive Internal Control System for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal Control system basically covers the area of Accounting Control, Compliance Audit at regular intervals by the Internal Auditor.

The Internal Auditors also assesses opportunities for improvement in business processes, systems and controls, provides recommendations, designed to add value to the organization and follow up the implementation of corrective actions and improvements in business processes after review by the Audit Committee.

During the year under review, M/s PricewaterhouseCoopers Private Limited was appointed as Joint Internal Auditor of the Company, in addition of existing Internal Auditors viz. M/s JRA & Associates and M/s Ernst & Young LLP.

## AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Companies Act, 2013 (the Act), your Company has an Audit committee comprising of three directors viz. Mr. D.N. Davar, Mr. Pradeep Dinodia and Mrs. Renu Munjal, majority of them are independent directors. Mr. D.N. Davar, an independent director, is the Chairman of the Audit committee. The Committee regularly interacts with the statutory auditors, internal auditors and auditees in dealing with matters falling within its terms of reference. The Audit committee mainly deals with matters relating to accounting, financial

reporting and internal controls. In compliance with the provisions of the Act, the committee met 4 (four) times during the year.

Pursuant to the provisions of Companies Act, 2013, the terms of reference of the committee comprises of the following:

- a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) examination of the financial statement and the auditors' report thereon;
- d) approval or any subsequent modification of transactions of the company with related parties;
- e) scrutiny of inter-corporate loans and investments;
- f) valuation of undertakings or assets of the company, wherever it is necessary;
- g) evaluation of internal financial controls and risk management systems;
- h) monitoring the end use of funds raised through public offers and related matters.
- i) Management of the Vigil Mechanism in the Company

Your Company has accepted and implemented all the recommendations made by the audit committee during the period under review.

## PARTICULARS OF EMPLOYEES

Your Directors place on record their appreciation for the significant contribution made by all employees, who through their competence, dedication, hard work, co-operation and support have enabled the Company to achieve new milestones on a continual basis.

A detailed note on personnel is given in the Management Discussion and Analysis, which forms part of this Annual Report.

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is appended as **Annexure G** to the Report. The information as per Rule 5(2) of the Rules, forms part of this Report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

## EMPLOYEE STOCK OPTION PLAN

In order to attract, retain, reward and motivate the employees to achieve their organizational goals as well as high level of individual performances, the Board of Directors in its meeting held on March 1, 2017 had approved to formulate and implement HFCL Employee Stock Option Plan, 2017 ('ESOP 2017'). Thereafter, your Company had also obtained the approval of its shareholders on June 9, 2017 for ESOP 2017 through postal ballot.

The scheme envisages grant of upto 26,39,703 Equity Shares of the Company. During the year under review, the Company grants 11,29,805 options at an exercise price of INR 495 per share to the certain employees of the Company under ESOP 2017. Details of ESOP disclosure pursuant to Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and the provisions of Section 62 of the Companies Act, 2013 read with rules framed thereunder is annexed as **Annexure H** to this report.

## AWARDS AND RECOGNITIONS

During the year under review, your Company and its management has been facilitated with the following awards –

1. Certified as a "Great Place to Work" organization, Feb'18.

2. Mr. Abhimanyu Munjal, Joint MD and CEO, awarded by The Economic Times under "40 under Forty" award, July'17.
3. Mr. Abhimanyu Munjal was also awarded by the Ludhiana Management Association (LMA) under "Young & Innovative Entrepreneur of the Year" award, Sep'17.
4. Awarded with the "National Award for Excellence in Training & Development" organized by World HRD Congress (supported by Times Group)-July'17 in the award category "Best Leadership Development Program for Middle Management".
5. Awarded with the First Runners Up Award at the National HR Circle Competition, 2017 held in Nov'17 by Confederation of Indian Industry (CII). Hero FinCorp has bagged the prestigious award in Category: "Best Organization in Performance Management, Training & Development" under the Large Service Industry Sector.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 125 of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014, your Company had transferred unclaimed/unpaid dividend of INR 6,41,000 for FY 2009-10 lying with the Company for a period of 7 years after declaration of dividend to the Investor Education and Protection Fund (IEPF) of Central Government of India.

Further, pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect to which dividend had not been paid or claimed for 7(seven) consecutive years or more shall be transferred to IEPF Authority. Accordingly, on the basis of FY 2009-10 whose dividend had not claimed for last 7(seven) years, the Company had transferred 36,400 equity shares into demat account of IEPF Authority. The details of equity shares transferred to IEPF are also available on the Company's website i.e. [www.herofincorp.com](http://www.herofincorp.com) and can be accessed by clicking on the following link- <https://www.herofincorp.com/investor-relations/unclaimed-unpaid-dividend>.

## COMPLIANCE WITH SECRETARIAL STANDARDS

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on Board and General meetings. The Company has complied with all the applicable provisions of the secretarial standards.

## STATUTORY DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Deposit from the public falling within the ambit of Section 73 of the Act and rules made thereunder.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future. However, the Company paid an amount of INR 18.90 Lakhs towards the settlement charges, as directed by SEBI vide order no. SO/EFD-2/SD/170/OCT/2017 dated October 31, 2017 passed in application no. 3098 of 016 filed *suo-moto* by the Company on account of non-compliance of clause 29A(a) and (c) of the debt listing agreement dated November 24, 2012 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. non-furnishing of half yearly financial statements to the stock exchange.
4. Buy Back of shares
5. Issue of sweat equity shares to employees of your Company

## DISCLOSURE UNDER PREVENTION OF SEXUAL HARASSMENT POLICY

During the year under review, the Company has complied with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Prevention of Sexual Harassment (POSH) Policy is in place and Internal Complaints Committee has been constituted and is functional. No Complaint was received under POSH during the year ended March 31, 2018.

## ACKNOWLEDGEMENT

The Board of Directors acknowledge with gratitude the co-operation and assistance extended by its bankers, customers, associates and employees. The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from the shareholders.

By Order of the Board  
**for Hero FinCorp Ltd.**

**Pawan Munjal**  
**Chairman**  
**DIN: 00004223**

Place: New Delhi  
Date: April 30, 2018

### Registered Office:

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CIN : U74899DL1991PLC046774  
Phone : +91 11 4604 4100, +91 11 4948 7150;  
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E-mail : investors@herofincorp.com  
Website: www.herofincorp.com

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Global Economy

The global economy is experiencing a near-synchronous recovery, the most broad-based since 2010. In 2017, roughly three-quarters of all nation states experienced improvements in their growth rates, the highest share since 2010. IMF's latest World Economic Outlook (WEO) shows global GDP growth accelerated to around 3.6% in 2017 from 3.2% in 2016, and the forecast for 2018 has been upgraded to 3.9%.

As a consequence of strong growth numbers, commodity prices have consistently increased in 2017, led by petroleum, whose price rose by 16% to reach \$61 per barrel by the end of the year. Most other industrial commodities also witnessed an increase in prices.

In 2018, companies are likely to respond to buoyant demand conditions by stepping up investment, while most developed economy policies will continue to stimulate growth. There are a few potential political and economic risks, such as an unrest in the Middle East, aggressive output cuts by Saudi Arabia (and Russia) which may force oil prices to go even higher. Looming trade tensions could lead to skirmishes, an increase in tariffs across the globe and inefficiencies in global trade.

In addition, advanced economies also face a few risks on the macro-finance front which mainly stem from three inter-related sources:

- Asset Valuations (price-equity ratios) typically tend to revert to their mean, the faster and higher they climb, the greater the correctional risk. This situation gets further compounded if the high valuation comes in at a later stage of the economic cycle.
- Simultaneously, high valuations of both bonds and equities tend to be briefly lived because they suffer from an acute tension: if future earnings and economic growth are so bright, justifying high equity prices, interest rates cannot be forever so low.
- If interest rates rise – or if markets sense that central banks may shift their stance—both bond and equity prices could face sharp corrections.

### Indian Economy

The Indian Economy faced several swings on the macroeconomic front this past year. During the first half, our economy temporarily “decoupled” itself. While the rest of the world accelerated we slowed down a bit. However, in spite of these challenges we managed to remain the second-best performer amongst all major countries of the world with strong macroeconomic fundamentals. These swings were primarily led by demonetization, difficulties in adopting GST, high and rising real interest rates and a sharp fall in certain food prices that impacted agricultural incomes.

The second half of the year however told a completely different story. A good monsoon, continued global recovery, and results from relatively older government policy measures led to an economic acceleration during the second half of the year. However, the rise in crude prices and a slower first half made the government miss its fiscal deficit target of 3.2%.

The outlook for 2018-19 will also be determined by pluralistic economic policy measures due to the run up to the next national election. If the ongoing reforms stabilize, and the world economy remains as buoyant as it today, growth could start recovering towards its medium term economic potential of around 8%. This forecast is subject to various upside potential and downside risks:

- The biggest source of upside potential will be exports. As per current trends along with global growth numbers as projected by the IMF could allow India to add another 0.5% to its forecasted growth
- Implementation of the IBC process, resolution timelines, and acceptance of IBC solutions are critical for kick-starting private investment. Delays in resolution would pose greater risk

and that uncertainty will soon shroud the entire IBC process. It is likely that expeditious resolution may require the government to provide additional resources to PSBs.

- State Assembly elections in key states and the sentiment during the Lok Sabha elections will also affect the direction which the markets take.
- Commodity prices will be a major risk on inflation, currency, and Government ability to maintain its fiscal deficit targets

## Financial Service Sector and Developments

Financial year 2017-18, was marked by several developments relevant to the financial service sector:

- Insolvency and Bankruptcy Code were promulgated for putting in place various safeguards to prevent unscrupulous and undesirable persons from misusing or vitiating different provisions of the law.
- Deployment of LEI Code for large corporate borrowers for improving the quality and accuracy of financial data systems and for better risk management.
- RBI barred banks from issuing Letters of Undertaking with an aim to control misuse of LOUs.
- RBI revised the Prompt Corrective Action (PCA) framework for commercial banks to improve asset quality and profitability.
- Real Estate (Regulation and Development) Act-2016 became effective. This would address issues like time delay, price issues, quality of construction, title clarity, etc.
- SEBI introduced a framework for consolidation and re-issuance of debt securities issued and limited a maximum of 12 ISINs maturing per financial year with an aim to reinvigorate liquidity in secondary bond markets
- Masala Bonds were brought under the purview of ECB guidelines

All these developments will have far reaching effects on India's financial services sector and will support its overall growth while keeping in mind compliance and risk management related matters.

## Regulatory and Industry developments

NBFCs play an imperative role in emerging economies like India, owing to culture, ability, and an aim to cover inaccessible/ untapped areas. NBFC's act like banks, and support the government objective of "financial inclusion". Quick decision making, prompt service, and expertise in serving in niche segments have helped NBFCs gain significant ground.

Recent regulatory changes have affected NBFCs in many ways, a few notable items are:

- Harmonization of asset recognition norms in line with banks, NBFCs have now started recognizing the non-performing assets on a 90 days past due basis, as against 120 days earlier. This could affect NBFCs catering to niche customer segments having limited banking habits.
- SEBI has also brought the "Framework for consolidation and re-issuance of debt securities". As per this regulation SEBI limits issuers to mature maximum 12 ISINs per financial year. This would restrict NBFCs from playing freely in bond markets.
- Revised Electronic Book mechanism for issuance of securities on private placement basis, would take a toll on NBFC interest costs, as actual placement receipts would reflect in an NBFCs account with one-day lag, resulting in additional interest outflow.
- Masala Bonds now come under the purview of ECB guidelines, this has helped NBFCs in raising money, earlier Masala bonds were covered under FDI limits, which offered limited scope for all players.

## The Company

Hero FinCorp is an NBFC with a diversified product portfolio, the company aims to promote financial inclusion and help achieve the dreams of Indian entrepreneurs & businesses.

In the two-wheeler loan segment, Hero FinCorp has focused on customers who are left out for reasons like limited documentation, limited credit history, and hence perceived to be as a high-risk category customer by traditional banking channels. Hero FinCorp believes that credit worthiness can be evaluated by employing innovative methods that take into account the subjective knowledge gleaned from customer visits, background checks, etc. This provides an opportunity to the customer to start building a credit history and move towards greater adoption of financial services.

The Company provides a wide portfolio of other financial products including Pre-Owned Car Loans, Loyalty Personal Loan, Inventory Funding, Loan Against Property, Loans to SMEs and Emerging Corporates.

Hero FinCorp has also set up a Housing Finance arm, called Hero Housing Finance Limited (which is a wholly owned subsidiary of Hero FinCorp), to cater the housing needs and support in the government's mission of "Housing for All". Hero Housing Finance Limited would start operations in Q1 FY19.

## Financial and Operational Performance

The Company entered into FY18 with focus on three key areas - operating efficiency, customer centricity, and skilling up. Hero FinCorp proved its mettle with another high performance year, which was made possible by a balance portfolio mix, robust volume growth, prudent risk management, and collective effort, are key financial parameters are:

- Assets under Management (AUM) grew by 36.6% from INR 9,911.9 Crore as on March 31, 2017 to INR 13,541.9 Crore on March 31, 2018.
- Total revenue grew by 36.4% from INR 1,332.7 Crore in 2016-17 to INR 1,817.3 Crore in 2017-18.
- Profit Before Tax (PBT) increased by 23.6% from INR 200.6 Crore in 2016-17 to INR 247.9 Crore in 2017-18.
- Profit After Tax (PAT) increased by 24.6% from INR 130.4 Crore in 2016-17 to INR 162.5 Crore in 2017-18.

## Segment wise performance

### Retail Business

The retail business was present at 914 dealerships at the end of Financial Year 2018 (842 at the end of Financial Year 2017). Our services are now available at over 3000+ touch points spread across 1300+ locations.

The retail team has built capacity to disburse over 2 loans every minute and have serviced over 2.5 million happy two-wheeler loan customers as on March 31, 2018. This is an amazing achievement in a short time span of under 5 years. A total of 8.6 Lakh of two-wheeler loans were disbursed in the last financial year (6.7 Lakh in FY17) amounting to a total active customer base of around 1.6 Million and an asset book of INR 3,971.8 Crore.

### Loan against Property, SME, and Emerging Corporate Business

At present your company is operating out of 42 Locations in the non-retail segment. The team has built a capacity to process over 650 loan applications per month. In FY18, the Company disbursed INR 4,844.2 Crore worth of new loans for Loan Against Property, SME, and Emerging Corporate Businesses.

In FY-18, the loan book for SME and Loan Against Property businesses grew to INR 3,698 Crore from INR 2,733 Crore in FY-17. The Emerging Corporate and Structured Finance Business loan book grew to INR 4,163 Crore from INR 3,171 Crore in FY-17.

Total loans outstanding as on March 31, 2018 for SME, Loan Against Property, Emerging Corporate Businesses, and Structured Finance amounted to INR 7,861 Crore.

## Borrowings:

During the year, the Company secured borrowing to the tune of INR 12,625 Crore, including rollovers, to serve the business demand. The borrowing book stood at INR 10,823 Crore as on March 31, 2018 against INR 7,692.4 Crore as of March 31, 2017.

The Company focused on diversified borrowing mix, more inclined towards non-bank borrowing and closed the borrowing mix (Money Market: Bank) at 56:44 as on March 31, 2018 vs. 42:58 as on March 31, 2017, respectively. The Company's cost of borrowing for FY-18 stood 8.04% vs. 8.72% for FY17.

## Non-Convertible Debentures

Secured Non-Convertible Debentures worth INR 1,615 Crore were issued by the Company during the year. Additionally, the Company raised INR 100 Crore of Tier II Subordinated Debt during the year. The Non-Convertible Debentures issued by the Company are listed on the National Stock Exchange of India Limited and carries rating of "FAA+" from ICRA and "AA+" from CRISIL

## Commercial Papers

Commercial Papers worth of INR 8,635 Crore were issued by the company during the year under review, total Commercial Paper outstanding as on March 31, 2018 was INR 2,820 Crore as against INR 1,570 Crore as on March 31, 2017.

## Bank Lines

During the year, the Company raised fresh Term Loans worth INR 1,500 Crore. Additionally, the Company also enhanced its working capital lines (Secured and Unsecured) from INR 2,561 Crore to INR 2,986 Crore during the year under review. The Company, also, deepened relationships with existing bankers, not just in terms of additional working capital and term loan facilities, but also notably deepened the banks' subscription to Commercial Papers and Debentures.

## Asset Liability Management (ALM)

It has been an endeavor of the Company to manage the liquidity and interest rate risks in a prudent manner. In FY18, the Company focused on raising funds through long term borrowings. As a result, as on March 31, 2018, the Company had a positive match in each of the cumulative buckets of the Structural Liquidity Statement. The cumulative mismatch in 1 to 14 days stood at positive 1799.1 Crore (+284%). The cumulative mismatch in 6 months to 1 year stood at positive 755.9 Crore (+10%). Both these figures were well above the RBI threshold of negative 15%.

## Capital Adequacy

The Capital Adequacy Ratio (CAR) as on March 31, 2018 stood at 18.62%, which is well above the RBI threshold of 15%. Tier I Capital Adequacy stood at 16.02% and Tier II capital adequacy was 2.60%.

## Risk Management

In accordance with the requirements of the Companies Act, 2013 and RBI Regulations, the Company, has adopted and formulated a Risk Management Framework which lays down the procedure for risk assessment and mitigation. The Board has delegated the responsibility of overseeing the Risk Management framework to the Risk Management Committee. The Company has adequately invested in people, processes, and technology to mitigate risks from the external environment.

During the year, the RMC reviewed the risks associated with the business of Hero FinCorp, its root causes and the efficacy of the measures taken to mitigate the same. Thereafter, the Audit Committee and the board of directors also reviewed the key risks associated with the business of the Company, the procedures adopted to assess the risks, efficacy and mitigation measures.

The Company manages various risks like financial risk, operational risk, marketing risk, external risk and regulatory risks associated with the mortgage business. The critical risks which can significantly impact profitability and financial strength are credit risk, interest rate risk and liquidity risk. Hero FinCorp manages credit risk through internal credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profile. The Company has also invested in people, processes, and technology to mitigate risks from the external environment.

The Company has an Asset Liability Management (ALM) policy approved by the board. The task of overseeing the ALM has been entrusted to the ALM Committee (ALCO) which oversees and reviews the ALM position every quarter. Additionally, there is a sub-committee of the ALCO comprising of the Managing Director and members of Senior Management. During the year, the ALCO reviewed the risk arising from the gaps in the liquidity and interest rate sensitivity statements and took decisions in mitigating the risk by ensuring adequate liquidity and profitability through maturity profile of assets and liabilities.

### **Regulatory Guidelines by RBI**

Hero FinCorp continues to comply with the guidelines issued by RBI regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) standards, fair practices code and real estate and capital market exposures.

### **Internal Audit & Control**

The Company's well-defined organizational structure, documented policy guidelines, defined authority matrix, and various internal controls help ensure efficiency of operations, compliance with internal policies, and applicable laws & regulations as well as protection of company resources. The structure is designed to provide a reasonable assurance with regard to reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations, prevention and detection of fraudulent activities etc. The Company has continued its efforts to align all its processes and controls with leading practices and regulations.

The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines which ensure reliability of financial and all other records.

The Company has a robust internal audit program, where the internal auditors, an independent firm of chartered accountants to conduct audit risk based internal audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. The Audit program and scope is agreed upon by the Audit Committee. The Internal Auditors directly reports to the Audit Committee. She/he also identifies and assesses opportunities for improvement in business processes, systems and controls, provides recommendations, designed to add value to the organization and follows up on the implementation of corrective action and improvements in business processes post discussion with the Audit Committee. The Internal Audit reports are periodically reviewed by the Audit Committee. The Company has in material respect an adequate internal financial control over financial reporting and such controls are operating effectively.

### **Information Technology**

Information Technology is core to the operations of the Company and plays a very important role in scaling businesses with increased productivity, reduced cost of delivery, fast turnaround time and increased customer satisfaction. Firm in this belief, the Company has built loan process to be quick, efficient and paper light. These processes, built on cutting edge technology platforms, are automated in loan origination and management. The Company continuously upgrades its technology platform to offer a differentiated experience to its customers. During the last year,

the Company has made significant upgrades to the technology infrastructure comprising of data network and computing ability to improve the reliability of our technology platform and applications. Several steps have been taken to automate back-office processes like disbursement of funds thereby delivering productivity and improving overall business agility. An example is our new mobile application which was rolled out for our Collection agents, allowing them to access relevant information quickly and issue electronic receipts thus avoiding the cumbersome process of issuance and tracking of paper receipts. A new platform based on Salesforce technology was deployed during the year to offer pre-owned car loans. A new 'Interactive Voice Response' or IVR platform was launched to better serve the needs of our customers. On the whole, the investments made in IT are aimed at creating nimble acquisition platforms, timely servicing, and analytical capabilities to enable profitable sell and service of our products.

The Company carries out audit of its IT system from external agency at regular intervals. The external agency's suggestions and recommendations are reported to Audit Committee and implemented where found necessary.

## Material development in Human Resources

The Company's human resource strength increased to 1,266 employees on March 31, 2018, from 961 employees on March 31, 2017. Currently, the average age of our employees is under 35 years. During FY18, Hero FinCorp was also designated as a 'Great Place To Work'. The Company considers Human Resources to be one of our most valuable assets, and there is a conscious focus on training, developing and upgrading the skills of staff across functions.

In FY18, 110 training sessions were organized, 2,304 employees participated, spending a total of 2,877 man days as against 79 training sessions, involving 1,659 employees, spending 1,987 man days in FY17.

These trainings are imparted using a combination of online and offline methods, the Company has also developed its own online learning management system called 'FinCademy'. Which is an e-learning tool, enabling employees to self-learn and upgrade their skills. Special e-learning modules launched during the year were Safe Workplace, Email Etiquette, Appraisal & Feedback, etc.

## SWOT ANALYSIS

### Strengths

- Pan-India Distribution - The Company is present at over 2500+ touch points spread across 1300+ cities, towns and districts. A wide presence makes it easier to have steady demand and at the same time it helps diversify risks associated with particular geographies.
- Competitive Cost of Borrowing – Money is the raw-material for a lending organization. A lower cost of borrowing helps to price our asset book competitively. The Company has is strong in managing its borrowing prudently with one of the lowest cost of borrowing in the industry
- Over 2.5 Million Retail Loan Customers – The Company has a large base of retail customers where a majority of them have taken a loan from an organized financier for the first time through the Company. The Company should be in good position to partnering the customer for his other funding requirements

### Weaknesses

- Business exposed to Macro-economic cycles – The Company's business growth and performance are closely linked with macro-economic cycles. The cost of borrowing and the non-retail asset book in particular are sensitive to the economic cycles. The Company tries to mitigate this risk by broadening the borrower's base and making the non-retail book stronger and more granular.
- Monsoons in India can have a bearing on the performance of two-wheeler financing business – A large portion of two-wheelers are sold in areas where the success of monsoons plays a major part in the local economic performance. A weak monsoon could have an impact on the delinquencies of our two-wheeler portfolio.

**Opportunities**

- Government's focus on promoting financial inclusion - There is a large number of untapped or unbanked customers who are yet to take their first loan. With the Government's focus on promoting financial inclusion, the Company is working on strengthening its Information Technology systems and broadening its reach to tap into this opportunity.
- Increasing number of SMEs are opting for formal financing instead of relying informal sources - Greater acceptance of GST and formalization of the Indian economy has meant more and more SMEs opting for formal financing.

**Threats**

- Steep hike of interest rates by RBI-RBI is expected to raise the repo rates a few times in FY19. However, if there is a steep hike of the same may affect the transmission of rates to our customers which will pose a threat to our margins and delinquencies.

**Outlook**

The optimism evident at the beginning of the year is slowly morphing into a strong recovery for the global economy and it appears sustainable as well. It is supported by consumption, investment, and government expenditure. However, it is hard to ignore the uneasy confluence of headwinds emanating from geopolitical risks triggering commodity price volatility, and the emergence of a mercantilist approach to trade.

Domestically, the economy appears to have rebounded after the initial hiccups associated with the national rollout of the Goods & Services Tax (GST), coming almost immediately after the demonetization drive. While the de-leveraging in the heavily indebted parts of the corporate sector and muted credit growth in public sector banks does pose a risk to growth, the decisive re-capitalization move by the Government could provide the much needed flip to private investments going forward. If we keep our financial system, especially, the banking sector, in good shape, we should be able to see good progress.

**Cautionary Statement**

Certain statements in the Management Discussion and Analysis could be forward looking statements within the meaning of applicable law. Actual results may vary significantly from the forward looking statements due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political risks within and outside India, volatility in interest rates, change in Government or regulatory policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

## **CORPORATE GOVERNANCE REPORT**

### **CORPORATE GOVERNANCE REPORT**

Corporate Governance refer to as "A set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders." It ensures –

- Commitment to values and ethical conduct of business;
- Transparency in business transactions;
- Statutory and legal compliance; and
- Adequate disclosures and Effective decision-making to achieve corporate objectives.

It is a combination of laws, regulations, procedures, implicit rules and voluntary practices that enable Companies to attract financial and human capital perform efficiently and thereby maximize long term value for shareholders, while respecting the aspect of multiple stakeholders, including society at large.

Corporate Governance is not a matter of just complying with the check-list, it is integral to the very existence of a Company. It strengthens investors' trust and ensures long-term partnership that helps in fulfilling a Company's quest for higher growth and profits. A good Corporate Governance policy should also ensure the following:

- A competent Management team is at the helm of affairs;
- The Board of Directors (Board) is strong with an optimum combination of Executive and Non-Executive (including Independent) Directors, who represent the interest of all stakeholders;
- The Board effectively monitors the management's progress, takes all key Corporate decisions;
- The Board is aware of the concerns of the Company's shareholders; and
- The Management and employees have a stable environment.

In a nutshell, the essence of Corporate Governance lies in the phrase "Your Company". It is "Your" Company because it belongs to you, the Shareholders. The Chairman and Directors are "Your" fiduciaries and trustees. Their objective is to take the business forward to maximize "Your" long- term wealth.

Your Company has been promoted by Hero MotoCorp Limited, which is committed to benchmark itself with global standards in all areas including Corporate Governance.

### **BOARD OF DIRECTORS**

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent within the system. The Board of Directors ('the Board') is responsible for overall governance of the Company.

### **COMPOSITION OF THE BOARD**

The Company's Board comprises of an appropriate combination of Executive and Non-Executive Directors. As on March 31, 2018, the Company's Board consists of 6 (six) Directors, which includes 2 (two) Executive Directors, 2 (two) Non- Executive Directors and 2 (two) Non-Executive and Independent Directors.

Details of composition of the Board, number of meetings held and attended by the Directors during the year under review etc. is given herein below.

Name of the Directors	No. of Board Meetings		Whether attended last AGM	No. of other Directorships held (excluding Private Companies, Foreign Companies and Sec. 8 Co's)
	Held	Attended		
<b>Executive</b>				
Mrs. Renu Munjal	5	5	Yes	1
Mr. Abhimanyu Munjal	5	5	Yes	1
<b>Non-Executive</b>				
Mr. Pawan Munjal	5	4	Yes	2
Mr. Sanjay Kukreja	5	5	Yes	-
<b>Non-Executive and Independent</b>				
Mr. Dharmendar Nath Davar	5	5	Yes	8
Mr. Pradeep Dinodia	5	5	Yes	6

Note: None of the Directors holds office as a director, including alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary company of a public company are included.

As per declarations received, none of the directors serves as an independent director in more than seven listed companies. Further, the whole-time directors in the Company do not serve as an independent director in more than three listed companies.

Mr. Abhimanyu Munjal is son of Mrs. Renu Munjal. Mrs. Renu Munjal is wife of late Mr. Raman Kant Munjal son of Late Shri Brijmohan Lall Munjal. Mr. Pawan Munjal is brother of Late Mr. Raman Kant Munjal.

## INDEPENDENT DIRECTORS

The Independent Directors of the Company are individuals of eminence & repute in their respective fields and help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, corporate governance and standards of conduct. In accordance with the criteria set for selection of Independent Directors and for determining their independence, the Nomination and Remuneration Committee ('NRC') of the Board, inter alia, considers the qualifications, positive attributes, area(s) of expertise and Directorships/Committee memberships held by these individuals in other companies. The Board considers the NRC's recommendation and takes appropriate decisions in appointment of the Independent Directors.

## PECUNIARY RELATIONSHIP

There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company, apart from the sitting fees received by them for attending the Meetings of the Board and Committee(s) thereof.

## BOARD MEETINGS

During the Financial Year 2017-18, your Board met 5 (five) times i.e. on May 08, 2017, August 29, 2017, November 10, 2017, January 29, 2018 and March 22, 2018. The gap between any two meetings has been less than one hundred and twenty days.

## INFORMATION SUPPLIED TO THE BOARD

Agenda papers along with the necessary documents and information are circulated to the Board and the members of the Board Committee(s) well in advance before each meeting of the Board and Committee(s) thereof. In addition to the general business items, the following items/information is regularly placed before the Board and/or Committees to the extent applicable:

- Annual Budget/Business Plan;
- Strategic business proposal or activities to be undertaken;
- Purchase and disposal of major fixed assets;
- Quarterly, half yearly and annual results of the Company;
- Minutes of the meetings of the Board Committee(s);
- Any material defaults in financial obligations to and by the Company for substantial non payments;
- Sale of material nature of investments and assets, which are not in the normal course of business;
- Reports on Internal Controls Systems and Internal Audit Reviews; and
- Related Party Transactions.

## SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the reporting financial year, a separate Meeting of the Independent Directors of the Company, was held on May 08, 2017, wherein the following items as enumerated under Schedule IV to the Companies Act, 2013 were discussed:

- a) Review of performance of Non-Independent Directors and the Board as a whole;
- b) Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- c) Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## SUBSIDIARY

During the financial year ended March 31, 2018, the Company has one wholly owned subsidiary company viz. M/s Hero Housing Finance Limited.

## BOARD LEVEL COMMITTEES

### AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Companies Act, 2013, the Company was constituted an Audit Committee on April 27, 2001, with two-third of the members being Non-Executive and Independent Directors. The "Terms of Reference" of the Audit Committee as approved by Board of Directors includes the following:

- a) the recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- b) review and monitor the Auditor's independence and performance, and effectiveness of Audit process;
- c) examination of the financial statement and the Auditors' report thereon;
- d) approval or any subsequent modification of transactions of the Company with related parties;
- e) scrutiny of inter-corporate loans and investments;
- f) valuation of undertakings or assets of the Company, wherever it is necessary;
- g) evaluation of internal financial controls and risk management systems;
- h) monitoring the end use of funds raised through public offers and related matters; and
- i) operate the Vigil Mechanism in the Company.

The Chairman of the Committee is Mr. Dharmendar Nath Davar, being the Ex-Chairman of India's renowned financial institution – IFCI Limited, possesses rich and varied experience and knowledge in the field of finance. The other members of the Committee are also experienced and are heading the industrial and service sectors.

## MEETINGS, ATTENDANCE AND COMPOSITION

During the Year under review, the Audit Committee met 4 (four) times, i.e. on May 08, 2017, August 29, 2017, November 10, 2017 and January 29, 2018 respectively. The constitution of the Audit Committee and the attendance record of Members in the Committee meetings are as under:

<b>Name of the Members</b>	<b>Position Held</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mr. Dharmendar Nath Davar	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Pradeep Dinodia	Member	4	4

Mr. Dharmendar Nath Davar, Chairman of Audit Committee was present at the Annual General Meeting of the Company held on September 29, 2017, to answer the shareholders' queries.

The Chief Financial Officer and Joint Managing Director and CEO of the Company and representatives of the Internal Auditors and the Statutory Auditors also attend the Committee meetings upon invitation of the Chairman. The Company Secretary acts as the secretary to the Audit Committee.

## ASSET LIABILITY MANAGEMENT COMMITTEE

Pursuant to the Guidelines issued by the Reserve Bank of India (RBI), a Committee was constituted on October 31, 2002 to check the Asset Liability mismatches, interest risk exposure and to help the Company to improve the overall system for effective risk management in various portfolios held by the Company. As per the RBI guidelines, a NBFC whose assets base is greater than INR 100 crores should have an Asset Liability Management Committee (ALM) to maintain the ALM systems. Mr. Dharmendar Nath Davar, is the Chairman of the Committee and possesses rich and varied experience and knowledge in the finance field. The other members are also experienced in heading the industrial and service sectors.

During the financial year 2017-18, the ALM Committee met 4 (four) times, i.e. on May 08, 2017, August 29, 2017, November 10, 2017 and January 29, 2018 respectively. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

<b>Name of the Members</b>	<b>Position Held</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Mr. Dharmendar Nath Davar	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Abhimanyu Munjal	Member	4	4
Mr. Pradeep Dinodia	Member	4	4
Mr. Sanjay Kukreja	Member	4	4

The Committee reviewed and carried out the necessary spadework for formalizing the Asset Liability Management Systems in the Company.

The sub-committee of the ALM Committee, consisting of heads of various functions, met regularly during the year to discuss liquidity risk management, management of market risks, funding

and capital planning, growth projections, forecasting and preparation of contingency plans. A synopsis of the minutes of the meetings of the sub committee are regularly placed before the ALM Committee for its consideration.

## RISK MANAGEMENT COMMITTEE

According to the Guidelines issued by the RBI, every NBFC whose assets base is greater than INR 100 crores should have a Risk Management Committee to manage the integrated risk of the Company. In view of the same, Risk Management Committee was formed on November 19, 2008 to manage and mitigate the risk of the Company.

The Company has established effective risk assessment and minimization procedures, which are reviewed by the Risk Management Committee periodically. There is a structure in place to identify and mitigate various risks identified by the Company from time to time. At the meeting of the Risk Management Committee, the same is reviewed and new risks are identified and after their assessment, their controls are designed, put in place with specific responsibility of the concerned person for its timely achievement.

During the financial year 2017-18 under review, Risk Management Committee met 4 (four) times, i.e. on May 08, 2017, August 29, 2017, November 10, 2017 and January 29, 2018 respectively. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

<b>Name of the Members</b>	<b>Position Held</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Mr. Dharmendar Nath Davar	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Abhimanyu Munjal	Member	4	4
Mr. Pradeep Dinodia	Member	4	4
Mr. Sanjay Kukreja	Member	4	4

## NOMINATION & REMUNERATION COMMITTEE

In view of the provisions of Section 178 of the Companies Act, 2013 and Rules made there under the Company has constituted Nomination & Remuneration Committee on May 26, 2014, with the below mentioned "Terms of Reference":

- To formulate and recommend to the Board of Directors the Company's policies, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees, criteria for determining qualifications, positive attributes and independence of a director;
- To formulate criteria for evaluation of Independent Directors and the Board;
- To identify persons who are qualified to become Directors and who might be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees; and
- To devise a policy on "Board diversity".

During the Financial Year 2017-18 under review, Nomination and Remuneration Committee met 4 (four) times i.e. on May 08, 2017, November 10, 2017, January 29, 2018 and March 22, 2018 respectively. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

Name of the Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Dharmendar Nath Davar	Chairman	4	4
Mr. Pawan Munjal	Member	4	3
Mr. Pradeep Dinodia	Member	4	4

## REMUNERATION POLICY

The remuneration paid to the Executive Director(s) is approved by the Nomination & Remuneration Committee and endorsed by the Board subject to the approval of the shareholders at the general meeting and such other authorities as may be required from time to time. At the Board Meeting, only the Non-Executive Directors participate in the business pertaining to the approval of the remuneration to be paid to the Executive Director. The remuneration is fixed considering various factors such as qualification, experience, prevailing remuneration in the industry and the current financial position of the Company. Besides that, a commission of 1.5% of net profits, computed in accordance with Section 197 of the Companies Act, 2013, is also to be paid effective from FY 2017-18, subject to the approval of shareholders in ensuing annual general meeting.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of INR 50,000 for attending each meeting of the Board and Committees of the Board, other than the Committee of Directors.

The details of the remuneration paid / payable to Mrs. Renu Munjal, Managing Director and Mr. Abhimanyu Munjal, Joint Managing Director and Chief Executive Officer for the financial year ended March 31, 2018 are given below:

Particulars	Amount (INR)	
	Mrs. Renu Munjal	Mr. Abhimanyu Munjal
Salary*	5,71,99,753	3,88,80,764
Contribution		
- Provident Fund	35,69,760	19,32,000
- Super Annuation Fund	44,62,200	-
Commission**	3,75,00,000	3,75,00,000
<b>Total</b>	<b>10,27,31,713</b>	<b>7,83,12,764</b>

\* Salary includes basic salary, perquisites and allowances, payment and expenses incurred on perquisites.

\*\*Total Commission is calculated @1.5% of the net profit calculated in accordance with Section 197 of the Companies Act, 2013 subject to approval of shareholder's in ensuing annual general meeting.

The details of the remuneration paid to the Non-Executive Directors for the year ended March 31, 2018 are given below:

Name of the Directors	Amount (INR)		
	Sitting Fees	Commission	Total
Mr. Pawan Munjal	4,00,000	-	4,00,000
Mr. Dharmendar Nath Davar	12,00,000	-	12,00,000
Mr. Pradeep Dinodia	12,50,000	-	12,50,000
Mr. Sanjay Kukreja	-	-	-

## STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the provisions of the Companies Act, 2013 and rules made thereunder, your Board of Directors had constituted Stakeholders Relationship Committee to specifically look into the shareholders' and investors' complaints on matters relating to transfer/transmission of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends, etc. The Terms of Reference of Stakeholders Relationship Committee is as per the following details:

- To consider and resolve the grievances of shareholders, debenture holders and other security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of balance sheet and non- receipt of declared dividends.
- To look into matters that can facilitate better security-holders services and relations.

During the year under review, the Committee met once on August 29, 2017. The constitution of the Committee and the attendance record of Members in the Committee Meeting are as under:

Name of the Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mrs. Renu Munjal	Chairperson	1	1
Mr. Pradeep Dinodia	Member	1	1
Mr. Abhimanyu Munjal	Member	1	1

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In pursuance to the provisions of Section 135 the Companies Act, 2013 and Rules made thereunder, the Company has constituted Corporate Social Responsibility Committee with the below mentioned terms of reference:

- Formulation of CSR Policy as specified in Schedule VII of the Act, indicating the activities, projects, timelines and expenditure thereon;
- Recommendation of CSR Policy to the Board;
- Recommendation of expenditure to be incurred on the activities referred in point no. (a) above; and
- Monitoring the implementation of the Policy.

During the year under review, the members of the Corporate Social Responsibility Committee met twice, i.e. on May 08, 2017 and January 29, 2018. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

Name of the Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mrs. Renu Munjal	Chairperson	2	2
Mr. Pawan Munjal	Member	2	1
Mr. Dharmendar Nath Davar	Member	2	2
Mr. Pradeep Dinodia	Member	2	2
Mr. Abhimanyu Munjal	Member	2	2

## COMMITTEE OF DIRECTORS

The Committee of Directors deals with the matters relating to allotment, transfer, transmission, transposition, issue of new/duplicate share certificates, matters relating to borrowing, investment of surplus funds, opening and closure of Bank accounts, allotment of NCDs and all other matters as prescribed and delegated to the Committee by the Board from time to time. The Committee comprises of Mr. Pawan Munjal, Mrs. Renu Munjal and Mr. Abhimanyu Munjal as its members.

This Committee generally meets as and when required. During the year under review, 21 (twenty one) meetings of the Committee were held.

## DISCLOSURES

### RELATED PARTY TRANSACTIONS

Related Parties and Transactions with them as required under Accounting Standard 18 (AS-18) are furnished to and forming part of the Balance Sheet as at March 31, 2018 and Statement of Profit & Loss for the financial year ended March 31, 2018.

The transactions with the Related Parties are on arm's length basis and in the usual course of business of the Company and do not have any potential conflict with the interests of the Company at large.

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

In compliance with the applicable provisions of the Companies Act, 2013 and other applicable regulations, the Audit Committee of the Company approved the policy/mechanism on dealing with whistle blowers. The Audit Committee reviews the same as and when required. During the year, no individual was denied access to the Audit Committee for reporting concerns, if any. The said policy/mechanism is disclosed on the Company's website, link for which is <https://www.herofincorp.com/investor-relations/company-policies>. During the year under review, no complaints have been received by the Company.

The Company has put in place a whistle blower policy to support the Code of Conduct. The details about the vigil mechanism form part of the Board's report.

### GENERAL BODY MEETINGS

Details of location, day, date and time of Annual General Meetings held during the last three years and Resolutions passed there at are given below.

### DETAILS OF GENERAL MEETINGS (AGM/EGM):

Financial Year	Location	Day & Date & Time	Summary of Resolution(s) Passed
<b>Annual General Meeting</b>			
2016-17	Hotel ITC Sheraton, District Centre, Saket, New Delhi-110017	Friday, September 29, 2017 Time: 03:00 P.M.	<b>Special Resolution(s):</b> <ul style="list-style-type: none"> <li>• Issuance of Non-Convertible Debentures on Private Placement basis</li> </ul>
2015-16	Hotel ITC Sheraton, District Centre, Saket, New Delhi-110017	Thursday, September 15, 2016 Time: 10.30 A.M.	<b>Special Resolution(s):</b> <ul style="list-style-type: none"> <li>• Alteration of Articles of Association to authorise Issuance of Warrants</li> <li>• Issue of Equity Shares and Warrants on Preferential Basis through Private Placement</li> <li>• Increase in the Limit of Borrowing</li> <li>• Issuance of Non-Convertible Debentures on Private Placement basis</li> </ul>
2014-15	Hotel Vasant Continental, Vasant Vihar, New Delhi 110057	Tuesday, September 15, 2015 Time: 05.00 P.M.	<b>Special Resolution(s):</b> <ul style="list-style-type: none"> <li>• Re-appointment of Mrs. Renu Munjal as Managing Director of the Company</li> <li>• Elevation of Mr. Abhimanyu Munjal as Chief Executive Officer (CEO) of the Company</li> </ul>

Financial Year	Location	Day & Date Time	Summary of Resolution(s) Passed
<b>Extra Ordinary General Meeting</b>			
2015-16	Hotel ITC Sheraton, District Centre, Saket, New Delhi - 110017	Thursday, September 15, 2016 Time: 02.00 P.M.	<b>Special Resolution(s):</b> <ul style="list-style-type: none"> <li>Approval for Adoption of Restated Articles of Association of the Company</li> </ul>
2014-15	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110057	Monday, July 06, 2015 Time: 05.00 P.M.	<b>Special Resolution(s):</b> <ul style="list-style-type: none"> <li>Adoption New set of Article</li> <li>Increase in authorized Share Capital of the Company</li> <li>Amendment to Memorandum of Association</li> <li>Issuance of Equity Shares on Right Basis</li> <li>Approve Limit of Borrowing</li> <li>Sell, Lease &amp; Dispose off the assets in connection with the Borrowing of the Company</li> <li>Approval for issue of Non-convertible Debentures on Private Placement basis</li> </ul>

#### **Resolution(s) passed last year through postal ballot – details of voting pattern and the procedure thereof:**

During the year, 2 (two) Resolutions were passed with requisite majority through Postal Ballot procedures, 1 (one) of them was passed on 9<sup>th</sup> June, 2017 and other 1 (one) was passed on 10<sup>th</sup> October, 2017.

## **MEANS OF COMMUNICATION**

### **(a) Results:**

The Company publishes limited reviewed un-audited standalone financial results on a half yearly basis. In respect of the last half year, the Company publishes the audited financial results for the complete financial year.

### **(b) Newspapers wherein results normally published:**

The half-yearly/ annual financial results were published in Financial Express in English editions.

### **(c) Website, where displayed:**

The financial results and the official news releases are also placed on the Company's website [www.herofincorp.com](http://www.herofincorp.com) in the 'Investors' section on the following link - <https://www.herofincorp.com/investor-relations/financial-performance>

## **GENERAL SHAREHOLDERS' INFORMATION**

### **i) Annual General Meeting - date, time and venue:**

Annual General Meeting (in the Financial Year 2017-18)

Day : Friday

Date : September 21, 2018

Time : 11.30 A.M.

Venue: Hotel The Grand, Nelson Mandela Road, Vasant Kunj - Phase II, New Delhi - 110070

## ii) Financial Year:

The Financial Year of the Company starts from 1st April of a year and ends on 31<sup>st</sup> March of the following year.

## iii) Dividend Payment:

The Board has recommended dividend @28% i.e. INR 2.80/- per equity share of INR 10 each for the financial year 2017-18. This dividend as recommended by the Board, if approved by the shareholders at their 27<sup>th</sup> Annual General Meeting, shall be paid to those members, whose names would appear on the Register of Members of the Company as on record date.

## d) Listing on Stock Exchange

The Non Convertible Debentures of the Company are listed on –

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Plot No. C/1, G Block,

Bandra Kurla Complex, Bandra (East),

Mumbai – 400 051

The Company has paid Annual Listing Fees for FY 2018-19 within the stipulated time.

## Financial Calendar

For the financial year ended March 31, 2018, the financial results of the Company were announced on:

a) First quarter ended June 30 , 2017	August 29, 2017
b) Second quarter ended September 30, 2017	November 10, 2017
c) Third quarter ended December 31, 2017	January 29, 2018
d) Fourth quarter ended March 31, 2018	April 30, 2018

For the year ending March 31, 2019, the financial results of the Company are likely to be announced on:

a) First quarter ending on June 30, 2018	By July/August 2018
b) Second quarter ending on September 30, 2018	By November 15, 2018
c) Third quarter ending on December 31, 2018	By February/March 2019
d) Fourth quarter ending on March 31, 2019	By May 30, 2019

## Tabular Distribution of Dividend payment since 2010-11

Year	Dividend % age	Date of Declaration	Date of Payment	Last Date of claiming Unpaid Dividend
2016-17	15	29/09/2017	03/10/2017	29/10/2024
2015-16	10	15/09/2016	16/09/2016	15/10/2023
2014-15	20	15/09/2015	21/09/2015	15/10/2022
2013-14	30	19/09/2014	23/09/2014	19/10/2021
2012-13	30	19/07/2013	23/07/2013	18/08/2020
2011-12	100	18/07/2012	20/07/2012	17/08/2019
2010-11	100	15/07/2011	21/07/2011	14/08/2018

## Distribution of Shareholding as on March 31, 2018

Categories	No. of shares held	Percentage of Shareholding
1) Promoters' Holding	7,78,25,729	79.05
2) Non- Promoters' Holding	2,06,19,892	20.95
<b>Grand Total</b>	<b>9,84,45,621</b>	<b>100.00</b>

### Share Transfer System

During FY 2017-18, the share transfer job was handled by the Registrar and Transfer Agent of the Company i.e. M/s. Beetal Financial & Computer Services Pvt. Ltd. During the year 2017-18, 2,55,162 shares were transferred and the said transfers were effected within the prescribed period. Shares under objection were returned to respective shareholder.

Further, your company in its meeting of Board of Directors dated April 30, 2018 has appointed Link Intime India Private Limited as Registrar and Transfer Agent of the Company.

### Company's Registrar Details

Link Intime India Private Limited  
 44 Community Centre, 2nd Floor,  
 Naraina Industrial Area, Phase 1,  
 New Delhi - 110028  
 Phone : +91 11 4141 0592  
 Fax : +91 11 4141 0591  
 Website: www.linkintime.co.in

### Transfer / Transmission / Transposition of Shares:

The Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/Cir-05/2009 dated 20<sup>th</sup> May, 2009 and Circular No. MRD/DoP/SE/RTA/Cir-03/2010 dated 7<sup>th</sup> January, 2010 made it mandatory that a copy of the PAN Card is to be furnished to the Company in the following cases:

- registration of physical transfer of shares;
- deletion of name of deceased shareholder(s) where shares are held jointly in the name of two or more shareholders;
- transmission of shares to the legal heirs where shares are held solely in the name of deceased shareholder; and
- transposition of shares where order of names of shareholders are to be changed in the physical shares held jointly by two or more shareholders.

Investors, therefore, are requested to furnish the self attested copy of PAN card, at the time of sending the physical share certificate(s) to the Company, for effecting any of the above stated requests.

Shareholders are also requested to keep record of their specimen signature before lodgment of shares with the Company to avoid probability of signature mismatch at a later date.

### Consolidation of Multiple Folios:

Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

### **Nomination Facility:**

Provision of Section 72 of the Companies Act, 2013 read with rule 19(1) of the rules made thereunder extends nomination facility to individuals holding shares in the physical form. To help the legal heirs/ successors get the shares transmitted in their favour, shareholder(s) are requested to furnish the particulars of their nomination in the prescribed Nomination Form. Shareholder(s) holding shares in Dematerialized form are requested to register their nominations directly with their respective DPs.

### **Update your Correspondence Address / Bank Mandate/ Email Id:**

To ensure all communications/ monetary benefits received promptly, all shareholders holding shares in physical form are requested to notify to the Company, change in their address / bank details / email Id instantly by written request under the signatures of sole/ first joint holder.

Shareholder(s) holding shares in dematerialized form are requested to notify change in bank details / address / email Id directly with their respective DPs.

### **Quote Folio No. / DP ID No.:**

Shareholders/Beneficial Owners are requested to quote their Folio Nos./DP ID Nos., as the case may be, in all correspondence with the Company.

Shareholders are also requested to quote their Email IDs, Contact/Fax numbers for prompt reply to their correspondence.

### **Transfer of Unclaimed Shares to Investor Education and Protection Fund**

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 (the 'Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, as amended, all shares in respect of which dividend has remained unclaimed by the shareholders for seven consecutive years or more are required to be transferred to the Investor Education and Protection Fund (IEPF).

During the year, notices were sent to the concerned shareholders whose shares were liable to be transferred to IEPF/Suspense Account under the said Rules for taking appropriate action and full details of such shareholders and shares due for transfer to IEPF Authority/Suspense Account have also been uploaded on the website of the Company's at link <https://www.herofincorp.com/investor-relations/unclaimed-unpaid-dividend>

An option to claim from IEPF Authority, all unpaid/unclaimed dividends or other amounts and the unclaimed shares transferred to IEPF, is available to members. Members may make their claim by following the due procedure for refund as prescribed under the said rules. Details of refund process are also available on website of the Company at <https://www.herofincorp.com/investor-relations/unclaimed-unpaid-dividend-unclaimed-dividends.html>

Details of dividends remaining unpaid/unclaimed have been duly uploaded on the website of the Company at [www.herofincorp.com](http://www.herofincorp.com) and at the website of IEPF authority at [www.iepf.gov.in](http://www.iepf.gov.in).

### **Dematerialisation of Shares and Liquidity**

The shares of the Company are traded in compulsory demat segment. As on March 31, 2018, 5,29,68,055 (53.80%) of the total share capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**Registered Office**

34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057

Phone : +91 11 4604 4100, +91 11 4948 7150;

Fax : +91 11 2614 3321, +91 11 4948 7197

E-mail : investors@herofincorp.com

Website: www.herofincorp.com

**Company Identification No. (CIN):** U74899DL1991PLC046774

**Permanent Account Number (PAN):** AAACH0157J

**Tax Identification Number (TIN):** 07850173974

**GST Number (GSTIN):** 07AAACH0157J1ZS

**Investor's correspondence may be addressed to:**

Legal & Secretarial Department

E-mail: investors@herofincorp.com

Or

**Any query relating to the financial statements of the Company can be addressed to:**

Mr. Jayesh Jain, Chief Financial Officer

**ANNEXURE-C**

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2018  
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i)	CIN	U74899DL1991PLC046774
(ii)	Registration Date	16/12/1991
(iii)	Name of the Company	Hero FinCorp Limited
(iv)	Category/Sub-Category of the Company	Public Company Limited by Shares
(v)	Address of the registered office and contact details	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110057 Tel. +91 11 4948 7150, Fax. +91 11 4948 7197-98
(vi)	Whether listed Company	No (Only Non-Convertible Debentures are listed on NSE)
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	<p><b>For Equity Shares:</b> Beetal Financial &amp; Computers Services Pvt. Ltd. Beetal House, 3rd Floor, 99, Madangir, Behind LSC. New Delhi-110062 Phone No. 011-29961281-83, Fax No. 011-29961284</p> <p>Link Intime India Pvt. Ltd* 44 Community Centre, 2nd Floor, Naraina Industrial Area, Phase 1, New Delhi - 110028 Phone : +91 11 4141 0592, Fax: +91 11 4141 0591 Web. : www.linkintime.co.in</p> <p><b>For Non-Convertible Debentures:</b> Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Phone. +91 40 6716 2222, Fax. +91 40 2300 1153</p>

\* Appointed on April 30, 2018 in place of existing RTA i.e. Beetal Financial & Computers Services Pvt. Ltd.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: -

S. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1.	NBFC (Financing Services)	64990	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hero Housing Finance Limited	U65192DL2016PLC301481	Subsidiary	100%	2(87)

### IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares		
<b>A. Promoters</b>										
<b>(1) Indian</b>										
a) Individual/HUF	13144605	278880	13423485	14.48	1272010	13957661	15229671	15.47	0.99	
b) Central Govt	0	0	0	0	0	0	0	0	0	
c) State Govt(s)	0	0	0	0	0	0	0	0	0	
d) Bodies Corp.	58628539	0	58628539	63.26	40264993	22331065	62596058	63.58	0.32	
e) Banks / FI	0	0	0	0	0	0	0	0	0	
f) Any Other...	0	0	0	0	0	0	0	0	0	
<b>Sub-total (A) (1):-</b>	<b>71773144</b>	<b>278880</b>	<b>72052024</b>	<b>77.74</b>	<b>41537003</b>	<b>36288726</b>	<b>77825729</b>	<b>79.05</b>	<b>1.31</b>	
<b>(2) Foreign</b>										
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0	
b) Other - Individuals	0	0	0	0	0	0	0	0	0	
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	
d) Banks / FI	0	0	0	0	0	0	0	0	0	
e) Any Other...	0	0	0	0	0	0	0	0	0	
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>71773144</b>	<b>278880</b>	<b>72052024</b>	<b>77.74</b>	<b>41537003</b>	<b>36288726</b>	<b>77825729</b>	<b>79.05</b>	<b>1.31</b>	
<b>B. Public Shareholding</b>										
<b>1. Institutions</b>										
a) Mutual Funds	0	0	0	0	0	0	0	0	0	
b) Banks / FI	0	0	0	0	0	0	0	0	0	
c) Central Govt	0	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0	

f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	62950	44372	107322	0.12	43650	92197	135847	0.14	0.02
ii) Overseas	0	13327888	13327888	14.38	0	13327888	13327888	13.54	-0.84
b) Individuals									
i) Individual shareholders holding nominal share capital upto INR 1 lakh	3027924	872723	3900647	4.21	2220857	1592086	3812943	3.87	-0.34
ii) Individual shareholders holding nominal share capital in excess of INR 1 lakh	2128711	962963	3091674	3.34	1666056	1439781	3105837	3.16	-0.18
c) Others-									
- Individual HUF	54900	83811	138711	0.15	10000	128611	138611	0.14	-0.01
- NRI	0	61450	61450	0.07	0	98766	98766	0.10	0.03
<b>Sub-total (B)(2):-</b>	<b>5274485</b>	<b>15353207</b>	<b>20627692</b>	<b>22.26</b>	<b>3940563</b>	<b>16679329</b>	<b>20619892</b>	<b>20.95</b>	<b>-1.31</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5274485</b>	<b>15353207</b>	<b>20627692</b>	<b>22.26</b>	<b>3940563</b>	<b>16679329</b>	<b>20619892</b>	<b>20.95</b>	<b>-1.31</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	0	0	0	0	0	0	0	0	0
<b>GRANDTOTAL (A+B+C)</b>	<b>77047629</b>	<b>15632087</b>	<b>92679716</b>	<b>100</b>	<b>45477566</b>	<b>52968055</b>	<b>98445621</b>	<b>100</b>	<b>0</b>

## ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged /encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1.	Abhimanyu Munjal	209500	0.23	Nil	209500	0.21	Nil	-0.02
2.	Akshay Munjal	149712	0.16	Nil	157512	0.16	Nil	0.00
3.	Aniesha Munjal	78750	0.08	Nil	78750	0.08	Nil	0.00
4.	Annuvrat Munjal	294500	0.32	Nil	294500	0.30	Nil	-0.02
5.	Geeta Anand	85500	0.09	Nil	85500	0.09	Nil	0.00
6.	Mukta Munjal	4500	0.01	Nil	4500	0.01	Nil	0.00
7.	Pawan Munjal	238091	0.26	Nil	238091	0.24	Nil	-0.02

8.	Radhika Uppal	85000	0.09	Nil	90000	0.09	Nil	0.00
9.	Rahul Munjal	192500	0.21	Nil	192500	0.20	Nil	-0.01
10.	Renu Munjal	352718	0.38	Nil	352718	0.36	Nil	-0.02
11.	Renuka Munjal	99531	0.11	Nil	99531	0.10	Nil	-0.01
12.	Santosh Munjal	315000	0.34	Nil	315000	0.32	Nil	-0.02
13.	Suman Kant Munjal	158466	0.17	Nil	158466	0.16	Nil	-0.01
14.	Shefali Munjal	39375	0.04	Nil	39375	0.04	Nil	0.00
15.	Sunil Kant Munjal	271124	0.29	Nil	271124	0.28	Nil	-0.01
16.	Supria Munjal	164000	0.18	Nil	164000	0.17	Nil	-0.01
18.	Ujjwal Munjal	192718	0.21	Nil	192718	0.20	Nil	-0.01
19.	Vasudha Dinodia	164000	0.18	Nil	164000	0.17	Nil	-0.01
20.	Santosh Munjal, Pawan Munal, Renu Munjal, Suman Kant Munjal (on behalf of Brijmohan Lal Om Parkash, Partnership Firm)	10323500	11.14	Nil	12121886	12.31	Nil	1.17
21.	Hero MotoCorp Ltd.	38343025	41.37	Nil	40388576	41.03	Nil	-0.34
22.	Hero InvestCorp Ltd.	2523600	2.72	Nil	2523600	2.56	Nil	-0.16
23.	Bahadur Chand Investment Pvt. Ltd.	17761914	19.16	Nil	17761914	18.04	Nil	-1.12
24.	Munjal Acme Packaging Systems Pvt. Ltd.	-	-	-	1921968	1.95	Nil	1.95

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	HERO MOTOCORP LIMITED				
	At the beginning of the year	38343025	41.37	38343025	41.37
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	22.02.2018 (Allotment of Shares)	2045551	0.37	40388576	41.03
	At the End of the year			40388576	41.03

2. SANTOSH MUNJAL, PAWAN MUNJAL, RENU MUNJAL AND SUMAN KANT MUNJAL (ON BEHALF OF BRIJMOHAN LAL OM PRAKASH, PARTNERSHIP FIRM)				
At the beginning of the year	10323500	11.14	10323500	11.14
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
22.02.2018 (Allotment of Shares)	1798386	1.17	12121886	12.31
At the End of the year			12121886	12.31
3. MUNJAL ACME PACKAGING PRIVATE LIMITED				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
22.02.2018 (Allotment of Shares)	1921968	1.95	1921968	1.95
At the End of the year			1921968	1.95
4. AKSHAY MUNJAL				
At the beginning of the year	149712	0.16	149712	0.16
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
09.06.2017 (Purchase of shares)	600	0.00	150312	0.15
16.06.2017 (Purchase of shares)	1000	0.00	151312	0.15
23.06.2017 (Purchase of shares)	4500	0.01	155812	0.16
04.08.2017 (Purchase of shares)	1700	0.00	157512	0.16
At the End of the year			157512	0.16

Apart from the above, there has been no change in the shareholding of promoter group of the Company during the year.

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date of Change	Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the company
1.	OTTER LIMITED						
	Shareholding at beginning of the year	10790890	11.64	31.03.2017		10790890	11.64
					-	Nil	
	Shareholding at end of the year	10790890	10.96	31.03.2018		10790890	10.96
2.	CREDIT SUISSE (SINGAPORE) LIMITED						
	Shareholding at beginning of the year	2536998	2.74	31.03.2017		2536998	2.74
					-	Nil	
	Shareholding at end of the year	2536998	2.58	31.03.2018		2536998	2.58
3.	VIKAS SRIVASTAVA						
	Shareholding at beginning of the year	164328	0.18	31.03.2017		164328	0.18
					-	Nil	
	Shareholding at end of the year	164328	0.17	31.03.2018		164328	0.17
4.	BALA CHHABRA						
	Shareholding at beginning of the year	114000	0.12	31.03.2017		114000	0.12
				09.02.2018	8400		
				09.03.2018	(8400)		
	Shareholding at end of the year	114000	0.11	31.03.2018		114000	0.11
5.	HEMA AGARWAL						
	Shareholding at beginning of the year	90000	0.10	31.03.2017		90000	0.10
					-	Nil	
	Shareholding at end of the year	90000	0.10	31.03.2018		90000	0.10

<b>6. ASHISH MUNJAL F/NG NEETI</b>						
Shareholding at beginning of the year	78750	0.09	31.03.2017		78750	0.09
			-	Nil		
Shareholding at end of the year	78750	0.08	31.03.2018		78750	0.08
<b>7. VIVAAN JAJOO U/G BRINDA JAJOO</b>						
Shareholding at beginning of the year	66000	0.07	31.03.2017		66000	0.07
			-	Nil		
Shareholding at end of the year	66000	0.07	31.03.2018		66000	0.07
<b>8. RAJESH BALDEVRAJ CHOWDHRY</b>						
Shareholding at beginning of the year	39000	0.04	31.03.2017		39000	0.04
			14.04.2017	19500		
			11.08.2017	5000		
Shareholding at end of the year	63500	0.06	31.03.2018		63500	0.06
<b>9. ASHOK GUPTA</b>						
Shareholding at beginning of the year	61000	0.07	31.03.2017		61000	0.07
			-	Nil		
Shareholding at end of the year	61000	0.06	31.03.2018		61000	0.06
<b>10. RAJEEV JUNEJA</b>						
Shareholding at beginning of the year	41000	0.04	31.03.2017		41000	0.04
			11.08.2017	1500	42500	0.04
			18.08.2017	1000	43500	0.04
			08.09.2017	1000	44500	0.05
			15.09.2017	1000	45500	0.05
			06.10.2017	3000	48500	0.05
			13.10.2017	700	49200	0.05
			20.10.2017	5000	54200	0.06
			24.11.2017	4000	58200	0.06
Shareholding at end of the year	58200	0.06	31.03.2018		58200	0.06

<b>11. B JYOTHIRMAYEE RAJESHWAR</b>						
Shareholding at beginning of the year	52500	0.06	31.03.2017		52500	0.06
				-	Nil	
Shareholding at end of the year	52500	0.05	31.03.2018		52500	0.05
<b>12. SUSHANT CHHABRA</b>						
Shareholding at beginning of the year	58400	0.06	31.03.2017		58400	0.06
				09.02.2018	(8400)	
Shareholding at end of the year	50000	0.05	31.03.2018		50000	0.05
<b>13. CHANDAN DUTTA</b>						
Shareholding at beginning of the year	47250	0.05	31.03.2017		47250	0.05
				-	Nil	
Shareholding at end of the year	47250	0.05	31.03.2018		47250	0.05

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
	For each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>At the beginning of the year</b>					
1.	Pawan Munjal	238091	0.26	238091	0.26
2.	Renu Munjal	352718	0.38	352718	0.38
3.	Abhimanyu Munjal	209500	0.23	209500	0.23
4.	D.N. Davar	0	0	0	0
5.	Pradeep Dinodia	0	0	0	0
6.	Sanjay Kukreja	0	0	0	0
<b>Shareholding of Key Managerial Personnel</b>					
1.	Shyam Lal	5200	0.01	5200	0.01
2.	Amit Jain	Nil	Nil	Nil	Nil

Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):

No Change

<b>At the End of the year</b>					
1.	Pawan Munjal	238091	0.24	238091	0.24
2.	Renu Munjal	352718	0.36	352718	0.36
3.	Abhimanyu Munjal	209500	0.21	209500	0.21
4.	D.N.Davar	-	-	-	-

5. Pradeep Dinodia	-	-	-	-
6. Sanjay Kukreja	-	-	-	-
<b>Shareholding of Key Managerial Personnel</b>				
1. Shyam Lal*	5200	0.01	5200	0.01
2. Amit Jain**	-	-	-	-
3. Jayesh Jain <sup>®</sup>	-	-	-	-
4. Vikas Gupta <sup>#</sup>	-	-	-	-

\*Stepped down from the post of Chief Financial Officer effective January 29, 2018

\*\*Resigned from the post of Company Secretary effective October 11, 2017

<sup>®</sup> Appointed as Chief Financial Officer effective January 29, 2018

<sup>#</sup> Appointed as Company Secretary effective March 22, 2018

## V. INDEBTENESS:

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Amount (INR in Crores)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5916.68	1775.67	-	7692.35
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	91.91	11.03	-	102.94
<b>Total (i+ii+iii)</b>	<b>6008.59</b>	<b>1786.70</b>	<b>-</b>	<b>7795.29</b>
<b>Change in Indebtedness during the financial year</b>				
•Addition	3825.00	8800.00	-	12625.00
•Reduction	2104.68	7389.62	-	9494.30
<b>Net Change</b>	<b>1720.32</b>	<b>1410.38</b>	<b>-</b>	<b>3130.70</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	7637.00	3186.05	-	10823.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	175.28	17.69	-	192.97
<b>Total (i+ii+iii)</b>	<b>7812.28</b>	<b>3203.74</b>	<b>-</b>	<b>11016.02</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mrs. Renu Munjal, MD	Mr. Abhimanyu Munjal, JMD & CEO	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.66	5.79	13.45
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.51	0.11	0.62
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-	-	-

2. Stock Option	-	-	-
3. Sweat Equity	-	-	-
4. Commission			
Less : as % of profit - 16-17 paid included above	2.01	2.01	4.02
Add: as % of profit provided not included above	3.75	3.75	7.50
- others, specify...			
5. Others, please specify - Provident Fund	0.36	0.19	0.55
<b>Total (A)</b>	<b>10.27</b>	<b>7.83</b>	<b>18.10</b>
<b>Ceiling as per the Act</b>			<b>40.69</b>

**B. Remuneration to other Directors:**

Amount (INR in Crores)

S. No.	Name of Directors		
1.	<b>Independent Directors</b>	<b>Mr. D.N. Davar</b>	<b>Mr. Pradeep Dinodia</b>
	• Fee for attending board / committee meetings	0.12	0.125
	• Commission	-	-
	• Others, please specify	-	-
	<b>Total Amount</b>	<b>0.12</b>	<b>0.125</b>
2.	<b>Other Non-Executive Directors</b>	<b>Mr. Pawan Munjal</b>	<b>Mr. Sanjay Kukreja</b>
	• Fee for attending board / committee meetings	0.04	-
	• Commission	-	-
	• Others, please specify	-	-
	<b>Total Amount</b>	<b>0.04</b>	<b>-</b>
	<b>Overall ceiling as per the Act</b>		<b>44.38</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Amount (INR in Crores)

S. No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL				Total
		Company Secretary		CFO		
		Mr. Amit Jain (upto October 11, 2017)	Mr. Vikas Gupta (Effective March 22, 2018)	Mr. Shyam Lal (Upto January 29, 2018)	Mr. Jayesh Jain (Effective January 29, 2018)	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	0.17	0.003	0.72	0.19	1.083
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.00	-	0.01	-	0.01
	(c) Profits in lieu of salary u/s 17(3) Income Tax Act, 1961	-	-	-	-	-

2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5.	Others, please specify – Provident Fund	0.01	0.00	0.03	0.01	0.05
	<b>Total</b>	<b>0.18</b>	<b>0.003</b>	<b>0.76</b>	<b>0.20</b>	<b>1.143</b>

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	Non Compliance of 29A(a) and (c) of the Debt Listing Agreement	Settlement Charges with SEBI amounting to INR 18.90 Lakhs	SEBI	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## Annexure – D

## ANNUAL REPORT ON CSR PURSUANT TO RULE 8 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

### 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Board of Directors (the "Board") of Hero FinCorp Ltd. ("HFCL") has adopted the CSR policy which has following key points:

- A) HFCL's CSR Programme, inter alia, includes achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people especially those from disadvantaged sections of society in rural and urban India and preserving and promoting sports.;
- B) To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are pre-requisites for social and economic development; and
- C) To carry out CSR Programme in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates.

The policy is available on the Company's website at [www.herofincorp.com](http://www.herofincorp.com) on the following link: <https://www.herofincorp.com/investor-relations/company-policies>

### 2. The Composition of the CSR Committee.

1. Mrs. Renu Munjal	Chairperson
2. Mr. Pawan Munjal	Member
3. Mr. D.N. Davar	Member
4. Mr. Pradeep Dinodia	Member
5. Mr. Abhimanyu Munjal	Member

### 3. Average net profit of the Company for last three financial years

Average Profit for the last 3 (three) financial years – INR 125.20 Crores

### 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

2% of Average - INR 2.50 Crores

### 5. Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year : INR 2.50 Crores
- (b) Amount unspent, if any; NIL
- (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR Project or activity identified	Sector in Which the Project is Covered*	Projects or Programs 1. Local area or Other 2. Specify the State and district where projects or programs was Undertaken	Amount outlay (budget) project or programs wise (INR Crores)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs. 2. Overheads (INR Crores)	Cumulative Expenditure upto to March 31, 2018 (INR Crores)	Amount spent: Direct or through Implementing agency
1.	Education Support	Promoting Education, including special education	Local Area:- Sidhrawali, Gurgaon - Haryana State	0.58	0.58	0.58	Through Raman Kant Munjal Foundation
2.	Rally for Rivers (Conservation of natural resources)	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water;	Isha Yoga Center, Velingiri foot hills, Semmedu Post, Coimbatore - 641114	1.40	1.40	1.40	Isha Outreach
3.	Farmers livelihood enhancement	Promoting Education, including special education, livelihood enhancement Projects	Isha Yoga Center, Velingiri foot hills, Semmedu Post, Coimbatore - 641114	0.55	0.55	0.55	Isha Outreach
<b>TOTAL</b>				<b>2.53</b>	<b>2.53</b>	<b>2.53</b>	

\* Sector refers to the entries specified in Schedule VII to the Companies Act, 2013.

**6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Not Applicable

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with CSR objectives and Policy of the Company.**

It was confirmed that the implementation and monitoring of CSR Policy, was in compliance with CSR objectives and Policy of the Company.

**Renu Munjal**  
Chairperson – CSR Committee  
& Managing Director

## **SECRETARIAL AUDIT REPORT**

### **FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**HERO FINCORP LIMITED**  
**(CIN: U74899DL1991PLC046774)**  
34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hero FinCorp Limited** (hereinafter called the Company), which is an unlisted public company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

#### **We report that:**

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) \*Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
  - (d) \*The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2016; (SEBI Listing Regulations).

\*No event took place during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India which has been generally complied with.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, to the extent applicable, as mentioned above, except the followings:-

- *The Company has not filed Compliance Certificate with the stock exchanges as required under Regulation 7(3) of SEBI Listing Regulations for half year ended on March 31, 2017 and September 30, 2017 in respect of non-convertible debentures listed with National Stock exchange of India Limited and the same has been filed with for the half year ended on March 31, 2018; and*
- *The Company has filed Return on FDI with the Reserve Bank of India for the half year ended on March 31, 2017 and September 30, 2017 beyond the prescribed time.*

- (vi) The Company primarily provides two-wheeler financing, pre-owned car financing, inventory funding, loan against property, loans to SMEs and emerging corporates housing loan and Reserve Bank of India Act, 1934 and rules, regulations & directions issued by RBI from time to time, are the laws specifically applicable to the Company;

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent directors.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent in advance of the meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period-

- Pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, of the Act, Members of Company via postal ballot (result declared on June 09, 2017) passed a special resolution for the approval of Hero FinCorp Employee Stock Option Plan 2017; and

- Pursuant to the provisions of Sections 42, 179 and all other applicable provisions, of the Act, Members of Company passed a special resolution for the issue of non-convertible debentures on private placement basis for an amount not exceeding the total borrowing limits of the Company i.e. INR 15,000 Crores (Rupees Fifteen Thousand Crores only).

**For Sanjay Grover & Associates  
Company Secretaries  
Firm Registration No.: P2001DE052900**

April 30, 2018  
New Delhi

**Neeraj Arora  
Partner  
CP No.: 16186**

**ANNEXURE-F**

## **NOMINATION AND REMUNERATION POLICY**

### **I. PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 (the Act), the Board of Directors is required to constitute the Nomination and Remuneration Committee. The Company has already constituted Nomination & Remuneration Committee.

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to Directors. Remuneration for the Executive Directors consists of a fixed component and a variable component linked to the long term vision, medium term goals and annual business plans.

The company had set-up a Remuneration Committee on April 18, 2005 to review and recommend the quantum and payment of annual salary and commission and finalize service agreements and other employment conditions of the Executive Directors. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages. As per the guidelines of Companies Act, 2013, the committee has been renamed as the Nomination and Remuneration Committee ("NR Committee").

Section 178 of the Act provides that the Committee shall recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, further the Committee shall also formulate the criteria for determining qualifications, positive attributes and independence of a director.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

### **II. OBJECTIVE**

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

### **III. DEFINITIONS**

- Board of Directors" or "Board", in relation to a company, means the collective body of the Directors of the company.
- The expression "senior management" means personnel of the company who are members of its core management team other than the Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.
- "Company" means "Hero FinCorp Limited."
- "Independent Director" means a director referred to in Section 149(6) of the Companies Act, 2013.
- "Key Managerial Personnel" (KMP) means-
  - (i) Chief Executive Officer or the Managing Director or the Manager,
  - (ii) Company Secretary,

- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be prescribed.

Hero FinCorp Ltd. has the following individuals assuming key positions in the company:

- "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- "Policy or This Policy" means, "Nomination and Remuneration Policy."
- "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

#### **IV. INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, as amended from time to time.

#### **V. GUIDING PRINCIPLES**

The Policy ensures that:-

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
- Minimize complexity and ensure transparency;
- Link to long term strategy as well as annual business performance of the company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent.

#### **VI. ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

1. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
2. To carry out evaluation of every director's performance.
3. To formulate the criteria for determining qualifications, positive attributes and independence of a director, and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
4. To formulate the criteria for evaluation of Independent Directors and the Board.
5. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
6. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
7. To perform such other functions as may be necessary or appropriate for the performance of its duties.

## VII. MEMBERSHIP

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

## VIII. CHAIRMAN

- a) Committee shall be chaired by an Independent Director.
- b) Chairman of the Company, if any, may be appointed as a member of the Committee but shall not Chair the Committee.
- c) Members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

## X. COMMITTEE MEMBERS' INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## XI. VOTING

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- **Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall appoint/ re-appoint as Managing Director/Whole-time Director/Manager in Compliance with the provisions of the Companies Act, 2013, guidelines issued by Reserve Bank of India, Listing Obligations and Disclosure Requirement issued by Securities & Exchange Board of India and other Regulatory Authorities from time to time. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of

shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- **Term / Tenure:**

1. Managing Director/Whole-time Director/Manager (Managerial Person)
  - The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. Independent Director
  - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
  - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Evaluation:** The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).
- **Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.
- **Retirement:** The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **XIII. Remuneration paid to Executive Directors**

- The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the clause 178, 197 and Section V of the Companies Act 2013.

#### **1 Remuneration Policy Structure**

The remuneration structure for the Executive Directors would include the following components:

**(i) Basic Salary**

- Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.
- Are normally set in the home currency of the Executive Director and reviewed annually.
- Will be subject to an annual increase as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors.

Basic Salary

**(ii) Commission**

- Executive Directors will be allowed remuneration, by way of commission which is in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.
- Subject to the condition that the amount of commission shall not exceed 1% of net profit of the company in a particular financial year in the manner referred in Section 197 & 198 of Companies Act 2013.
- The amount of commission shall be paid subject to recommendation of the Nomination and Remuneration committee and approval of the Board of Directors.

**(iii) Perquisites and Allowances**

A basket of Perquisites and Allowances would also form a part of the remuneration structure.

**(iv) Contribution to Provident and Other funds**

In addition to the above, the remuneration would also include:

- Contribution to Provident and Superannuation Funds
- Gratuity

**(v) Minimum Remuneration**

If in any financial year during the tenure of the Executive Directors, the company has no profits or its profits are inadequate, they shall be entitled to, by way of Basic Salary, Perquisites, allowances, not exceeding the ceiling limit of 2,00,000 per month, and in addition hereto, they shall also be eligible for perquisites not exceeding the limits specified under Part IV of Schedule V of the Companies Act, 2013. Remuneration payable to Non-Executive & Independent Directors or other such limits as prescribes by the Government from time to time as Minimum Remuneration, whichever is higher.

**XIV. Remuneration payable to Non-Executive & Independent Directors**

The Non-Executive Directors of the company would be paid sitting fees of INR 50,000 for each meeting of the Committees and Board.

**XV. Remuneration payable to Non-Executive Directors**

The Remuneration to the Non-Executive Directors would be as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors. It would be pursuant to the provisions of Sections 197 & 198 of the Companies Act, 2013.

Remuneration payable to Non-Executive & Independent Directors

**XVI. Remuneration Philosophy for Key managerial personnel, senior management & staff**

The compensation for the Key managerial personnel, senior management and staff at Hero FinCorp would be guided by the external competitiveness and internal parity through annual benchmarking surveys.

Internally, performance ratings of all Hero FinCorp Employees would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine Variable and Merit Pay increases. Variable and Merit pay increases will be calculated using a combination of individual performance and organizational performance. Grade wise differentiation in the ratio of variable and fixed pay as well as in increment percentage must be made.

Compensation can also be determined based on identified skill sets critical to success of Hero FinCorp. It is determined as per management's review of market demand and supply.

### 1. Grade Structure (Leadership Pyramid)

Since HFCL is an evolving organization in the Financial Services Space and aspire to be one of the leading financial service organization in the field of the Two Wheeler and Corporate Finance. The Grade Structure of HFCL has been aligned as per the work value of jobs and degree of responsibility and accountability involved. The Classification of each grade is based on the level of the work undertaken, and encompasses the elements of decision making, communication, knowledge and proficiency.

The Grade Structure will help an employee to understand about their current level and career progression path in the organization.

Employee Group	Parameters to Focus (Compensation Mix)
Top Management (Impact Level 1)	High weightage to company performance & Emphasis on Long term incentives and Benefits
Middle management (Impact Level 2)	High weightage on individual performance & lesser variable component.
Junior Management	No Variable, Fixed Income & some social Security
Individual Contributor	No Variable, Fixed Income. Better than industry pay. Focus on providing necessary and statutory benefits

Grade Structure (Leadership Pyramid)

### 2. Performance Framework

In HFCL Meritocracy is the backbone of the performance and potential recognition framework, driven on principles of the Balanced Score Card approach. The Performance Management Policy revolves around the three 'P' approach:

- People
- Performance
- Potential

HFCL recognizes its People as an Asset and believes in recognizing and supporting employee's duties done in the best interest of the organization and compensate appropriately. The PMS policy also clearly distinguishes between the Performance & Potential by:

- Pay to Performance
- Promote to the potential

Performance planning is the process of setting goals and objectives at the start of the year. The process of "GOAL SETTING" needs to be conducted in the month of May / June every year. Goal Setting should include a discussion between the Appraise & Appraiser and should be mutually decided. Targets set during the process should be SMART.

(S-Specific, M-Measurable, A-Attainable, R-Realistic and T-Time bound).

### **3. Mid Year Review**

HFCL encourages constant review culture. However, midyear review is the process of taking stock of the performance after 6 months of goal setting. This would be conducted in the month of October every year.

This discussion would summarize accomplishments to date, identify what goals have been added, eliminated or changed, review priorities and clarify performance expectations going forward with a condition that no changes in salary and grade will take place. It is strictly a review of performance.

## **XVII. MINUTES OF COMMITTEE MEETING**

Proceedings of all Meetings must be recorded in the Minutes book and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

## **XVIII. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

**ANNEXURE - G**

**INFORMATION TO BE DISCLOSED PURSUANT TO PROVISIONS OF SECTION 62(1)(B) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES ON ESOP DISCLOSURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

<b>S. No.</b>	<b>Particulars</b>	<b>ESOP Scheme 2017</b>
1.	Options Granted	11,29,805 Options
2.	Options Vested	Nil
3.	Options Exercised	Nil
4.	The total no. of shares arising as a result of exercise of option	N.A.
5.	Options Lapsed	25,276
6.	The Exercise Price	INR 495 per equity share
7.	Variation of terms of Options	None
8.	Total No. of Options in Force	11,29,805 Options
9.	Employee wise details	
	i) key managerial personnel.	N.A.
	ii) any other employee who receives a grant of options in any one year of option amounting to five per cent or more of option granted during that year.	N.A.
	iii) Identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	N.A.

**ANNEXURE - H**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:

Name of Directors/ KMP and Designation	Remuneration of Director/KMP for FY 2017-18	% increase in Remuneration in FY 2017-18	Amount (INR in Crores)
			Ratio of the remuneration to the median employee's remuneration
<b>Executive Directors*</b>			
Mrs. Renu Munjal - Managing Director	6.52	19.41	98
Mr. Abhimanyu Munjal – Joint Managing Director & CEO	4.08	24.77	61
<b>Non-Executive Directors</b>			
Mr. Pawan Munjal	0.04	(20.00)	1
Mr. Sanjay Kukreja	-	-	-
<b>Non-Executive and Independent Directors</b>			
Mr. D.N. Davar	0.12	(7.69)	2
Mr. Pradeep Dinodia	0.125	25.00	2
<b>Employees &amp; KMP</b>			
Mr. Shyam Lal – Chief Financial Officer (upto January 29, 2018)	0.76	11	11
Mr. Amit Jain – Company Secretary (upto October 11, 2017)	0.18	-	3
Mr. Jayesh Jain – Chief Financial Officer (effective January 29, 2018)	0.20	NA	3
Mr. Vikas Gupta – Company Secretary (effective March 22, 2018)	0.003	NA	1

\*Excludes Commission amount

2. The median remuneration of employees of the Company during the FY was INR 6.65 lakhs.
3. Median salary of employees in current year has increased by 8% in comparison to the previous year.
4. The number of permanent employees on the rolls of Company as on March 31, 2018 was 1266 (previous year 961).
5. Average percentage increase made in the salary of employees other than the managerial personnel in last FY i.e. 2017-18 was 13%.

The increment given to each employee is base on performance of the individual and performance of the Company during the financial year.

There is no exceptional increase in managerial remuneration.

6. It is hereby affirmed that remuneration to Key Managerial Personnel and Employees of the Company are in line with the Remuneration Policy of the Company.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERO FINCORP LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HERO FINCORP LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.015125N)

Jitendra Agarwal  
Partner  
(Membership No. 087104)

Place: Gurugram  
Date: April 30, 2018

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT** (Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **HERO FINCORP LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm's Registration No.015125N)

Jitendra Agarwal  
Partner  
(Membership No. 087104)

Place: Gurugram  
Date: April 30, 2018

## ANNEXURE "B" TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b. The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no discrepancies were noticed on such verification.
  - c. With respect to immovable property of building that is freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deeds of such immovable property are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - c) There is no amount overdue for more than 90 days at the balance sheet date.
- (iv) Pursuant to Section 185(1)(b) and Section 186 (11)(a) of the Companies Act, 2013 read with Rule 11 (2) of the Companies (Meetings of the Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non- Banking Finance Company (NBFC) registered with Reserve Bank of India is exempt from the applicability of provisions of section 185 and 186 of the Act. Hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and hence reporting under clause (v) of the Order is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax, Sales Tax, Service Tax,

Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for provisions of Employees' State Insurance, Customs Duty and Excise Duty.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Goods and Service Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (c) There are no disputed dues of Sales Tax and Service Tax as on March 31, 2018. The following are the particulars of Income Tax and Value Added Tax dues not deposited/ deposited under protest by the Company on account of disputes:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount involved* (INR in Crores)</b>	<b>Amount Unpaid (INR in Crores)</b>
Income tax Act, 1961	Income tax	Commissioner (Appeals)	2009-10, 2013-14, 2014-15	9.11	5.43
Delhi Value Added tax Act	Value added tax	Objection hearing authority (Trade & Tax department)	2013-14	0.09	0.09
Delhi Value Added tax Act	Value added tax	Appellate VAT Tribunal, Trade and Taxes Delhi	2012-13	0.38	0.06

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount involved* (INR in Crores)</b>	<b>Amount Unpaid (INR In Crores)</b>
Income-tax Act, 1961	Income-Tax	High Court	2006-07, 2009-10	0.33	0.33
		Income Tax Appellate Tribunal	2012-13	1.08	1.08

\* Amount as per demand orders including interest and penalty wherever indicated in the order.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions (other than scheduled banks) and government.
- (ix) In our opinion and according to the information and explanations given to us, the term loans and debt instruments have been applied by the Company for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

In respect of the above issue, we further report that:

- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
- b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.

Further, the Company has not issued fully or partly convertible debentures during the year.

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors and directors of its subsidiary Company or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Jitendra Agarwal  
Partner  
(Membership No. 087104)

Place: Gurugram  
Date: April 30, 2018

## Balance Sheet as at March 31, 2018

Amount (INR in Crores)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	98.45	92.68
(b) Reserves and Surplus	4	2,202.82	1,756.22
(c) Money received against Share Warrants	5	-	102.60
		<b>2,301.27</b>	<b>1,951.50</b>
<b>2 Non - Current Liabilities</b>			
(a) Long-Term Borrowings	6	5,801.00	4,376.08
(b) Other Long-Term Liabilities	7	20.45	11.89
(c) Long-Term Provisions	8	61.17	39.62
		<b>5,882.62</b>	<b>4,427.59</b>
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	9	3,931.97	2,734.61
(b) Trade Payables	10		
Total outstanding dues of			
- Micro enterprises and small enterprises	10.1	0.08	0.05
- Creditors other than micro enterprises and small enterprises		87.36	65.63
(c) Other Current Liabilities	11	1,516.37	889.46
(d) Short-Term Provisions	12	27.90	26.01
		<b>5,563.68</b>	<b>3,715.76</b>
<b>TOTAL</b>		<b>13,747.57</b>	<b>10,094.85</b>
<b>B ASSETS</b>			
<b>1 Non - Current Assets</b>			
(a) Fixed Assets	13		
Property, Plant and Equipment		95.01	97.66
Intangible Assets		14.49	7.44
		<b>109.50</b>	<b>105.10</b>
(b) Non-Current Investments	14	56.99	56.99
(c) Deferred Tax Assets (net)	15	81.95	45.25
(d) Long-Term Loans and Advances	16	26.84	21.52
(e) Long-Term Receivables under Financing Activity	17	6,837.38	5,173.54
		<b>7,112.66</b>	<b>5,402.40</b>
<b>2 Current Assets</b>			
(a) Cash and Cash Equivalents	18	0.74	3.19
(b) Short-Term Loans and Advances	19	49.63	31.03
(c) Receivables under Financing Activity	20	6,463.62	4,571.67
(d) Other Current Assets	21	120.92	86.56
		<b>6,634.91</b>	<b>4,692.45</b>
<b>TOTAL</b>		<b>13,747.57</b>	<b>10,094.85</b>
<b>See accompanying notes forming part of the financial statements</b>	1-40		

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of Board  
of Directors

<b>Jitendra Agarwal</b> Partner	<b>Pawan Munjal</b> Chairman (DIN :- 00004223)	<b>Renu Munjal</b> Managing Director (DIN :- 00012870)	<b>Abhimanyu Munjal</b> Jt. Managing Director & CEO (DIN :- 02822641)	<b>D. N. Davar</b> Director (DIN :- 00002008)
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Place: Gurugram Date: April 30, 2018	Place: New Delhi Date: April 30, 2018	<b>Jayesh Jain</b> Chief Financial Officer (FCA: 110412)	<b>Vikas Gupta</b> Company Secretary (ACS:24281)
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## Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Note No.	Amount (INR in Crores)	
		For the year ended March 31, 2018	For the year ended March 31, 2017
<b>1 Revenue from Operations</b>	22	1,814.03	1,331.49
<b>2 Other Income</b>	23	3.29	1.20
<b>3 Total Revenue (1+2)</b>		<b>1,817.32</b>	<b>1,332.69</b>
<b>4 Expenses</b>			
(a) Finance Costs	24	685.62	535.23
(b) Employee Benefits Expenses	25	149.29	104.44
(c) Other Expenses	26	547.42	383.13
(d) Provisions and Contingencies	27	160.55	88.38
(e) Depreciation and Amortization Expenses	13	26.50	20.89
<b>Total Expenses</b>		<b>1,569.38</b>	<b>1,132.07</b>
<b>5 Profit for the Year before Tax (3-4)</b>		<b>247.94</b>	<b>200.62</b>
<b>6 Tax Expense</b>			
(a) Current Tax		125.44	100.22
(b) Deferred Tax Charge / (Credit)		(36.70)	(30.16)
(c) Tax Adjustment Relating to Earlier Year		(3.25)	0.15
<b>Total Tax Expense</b>		<b>85.49</b>	<b>70.21</b>
<b>7 Profit for the Year (5-6)</b>		<b>162.45</b>	<b>130.41</b>
Basic earning per share (INR)	35	17.42	15.38
Diluted earning per share (INR)	35	17.37	15.22
(Face value per share INR 10)			
<b>See accompanying notes forming part of the financial statements</b>	1-40		

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of Board of  
Directors

<b>Jitendra Agarwal</b> Partner	<b>Pawan Munjal</b> Chairman (DIN :- 00004223)	<b>Renu Munjal</b> Managing Director (DIN :- 00012870)	<b>Abhimanyu Munjal</b> Jt. Managing Director & CEO (DIN :- 02822641)	<b>D. N. Davar</b> Director (DIN :- 00002008)
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Place: Gurugram Date: April 30, 2018	Place: New Delhi Date: April 30, 2018	<b>Jayesh Jain</b> Chief Financial Officer (FCA: 110412)	<b>Vikas Gupta</b> Company Secretary (ACS:24281)
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## Cash Flow Statement for the year ended March 31, 2018

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Cash Flow from Operating Activities</b>		
Profit before Tax	247.94	200.62
Adjustment for:		
Interest Expense	678.78	530.12
Interest Income	(1,476.30)	(1,095.98)
Contingent Provision against Standard Assets	18.80	15.50
Depreciation and Amortization Expenses	26.50	20.89
Provision for Non Performing Assets	89.07	72.88
Expense on Employee Stock Option Scheme	6.95	-
Dividend Income from Non-Current Investments	(0.01)	(0.01)
Loss on Sale of Fixed Assets (net)	3.59	2.90
(Profit) on Sale of Current Investment	(3.28)	(0.65)
<b>Operating Profit / (Loss) before Working Capital Changes</b>	<b>(407.96)</b>	<b>(253.73)</b>
<i>Adjustments for (increase) / decrease in Operating Assets:</i>		
Long-Term Loans and Advances	(8.21)	(3.77)
Long-Term Receivables under Financing Activity	(1,752.91)	(1,805.64)
Short-Term Receivables under Financing Activity	(1,891.95)	(1,697.89)
Short-Term Loans and Advances	(2.41)	1.94
<i>Adjustments for increase / (decrease) in Operating Liabilities:</i>		
Other Long-Term Liabilities	8.56	6.14
Long-Term Provisions	2.75	2.66
Trade Payables	21.76	30.44
Other Current Liabilities	28.62	41.35
Short-Term Provisions	3.04	(0.92)
<b>Cash Generated from Operations</b>	<b>(3,998.71)</b>	<b>(3,679.42)</b>
Interest Received	1,441.94	1,060.47
Interest Paid	(588.75)	(456.49)
Net Income Tax Paid	(115.86)	(85.91)
<b>Net Cash Flow used in Operating Activities (A)</b>	<b>(3,261.38)</b>	<b>(3,161.35)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(47.30)	(42.92)
Proceeds from Sale of Fixed Assets	7.68	8.82
Profit on Sale of Current Investments	3.28	0.65
Dividend Income from Non-Current Investments	0.01	0.01
Purchase of Investments	-	(50.00)
<b>Net Cash Flow used in Investing Activities (B)</b>	<b>(36.33)</b>	<b>(83.44)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Issue and Share Warrants	197.10	790.87
Proceeds from Long-Term Borrowings (net)	1,933.34	2,114.68
Proceeds from Short-Term Borrowings (net)	1,181.62	351.02
Dividend Paid	(13.97)	(8.03)
Tax on Dividend	(2.83)	(1.61)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>3,295.26</b>	<b>3,246.93</b>

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>D. Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	(2.45)	2.14
Cash and Cash Equivalents at the beginning of the year	3.19	1.05
<b>Cash and Cash Equivalents at the end of the year</b>	<b>0.74</b>	<b>3.19</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
Cash and Cash Equivalents (refer Note 18)	0.74	3.19
Less: Bank Balances not considered as Cash and Cash Equivalents as defined in AS-3 Cash Flow Statements: Dividend Accounts (Earmarked Accounts)	0.48	0.55
<b>Net Cash and Cash Equivalent at the end of the year</b>	<b>0.26</b>	<b>2.64</b>
In terms of our report attached <b>For Deloitte Haskins &amp; Sells</b> Chartered Accountants	<b>For and on behalf of Board of Directors</b>	

<b>Jitendra Agarwal</b> Partner	<b>Pawan Munjal</b> Chairman (DIN :- 00004223)	<b>Renu Munjal</b> Managing Director (DIN :- 00012870)	<b>Abhimanyu Munjal</b> Jt. Managing Director & CEO (DIN :- 02822641)	<b>D. N. Davar</b> Director (DIN :- 00002008)
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Place: Gurugram Date: April 30, 2018	Place: New Delhi Date: April 30, 2018	<b>Jayesh Jain</b> Chief Financial Officer (FCA: 110412)	<b>Vikas Gupta</b> Company Secretary (ACS:24281)
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## Notes Forming Part of the Financial Statements

### Note 1: Corporate Information

Hero FinCorp Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on December 16, 1991. The Company is registered as Non-Banking financial (Non deposit accepting) Company, engaged in the business of financing, leasing, bill discounting and other financial services, with the Reserve Bank of India (Registration No. 14.00266).

### Note 2: Significant Accounting Policies

#### 1) Accounting Convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with the other relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 3) Operating Cycle

The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Company is engaged in financing business and amount which is recoverable after one year as per terms of financing /leasing arrangement has been classified as non-current assets.

#### 4) Revenue Recognition

- a) Interest is accounted on accrual basis except in the case of non-performing assets where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- b) Lease income from operating leases is recognised in the statement of profit and loss as per the term of lease agreement.
- c) Processing fees and other charges of loans are recognised on receipt basis.
- d) Dividend income is accounted for on accrual basis when a right to receive payment is established.
- e) The gain/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on Sale of investment is determined after consideration of cost on 'first in first out' method.

#### 5) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 6) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## 7) Fixed Assets (Property, Plant and Equipment / Intangible)

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

## 8) Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computer software	6 years
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The estimated useful life of the fixed assets and the depreciation / amortisation period are reviewed at the end of each financial year and the depreciation / amortisation period is revised to reflect the changed pattern, if any.

## 9) Foreign Exchange Transactions

Exchange differences are dealt with as follows:-

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. All loss or gain on translation is charged to revenue in the period in which it is incurred.

Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing at the period end and resultant gain or loss is recognized in the statement of profit and loss.

In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the Statement of Profit and Loss and the exchange difference between the exchange rate prevailing at the year end and the date of the inception of the forward exchange contract is recognised as income or expense in the Statement of Profit and Loss.

## 10) Investments

Current investments are stated at lower of cost and fair value computed category wise. Long-term investments are stated at cost. Provision for permanent diminution (if any) is made to recognise a decline, other than temporary.

## 11) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under

operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term.

## **12) Share Issue Expenses**

Share issue expenses are adjusted against the Securities Premium account as permissible under section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities premium account. Share issue expenses in excess of the balance in the Securities premium account are expensed in the Statement of Profit and Loss.

## **13) Employee Benefits**

Employee benefits include provident fund, gratuity, compensated absences and share based payments.

### a) Defined Contribution Plan

The Company's contribution to provident fund and Superannuation fund is considered as defined contribution plan and is charged as an expense based on amount of contribution required to be made and when services are rendered by the employees.

### b) Defined Benefit Plan and Long-Term Employee Benefits

Gratuity liability and long-term employee benefits are provided on the basis of an actuarial valuation made at the end of each financial year as per projected unit credit method. Actuarial gains or loss arising from such valuation are charged to Statement of Profit and loss in the year in which they arise.

### c) Compensated Absence

Provision is made for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment. The cost of such compensated absences is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date.

### d) Share-Based Payment Arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 38.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the stock options outstanding account.

## **14) Borrowing Costs**

- a) Interest on borrowings are recognised as an expense over the tenure of loan.
- b) All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

## **15) Earnings Per Share**

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**16) Tax on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

**17) Provisions (other than that for Non-Performing Assets) and Contingent Liabilities**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes.

**18) Provisions for Non-Performing Assets, Contingencies and Reserves**

- a) The policy of provisioning against non-performing assets has been decided by the management considering norms prescribed by the RBI under Systematically Important Non Deposit taking Company and Deposit taking company (Reserve Bank) Directions, 2016. As per the policy adopted by Company, the provision against non-performing assets are created on a conservative basis, taking into account management's perception of the higher risk associated with the business.
- b) Contingent provision against standard assets is made at 0.40% (previous year 0.35%) of the outstanding standard assets in accordance with the RBI guidelines.
- c) Statutory reserves of 20% on profit after tax is appropriated in accordance with Section-45-IC of the Reserve Bank of India Act, 1934.

### Note 3: Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount (INR in Crores)	Number of Shares	Amount (INR in Crores)
<b>Authorised</b>				
Equity shares of INR 10 each with voting rights	150,000,000	150.00	150,000,000	150.00
	<b>150,000,000</b>	<b>150.00</b>	<b>150,000,000</b>	<b>150.00</b>
<b>Issued</b>				
Equity shares of INR 10 each with voting rights	98,445,621	98.45	92,679,716	92.68
	<b>98,445,621</b>	<b>98.45</b>	<b>92,679,716</b>	<b>92.68</b>
<b>Subscribed and fully paid up</b>				
Equity shares of INR 10 each with voting rights	98,445,621	98.45	92,679,716	92.68
<b>Total</b>	<b>98,445,621</b>	<b>98.45</b>	<b>92,679,716</b>	<b>92.68</b>

#### 3.1 Reconciliation of number of shares and amount

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount (INR in Crores)	Number of Shares	Amount (INR in Crores)
<b>Equity shares of INR 10 each with voting rights</b>				
Opening balance	92,679,716	92.68	79,187,500	79.19
Issued during the year	5,765,905	5.77	13,492,216	13.49
<b>Outstanding at the end of the year</b>	<b>98,445,621</b>	<b>98.45</b>	<b>92,679,716</b>	<b>92.68</b>

**3.2** During the year, 5,765,905 (previous year Nil) equity shares of INR 10 each issued and allotted as fully paid up at an exercise price of INR 520.30 (including premium of INR 510.30) per equity share on conversion of 5,765,905 (previous year Nil) share warrants to specific promoters on preferential basis (also refer foot note to Note 5).

**3.3** NIL (previous year 13,492,216) equity shares @ INR 520.30 each issued on preferential allotment including premium of INR NIL per share (previous year INR 510.30 per share). Purpose of the issue was to expand the financing portfolio. Funds received through the issue of INR Nil crores (previous year INR 702.00 crores) have been fully utilised during the period.

#### 3.4 Rights, preference and restriction attached to equity shares of INR 10 each:

- (i) In respect of equity shares, voting rights shall be in same proportion as the capital paid upon such equity share.
- (ii) The dividend proposed by the Board of Directors which is subject to approval of shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.
- (iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

**3.5** Detail of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
<b>Equity shares with voting rights</b>				
Hero MotoCorp Ltd.	40,388,576	41.03	38,343,025	41.37
Bahadur Chand Investment Pvt. Ltd.	17,761,914	18.04	17,761,914	19.16
Otter Limited	10,790,890	10.96	10,790,890	11.64
Mr. Pawan Munjal (refer note 3.6 below)	3,608,812	3.67	3,009,350	3.25
Ms. Renu Munjal (refer note 3.6 below)	4,094,737	4.16	3,495,275	3.77
Ms. Santosh Munjal (refer note 3.6 below)	323,600	0.33	323,600	0.35
Mr. Suman Kant Munjal (refer note 3.6 below)	4,094,737	4.16	3,495,275	3.77
<b>Total Brijmohan Lall Om Parkash</b>	<b>12,121,886</b>	<b>12.32</b>	<b>10,323,500</b>	<b>11.14</b>

**3.6** Holding shares on behalf of Brijmohan Lall Om Prakash (partnership firm)**Note 4: Reserves and Surplus**

Amount (INR in Crores)

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Securities Premium Account</b>		
Opening balance	1,429.43	754.65
Add: Additions during the year	294.23	688.51
Less : Writing off share issue expenses	0.30	13.73
<b>Closing balance</b>	<b>1,723.36</b>	<b>1,429.43</b>
<b>Statutory Reserve u/s 45-IC of the RBI Act,1934</b>		
Opening balance	103.02	76.94
Add: Transferred from surplus in statement of profit and loss	32.50	26.08
<b>Closing balance</b>	<b>135.52</b>	<b>103.02</b>
<b>General Reserve</b>		
Opening balance	49.85	36.81
Add: Transferred from surplus in statement of profit and loss	16.25	13.04
<b>Closing balance</b>	<b>66.10</b>	<b>49.85</b>
<b>Stock Options Outstanding Account</b>		
Opening balance	-	-
Add: Net charged during the year	6.95	-
<b>Closing balance</b>	<b>6.95</b>	<b>-</b>
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	173.92	82.63
Add: Profit / (Loss) for the year	162.45	130.41
Less: Dividend paid	13.90	-
Corporate dividend tax paid	2.83	-
Transferred to:		
-Statutory reserve u/s 45-IC of the RBI Act,1934	32.50	26.08
-General reserve	16.25	13.04
<b>Closing balance</b>	<b>270.89</b>	<b>173.92</b>
<b>Total</b>	<b>2,202.82</b>	<b>1,756.22</b>

## Note 5: Money received against Share Warrants

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
NIL (previous year: 5,765,905) Share warrants paid up amount of INR Nil (previous year INR 177.94) per warrant (refer note 5.1 below)	-	102.60
<b>Total</b>	<b>-</b>	<b>102.60</b>

**5.1** Pursuant to the provisions of the Companies Act, 2013 and the Shareholder's approval in their meeting held on September 15, 2016, the Company has allotted to its promoters NIL (previous year 5,765,905) share warrants of INR 10 each at a premium of INR NIL (previous year INR 510.30). During the year, 5,765,905 share warrants have been converted to 5,765,905 equity shares of INR 10 each in accordance with the terms of allotment thereof.

## Note 6: Long-Term Borrowings

Particulars	Amount (INR in Crores)			
	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>				
Redeemable non-convertible debentures (refer note 6.1 and 6.2 below)	2,111.00	1,274.40	778.40	180.00
Term Loans from banks (refer note 6.3 and 6.4 below)	3,390.00	2,901.68	311.68	401.66
<b>Unsecured</b>				
Redeemable non-convertible debentures-Tier II (refer note 6.5 and 6.6 below)	300.00	200.00	-	-
Less: Amount transferred to other current liabilities (refer note 11)	-	-	1,090.08	581.66
<b>Total</b>	<b>5,801.00</b>	<b>4,376.08</b>	<b>-</b>	<b>-</b>

**6.1:** 28,894 (previous year: 14,544) privately placed secured redeemable non-convertible debentures of INR 10 Lacs each aggregating INR 2,889.40 Crores (previous year INR 1,454.40 Crores) carries interest ranging from 7.60% p.a. to 8.98% p.a. (previous year 7.73% to 8.98%). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

**6.2** Terms of privately placed secured redeemable non convertible debentures

Tenor from the date of Balance Sheet	Term of repayment	Amount (INR in Crores)	
		As at March 31, 2018	As at March 31, 2017
>48 < = 60 months	Bullet	85.00	12.00
>36 < = 48 months	Bullet	207.00	50.00
>24 < = 36 months	Bullet	1,185.00	434.00
>12 < = 24 months	Bullet	634.00	778.40
<b>Non-current portion of non-convertible debentures</b>		<b>2,111.00</b>	<b>1,274.40</b>
Up to 12 months	Bullet	778.40	180.00
<b>Current portion of non-convertible debentures</b>		<b>778.40</b>	<b>180.00</b>

**6.3** Secured term loans from banks aggregating INR 3,701.68 Crores (previous year: INR 3,303.34 Crores) carries interest ranging from 7.55% p.a. to 8.65% p.a (previous year 7.85% p.a. to 9.65% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

**6.4** Terms of Long-Term Loans from Banks

Tenor from the date of balance sheet	Term of repayment	Amount (INR in Crores)	
		As at March 31, 2018	As at March 31, 2017
>48 < = 60 months	Semi-Annual	425.00	450.00
>36 < = 48 months	Annual	-	50.00
>36 < = 48 months	Semi-Annual	987.50	970.00
>24 < = 36 months	Annual	50.00	50.00
>24 < = 36 months	Semi-Annual	870.00	795.00
>24 < = 36 months	Bullet	300.00	150.00
>12 < = 24 months	Annual	50.00	-
>12 < = 24 months	Semi-Annual	457.50	286.68
>12 < = 24 months	Quarterly	-	50.00
>12 < = 24 months	Bullet	250.00	100.00
<b>Non-Current Portion of Long-Term Bank Loans</b>		<b>3,390.00</b>	<b>2,901.68</b>
Up to 12 months	Semi-Annual	261.68	101.66
Up to 12 months	Quarterly	50.00	100.00
Up to 12 months	Bullet	-	200.00
<b>Current maturities of Long-Term Bank Loans</b>		<b>311.68</b>	<b>401.66</b>

**6.5** 3,000 (previous year: 2,000) privately placed unsecured redeemable non-convertible debentures Tier II of INR 10 Lacs each aggregating INR 300 Crores (previous year INR 200 Crores) carries interest ranging from 8.52% p.a. to 9.35% p.a. (previous year: 8.98% p.a. to 9.35% p.a.) and are subordinated in nature of claim.

**6.6** Terms of privately placed unsecured Tier II subordinated debentures

Tenor from the date of balance sheet	Term of repayment	Amount (INR in Crores)	
		As at March 31, 2018	As at March 31, 2017
>60 months	Bullet	300.00	200.00
<b>Non-Current portion of non-convertible debentures</b>		<b>300.00</b>	<b>200.00</b>

**Note 7: Other Long-Term Liabilities**

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
Security deposits received	0.41	0.57
Lease equalisation reserve	0.96	0.91
Margin money from customers	19.08	10.41
<b>Total</b>	<b>20.45</b>	<b>11.89</b>

## Note 8: Long-Term Provisions

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>		
Provision for gratuity [refer note 31(b)]	3.42	2.12
Provision for compensated absences	4.30	2.85
Contingent provision against standard assets (refer note 27)	53.45	34.65
<b>Total</b>	<b>61.17</b>	<b>39.62</b>

## Note 9: Short-Term Borrowings

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
Loan from banks (refer note 9.1 below)		
- Cash credit	835.92	1,158.94
- Working capital demand loans	210.00	-
<b>Total (a)</b>	<b>1,045.92</b>	<b>1,158.94</b>
<b>Unsecured</b>		
Loan from banks		
- Cash credit	1.05	5.67
- Working capital demand loans	65.00	-
Others		
- Commercial papers	2,820.00	1,570.00
<b>Total (b)</b>	<b>2,886.05</b>	<b>1,575.67</b>
<b>Total (a) + (b)</b>	<b>3,931.97</b>	<b>2,734.61</b>

**9.1** The cash credit facilities are repayable on demand and carry interest rates ranging from 7.35% p.a. to 8.80% p.a (previous year 7.70% p.a. to 9.25% p.a). Working capital demand loans are repayable on demand and carry interest rates ranging from 7.26% p.a. to 8.00% p.a. (previous year NIL). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. These facilities are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

## Note 10: Trade Payables

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Total outstanding dues of :</b>		
Micro enterprises and small enterprises (refer note 10.1 below)	0.08	0.05
Creditors other than micro enterprises and small enterprises	87.36	65.63
<b>Total</b>	<b>87.44</b>	<b>65.68</b>

**10.1** Disclosure under section 22 of Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.08	0.05
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
<b>Total</b>	<b>0.08</b>	<b>0.05</b>

**10.2** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

### Note 11: Other Current Liabilities

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (refer note 6)	1,090.08	581.66
Interest accrued but not due on borrowings	192.97	102.94
Unclaimed dividend (refer note 11.1 below)	0.48	0.55
Book overdrafts	189.35	158.03
<b>Other payables</b>		
Withholding and other taxes payable	17.36	7.33
Payable on purchase of fixed assets	-	0.09
Security deposits received	0.12	0.02
Payable to two wheeler dealerships (refer note 11.2 below)	22.72	38.38
Margin money from customers	1.91	-
Others	1.38	0.46
<b>Total</b>	<b>1,516.37</b>	<b>889.46</b>

**11.1** Unclaimed dividend does not include any amount outstanding as on March 31, 2018 which are required to be credited to the Investor Education and Protection Fund.

**11.2** The Company makes payment to two wheeler dealerships for two wheeler taken by its customers on loan. The amount represents, due to two wheeler dealerships as at Balance sheet date, which gets cleared in normal course.

### Note 12: Short-Term Provisions

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>		
Provision for gratuity [refer note 31(b)]	4.32	3.17
Provision for compensated absences	2.76	0.87
Provision for income tax (net of advance payment of tax)	20.82	21.97
<b>Total</b>	<b>27.90</b>	<b>26.01</b>

### Note 13: Fixed Assets

Particulars	Amount (INR in Crores)					
	Gross block			Accumulated depreciation and amortisation		Net block
	Balance as at March 31, 2017	Balance as at March 31, 2018	Balance as at March 31, 2017	Depreciation and Amortisation expense for the year	Eliminated on disposal of assets / Adjustment	Balance as at March 31, 2018
<b>Property, Plant and Equipment</b>						
<b>(a) Own Use :</b>						
Building	3.64	-	3.64	0.06	-	3.52
(Previous year)	(-)	(3.64)	(-)	(0.06)	(-)	(3.58)
Plant and equipments	1.20	-	1.20	0.08	-	0.89
(Previous year)	(1.20)	(-)	(1.20)	(0.08)	(-)	(0.97)
Furniture and fixtures	0.55	0.22	0.76	0.06	0.01	0.57
(Previous year)	(0.38)	(0.17)	(0.55)	(0.05)	(-)	(0.41)
Vehicles	18.22	4.81	21.30	2.34	0.49	14.91
(Previous year)	(11.40)	(7.56)	(18.22)	(1.49)	(0.18)	(13.68)
Data processing equipments	17.91	17.08	32.84	6.06	1.89	19.59
(Previous year)	(11.92)	(6.06)	(17.91)	(4.05)	(0.04)	(8.83)
Office equipments	1.21	0.47	1.68	0.27	-	1.04
(Previous year)	(0.66)	(0.55)	(1.21)	(0.20)	(-)	(0.84)
<b>Total</b>	<b>42.73</b>	<b>22.58</b>	<b>61.42</b>	<b>8.87</b>	<b>2.39</b>	<b>40.52</b>
(Previous year)	(25.56)	(17.98)	(42.73)	(5.93)	(0.22)	(28.31)
<b>(b) Assets given on Operating Lease</b>						
Plant and equipments	27.68	-	27.29	2.92	0.35	5.39
(Previous year)	(27.68)	(-)	(27.68)	(3.06)	(-)	(8.35)

Particulars	Gross block				Accumulated depreciation and amortisation			Net block	
	Balance as at March 31, 2017	Additions / Adjustment	Disposals / Adjustment	Balance as at March 31, 2018	Balance as at March 31, 2017	Depreciation and Amortisation expense for the year	Eliminated on disposal of assets / Adjustment	Balance as at March 31, 2018	Balance as at March 31, 2018
Computers	0.98	-	0.65	0.33	0.89	-	0.63	0.26	0.07
(Previous year)	(1.04)	(-)	(0.06)	(0.98)	(0.80)	(0.15)	(0.06)	(0.89)	(0.09)
Vehicles	80.23	7.10	19.06	68.27	19.32	9.27	9.35	19.24	49.03
(Previous year)	(74.46)	(25.69)	(19.92)	(80.23)	(18.18)	(9.92)	(8.78)	(19.32)	(60.91)
<b>Total</b>	<b>108.89</b>	<b>7.10</b>	<b>20.10</b>	<b>95.89</b>	<b>39.54</b>	<b>12.19</b>	<b>10.33</b>	<b>41.40</b>	<b>54.49</b>
(Previous year)	(103.18)	(25.69)	(19.98)	(108.89)	(35.25)	(13.13)	(8.84)	(39.54)	(69.35)
<b>Grand Total (A)</b>	<b>151.62</b>	<b>29.68</b>	<b>23.99</b>	<b>157.31</b>	<b>53.96</b>	<b>21.06</b>	<b>12.72</b>	<b>62.30</b>	<b>95.01</b>
(Previous year)	(128.74)	(43.67)	(20.79)	(151.62)	(43.96)	(19.06)	(9.06)	(53.96)	(97.66)
<b>Intangible Assets</b>									
Computer software	12.43	12.49	-	24.92	4.99	5.44	-	10.43	14.49
(Previous year)	(9.89)	(2.54)	(-)	(12.43)	(3.16)	(1.83)	(-)	(4.99)	(7.44)
<b>Total (B)</b>	<b>12.43</b>	<b>12.49</b>	<b>-</b>	<b>24.92</b>	<b>4.99</b>	<b>5.44</b>	<b>-</b>	<b>10.43</b>	<b>14.49</b>
(Previous year)	(9.89)	(2.54)	(-)	(12.43)	(3.16)	(1.83)	(-)	(4.99)	(7.44)
<b>Grand Total (A+B)</b>	<b>164.05</b>	<b>42.17</b>	<b>23.99</b>	<b>182.23</b>	<b>58.95</b>	<b>26.50</b>	<b>12.72</b>	<b>72.73</b>	<b>109.50</b>
Grand Total (Previous year)	(138.63)	(46.21)	(20.79)	(164.05)	(47.12)	(20.89)	(9.06)	(58.95)	(105.10)

Figures in bracket represents previous year numbers

## Note 14: Non-Current Investments

Particulars	Amount (INR in Crores)					
	As at March 31, 2018			As at March 31, 2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (at cost)</b>						
<b>Trade</b>						
Investment in equity instruments						
7,482,251 (previous year: 7,482,251) shares of INR 10 each fully paid up in Forum I Aviation Ltd.	-	6.98	6.98	-	6.98	6.98
<b>Other investments</b>						
Investment in equity instruments						
- of subsidiary:						
50,000,000 (previous year: 49,999,994) shares of INR 10 each fully paid up in Hero Housing Finance Ltd.	-	50.00	50.00	-	50.00	50.00
- of other entity:						
1,370 (previous year: 1,370) shares of INR 2 each fully paid up in Hero MotoCorp Ltd.	0.01	-	0.01	0.01	-	0.01
<b>Total</b>	<b>0.01</b>	<b>56.98</b>	<b>56.99</b>	<b>0.01</b>	<b>56.98</b>	<b>56.99</b>

### Note 14.1

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
	At Cost	At Cost
<b>Aggregate amount of :</b>		
Quoted Investments	0.01	0.01
Unquoted Investments	56.98	56.98
<b>Aggregate market value of quoted investments</b>	<b>0.49</b>	<b>0.44</b>

## Note 15: Deferred Tax Assets (net)

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for leave encashment and gratuity	5.45	3.27
Lease equalisation reserve	0.33	0.31
Provision for doubtful receivables under financing activity	58.49	31.80
Contingent provision against standard assets	18.68	11.99
Total deferred tax assets (a)	82.95	47.37
<b>Tax effect of items constituting deferred tax liabilities</b>		
Timing difference in depreciation and amortisation	1.00	2.12
Total deferred tax liabilities (b)	1.00	2.12
<b>Deferred tax assets (net) (a-b)</b>	<b>81.95</b>	<b>45.25</b>

## Note 16: Long-Term Loans and Advances

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Capital advances	5.37	0.33
Security deposits	1.89	0.93
Prepaid expense	0.70	-
Loans and advances to employees	8.77	10.76
Advance income tax (net)	10.11	9.50
<b>Total</b>	<b>26.84</b>	<b>21.52</b>

## Note 17: Long-Term Receivables under Financing Activity

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Receivables under financing activities (refer note 17.1 below)</b>		
Secured, considered good (refer note 17.2 below)	6,724.27	5,124.54
Unsecured, considered good (refer note 17.3 below)	299.61	146.43
Provision for non performing assets	(186.50)	(97.43)
<b>Total</b>	<b>6,837.38</b>	<b>5,173.54</b>

**17.1** Long-term receivables under financing activities includes sub-standard and doubtful loans of INR 495.52 Crores (previous year INR 265.23 Crores)

**17.2** Includes INR NIL (previous year INR 0.05 Crores) receivables from private companies in which director is a director or a member.

**17.3** Includes INR 8.00 Crores (previous year INR 9.20 Crores) receivables from private companies in which director is a director or a member.

## Note 18: Cash and Cash Equivalents

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Balances with banks :</b>		
Current accounts	0.26	2.64
Dividend accounts (Earmarked accounts)	0.48	0.55
<b>Total</b>	<b>0.74</b>	<b>3.19</b>

## Note 19: Short-Term Loans and Advances

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Security deposits	1.08	0.87
Balances with government authorities	-	0.74
Loan and advances to employees	1.01	1.11
Prepaid expenses	6.42	3.85
Unexpired discount on commercial papers	37.31	21.57
Others	3.81	2.89
<b>Total</b>	<b>49.63</b>	<b>31.03</b>

## Note 20: Receivables under Financing Activities

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured, considered good (refer note 20.1 below)	4,437.22	3,281.95
Unsecured, considered good (refer note 20.2 below)	2,026.40	1,289.72
<b>Total</b>	<b>6,463.62</b>	<b>4,571.67</b>

**20.1:** Includes INR 10.19 Crores (previous year INR 10.53 Crores) receivables from private companies in which director is a director or a member.

**20.2:** Includes INR 155.98 Crores (previous year INR 61.22 Crores) receivables from private companies in which director is a director or a member.

## Note 21: Other Current Assets

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due	120.92	86.56
<b>Total</b>	<b>120.92</b>	<b>86.56</b>

## Note 22: Revenue from Operations

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income	1,476.30	1,095.98
Processing fees and other charges	310.27	209.21
Lease rentals from operating leases	22.85	22.33
Others	4.61	3.97
<b>Total</b>	<b>1,814.03</b>	<b>1,331.49</b>

## Note 23: Other Income

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend income from non-current investments	0.01	0.01
Profit on sale of current investment	3.28	0.65
Interest on income tax refund	-	0.54
<b>Total</b>	<b>3.29</b>	<b>1.20</b>

## Note 24: Finance Costs

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	678.78	530.12
Other borrowing costs	6.84	5.11
<b>Total</b>	<b>685.62</b>	<b>535.23</b>

## Note 25: Employee Benefits Expenses

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	128.98	94.50
Contribution to provident and other funds [refer note 31(a)]	6.75	4.94
Gratuity expense [refer note 31(b)]	2.66	1.59
Staff welfare expenses	3.95	3.41
Expense on employee stock option scheme (refer note 38)	6.95	-
<b>Total</b>	<b>149.29</b>	<b>104.44</b>

## Note 26: Other Expenses

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	9.78	6.85
Rates and taxes	21.44	21.80
Insurance charges	4.46	2.79
Repairs and maintenance		
-Building	1.32	1.59
-Vehicle	0.55	1.10
Contractual staff cost	78.30	56.63
Recruitment and training expenses	6.46	7.42
Commission to dealer and direct selling agents	62.08	48.03
Loan processing expenses	20.26	31.79
Communication charges	7.45	7.17
Printing and stationery	4.75	4.95
Bank charges	16.73	12.62
Travelling and conveyance	17.71	18.85
Loss on sale of fixed assets (net)	3.59	2.91
Advertisement and marketing expenses	3.00	17.31
Information technology expenses	29.47	12.68
Loan collection charges	196.15	104.98
Legal and professional fees	14.24	3.84
Auditor's remuneration (refer note 26.1 below)	0.50	0.46
Bad debts written off	30.30	9.67
Expenditure towards corporate social responsibility (refer note 36)	2.53	1.50
Miscellaneous expenses (refer note 26.2 below)	16.35	8.19
<b>Total</b>	<b>547.42</b>	<b>383.13</b>

**26.1:** Provision and/or payment in respect of auditors' remuneration

Amount (INR in Crores)

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Audit fee	0.28	0.25
Limited review	0.10	0.09
Tax audit fee	0.03	0.03
Certification fees	0.03	0.03
Others	0.05	0.05
Out of pocket expenses	0.01	0.01
<b>Total</b>	<b>0.50</b>	<b>0.46</b>

**26.2:** Includes Donation of INR 0.01 Crores (previous year INR 0.09 Crores)**Note 27: Provisions and Contingencies**

Amount (INR in Crores)

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Provision for standard assets	18.80	15.50
Provision for non-performing assets	141.75	72.88
<b>Total</b>	<b>160.55</b>	<b>88.38</b>

**Note 28: Contingent Liabilities and Commitments (to the extent not provided for)**

Amount (INR in Crores)

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
Contingent Liability	-	-
Capital commitment		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to INR 5.37 Crores (previous year INR 0.33 Crores))	3.87	0.84
(ii) Other commitments (refer note 28.1 below)	-	-
<b>Total</b>	<b>3.87</b>	<b>0.84</b>

**28.1** The Company does not have any long-term commitments or material non-cancellable contractual commitments / contracts, which have a material impact on the financial statements.**Note 29**

As the Company's business activity falls within a single primary business segment viz. "Financial services" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", notified in the Companies (Accounting Standards) Rules, 2006 are not applicable.

**Note 30**

The Company has entered into operating lease agreement for leased premises and are cancellable in nature. The aggregate lease rentals amounting to INR 9.16 Crores (previous year INR 6.85 Crores) have been charged to statement of profit and loss.

### Note 31

Disclosure in accordance with the Accounting Standard 15 (revised 2005)

a) Defined contribution and other plan

Amount (INR in Crores)

Particulars	For the year	For the year
	ended	ended
	March 31, 2018	March 31, 2017
Employer's contribution to provident fund	6.07	4.36
Employer's contribution to superannuation fund	0.47	0.42
Employer's contribution to national pension scheme	0.21	0.16

b) Defined Benefit Plan (Gratuity)

Amount (INR in Crores)

S. No	Particulars	Gratuity	Gratuity
		(Unfunded)	(Unfunded)
		as at	as at
		March 31, 2018	March 31, 2017
<b>I</b>	<b>Reconciliation of opening and closing balance of the present value of defined benefit obligations (PVO):-</b>		
a.	PVO at the beginning of the period	5.29	3.70
b.	Current service cost	1.52	1.06
c.	Interest cost	0.40	0.29
d.	Actuarial (gain)/ loss	0.74	0.24
e.	Benefits paid	(0.19)	-
f.	Past service cost	-	-
g.	PVO at the end of the period	<b>7.74</b>	<b>5.29</b>
<b>II</b>	<b>Amount recognized in the Statement of Profit and Loss :-</b>		
a.	Current service cost	1.52	1.06
b.	Interest cost	0.40	0.29
c.	Actuarial (gain) / losses	0.74	0.24
d.	Past service cost	-	-
	<b>Net cost</b>	<b>2.66</b>	<b>1.59</b>
<b>III</b>	<b>Amount recognized in the Balance Sheet:-</b>		
a.	PVO at the end of the period	7.74	5.29
b.	Funded status	-	-
c.	<b>Net liability recognized in the Balance Sheet</b>	<b>7.74</b>	<b>5.29</b>
	Non- current portion	3.42	2.12
	Current portion	4.32	3.17

#### Assumptions used in accounting for the benefit plan

S. No	Particulars	Gratuity	Gratuity	Compensated	Compensated
		(Unfunded)	(Unfunded)	absences	absences
		as at	as at	(Unfunded)	(Unfunded)
		March 31,	March 31,	as at	as at
		2018	2017	March 31,	March 31,
				2018	2017
a.	Discount rate (%)	7.80	7.54	7.80	7.54
b.	Salary escalation rate (%)	5.50	5.50	5.50	5.50
c.	Expected average remaining working life of employees (period in years)	23.28	23.37	23.28	23.37

1. The estimate of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market.
2. Since the liability is not funded, therefore information with regard to the plan assets has not been furnished.

The table below shows a summary of the key results including past results as applicable.

#### A) Assets/Liabilities

As on	Amount (INR in Crores)				
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
PBO	0.83	1.49	3.70	5.29	7.74
Plan assets	-	-	-	-	-
Net assets/ (liability)	(0.83)	(1.49)	(3.70)	(5.29)	(7.74)

#### B) Experience on actuarial gain/ (loss) for PBO and plan assets

As on	Amount (INR in Crores)				
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
On plan PBO	0.01	(0.27)	(1.46)	(0.12)	(0.89)
On plan assets	-	-	-	-	-

### Note 32: Related Party disclosure under Accounting Standard 18

#### (a) Subsidiary of the Company

Hero Housing Finance Limited

#### (b) Parties in respect of which the Company is an associate

Hero MotoCorp Limited

#### (c) Key management personnel and their relatives

Ms. Renu Munjal – Managing Director

Mr. Abhimanyu Munjal – Joint Managing Director & Chief Executive Officer

Mr. Rahul Munjal – relative of Renu Munjal

Mr. Amit Jain – Company Secretary (Upto October 11, 2017)

Mr. Vikas Gupta – Company Secretary (Effective March 22, 2018)

Mr. Shyam Lal – Chief Financial Officer (Upto January 29, 2018)

Mr. Jayesh Jain – Chief Financial Officer (Effective January 29, 2018)

#### (d) Enterprises over which key management personnel and their relatives are able to exercise significant influence:-

Hero Future Energies Limited

Hero Investcorp Private Limited

Hero Wind Energy Private Limited

Hero Solar Energy Private Limited

Brijmohan Lall Om Parkash (Partnership Firm)

Munjtal Acme Packaging Systems Private Limited

**Transactions with related parties during the year**

## (a) Transactions with the subsidiary

Amount (INR in Crores)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Hero Housing Finance Limited</b>		
Investment in equity shares	-	50.00
Reimbursement of expenses (received)	0.03	1.18

## (b) Parties in respect of which the Company is an Associate

Amount (INR in Crores)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Hero MotoCorp Limited</b>		
Dividend received	0.01	0.01
Lease rental received	22.70	22.09
Dividend paid	6.92	3.83
Proceeds against share warrants	70.03	36.40
Rent paid	0.05	0.05
Subvention income	0.13	10.09
Sale of fixed assets	6.78	8.37
Amount receivable as at the year end	5.19	1.21

## (c) Key management personnel and their relatives\*

Amount (INR in Crores)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Ms. Renu Munjal</b>		
Remuneration	10.27	7.47
Payable (including commission)	3.75	2.01
Dividend Paid	0.05	0.04
<b>Mr. Abhimanyu Munjal</b>		
Remuneration	7.83	5.28
Payable (including commission)	3.75	2.01
Dividend Paid	0.03	0.02
<b>Mr. Amit Jain</b>		
Remuneration	0.18	0.38
<b>Mr. Vikas Gupta</b>		
Remuneration	0.004	-
<b>Mr. Shyam Lal</b>		
Remuneration	0.76	0.72
Dividend Paid	0.001	0.001
<b>Mr. Jayesh Jain</b>		
Remuneration	0.20	-

\* Does not include provisions for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuations for the Company as a whole.

(d) Enterprises over which key management personnel and their relatives are able to exercise significant influence

Amount (INR in Crores)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Hero Future Energies Private Limited</b>		
Loan given	50.00	100.00
Loan repayment	50.00	120.00
Interest received/accrued	5.21	7.61
Processing fees received	0.25	0.50
Loan outstanding at the year end (receivable)	50.00	50.00
<b>Hero Solar Energy Private Limited</b>		
Loan given	100.00	50.00
Loan repayment	-	50.00
Interest received/ accrued	2.18	3.94
Processing fees received	0.50	0.13
Loan outstanding at the year end (receivable)	100.00	-
<b>Brijmohan Lall Om Parkash</b>		
Loan given	30.00	150.00
Loan repayment	30.00	150.00
Interest received/accrued	0.37	1.24
Processing fees received	-	0.02
Proceeds against share warrants	61.57	32.00
<b>Munjal Acme Packaging Systems Private Limited</b>		
Proceeds against share warrants	65.80	34.20

### Note 33

Information pursuant to clause 3 (vii) (c) of the Companies (Auditors Report) Order, 2017 in respect of disputed dues, not deposited as at March 31, 2018, pending with various authorities.

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount involved (INR in Crores)</b>	<b>Amount unpaid (INR in Crores)</b>
Income tax Act, 1961	Income tax	Commissioner (Appeals)	2009-10, 2013-14, 2014-15	9.11	5.43
Delhi Value Added tax Act	Value added tax	Objection hearing authority (Trade & Tax department)	2013-14	0.09	0.09
Delhi Value Added tax Act	Value added tax	Appellate VAT Tribunal, Trade and Taxes Delhi	2012-13	0.38	0.06

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (INR in Crores)	Amount unpaid (INR in Crores)
Income-tax Act, 1961	Income-Tax	High Court	2006-07, 2009-10	0.33	0.33
		Income Tax Appellate Tribunal	2012-13	1.08	1.08

### Note 34 Expenditure in foreign currency (on accrual basis)

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Travelling and conveyance	1.10	1.20
<b>Total</b>	<b>1.10</b>	<b>1.20</b>

### Note 35: Earnings per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Basic</b>		
Profit/ (Loss) for the year (INR in Crores)	162.45	130.41
Weighted average number of equity shares (Nos.)	93,280,002	84,791,892
Nominal value per equity share (INR per share)	10	10
Basic earnings per share (INR)	17.42	15.38
<b>Diluted</b>		
Profit/ (Loss) for the year (INR in Crores)	162.45	130.41
Add: Effect of warrants / ESOP which are dilutive	-	-
Profit / (loss) attributable to equity shareholders (on dilution)	162.45	130.41
Weighted average number of equity shares (Nos.)	93,516,351	85,707,549
Nominal value per equity share (INR per share)	10	10
Diluted earnings per share (INR)	17.37	15.22

### Note 36: Corporate social responsibility

Amount (INR in Crores)

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross amount required to be spent	2.50	1.47
Amount spent for the purpose other than construction/ acquisition of assets in the company	2.53	1.50

### Note 37

In respect of the year ended March 31, 2018, the directors propose that a final dividend of INR 2.80 per equity share to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is INR 33.23 crores (including dividend distribution tax thereon of INR 5.67 crores).

### Note 38: Employee Stock Option Scheme

The Employee Stock Options Scheme titled "ESOP Scheme 2017" or "the Scheme" was approved by the shareholders of the Company through postal ballot on June 09, 2017. The Scheme covered 26,39,703 options. The Scheme allows the issue of options to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the ESOP Plan. Options may be exercised by the employees after vesting period within 4.5 years from the date of grant. The fair value as on the date of the grant of the options, representing Stock compensation charge, is expensed over the vesting period.

Plan	Number of Options Granted	Grant date	Expiry date	Exercise price (INR)	Weighted average fair value of the options at grant date (INR)
ESOP 2017	962,590	01-Jul-2017	31-Dec-2021	495.00	240.60

#### Fair value of share options granted during the year

The fair value of options granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below.

#### Inputs in to the pricing model

Particulars	ESOP Scheme 2017
Weighted Average Fair value of option (INR)	240.60
Weighted Average share price (INR)	616.30
Exercise price (INR)	495.00
Expected volatility	Nil
Option life (Years)	4.50
Dividend yield (%)	0.26
Risk-free interest rate (%)	6.58

**Movement in share option during the year**

Particular	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of option (Nos.)	Weighted average fair value of the options at grant date (INR Per share)	Number of option (Nos.)	Weighted average fair value of the options at grant date (INR Per share)
(i) Outstanding at the beginning of the year	-	-	-	-
(ii) Granted during the year	9,62,590	240.60	-	-
(iii) Exercised during the year	-	-	-	-
(iv) Outstanding at the end of the year	9,62,590	240.60	-	-
(v) Exercisable at the end of the year	-	-	-	-

Weighted average remaining contractual life of options outstanding as at year end is 27 months.

During the year ended March 31, 2018, the Company recorded an employee stock compensation expense of INR 6.95 crores (previous year Nil) in the statement of profit and loss. (refer note 25)

**Note 39**

Following information is disclosed in terms of the Master Direction-Non Banking Financial Company-Systematically Important, Non deposit taking and deposit taking company (Reserve Bank) Directions' 2016 dated September 1, 2016 as amended till February 23, 2018.

**39.1: Capital to risk assets ratio (CRAR)**

Particulars	As at March 31, 2018	As at March 31, 2017
CRAR %	18.62	21.29
CRAR – Tier I capital (%)	16.02	18.95
CRAR – Tier II capital (%)	2.60	2.34
Amount of subordinated debts raised as Tier-II instruments (INR in Crores)	300.00	200.00
Amount raised by issue of perpetual instruments	-	-

### 39.2: Investments

Particulars	Amount (INR in crores)	
	As at March 31, 2018	As at March 31, 2017
Value of investments		
Gross value of investments		
(a) In India	56.99	56.99
(b) Outside India	-	-
Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
Net value of investments		
(a) In India	56.99	56.99
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments.		
(a) Opening balance	-	-
(b) Add : Provisions made during the year	-	-
(c) Less : Write-off / write-back of excess provisions during the year	-	-
(d) Closing balance	-	-

### 39.3: Disclosure on Un-hedged Foreign Currency Exposure

Particulars	Amount (INR in crores)	
	March 31, 2018	March 31, 2017
1. Foreign Currency Exposure (FCE)	-	-
2. FCE having maturity or having cash flows over the period of next five years (Out of 1 above)	-	-
3. Amount covered by Financial Hedge (Out of 2 above)	-	-
4. Amount covered by Natural Hedge (Out of 2 above)	-	-
5. Un-hedged Foreign Currency Exposure (2-3-4)	-	-
6. Annual Earnings Before Interest Depreciation (EBID)	874.57	686.53
7. Total credit exposure from Banking System (excluding book overdrafts)	4,813.65	4,467.95

### 39.4: Disclosure on Derivatives (Forward Rate Agreement / Interest Rate Swap/ Exchange Traded Interest Rate (IR) Derivatives)

Particulars	Amount (INR in Crores)	
	March 31, 2018	March 31, 2017
The notional principal amount of agreement / derivative	-	-
Losses (if counterparties failed to fulfil their obligations)	-	-
Collateral required upon entering into agreement	-	-
Concentration of credit risk arising from the agreement	-	-
The fair value	-	-

### 39.5: Securitisation

There is no securitisation/assignment transaction entered by the Company during the year.

### 39.6: Asset Liability Management Maturity pattern of certain items of assets and liabilities

Current Year		Amount (INR in Crores)							
	<b>Upto 30/31 days (1 Month)</b>	<b>Over 1 month to 2 months</b>	<b>Over 2 months to 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Liabilities</b>									
Borrowing from banks (excluding book overdrafts)	-	12.50	-	143.33	1,267.82	1,977.50	1,412.50	-	4,813.65
Market borrowings	663.40	1,125.00	800.00	510.00	500.00	1,819.00	292.00	300.00	6,009.40
<b>Assets</b>									
Advances (refer note 39.6A below)	2,283.89	562.08	399.20	1,130.02	2,088.43	3,745.64	1,054.69	2,037.05	13,301.00
Investment	-	-	-	-	-	-	-	56.99	56.99
Previous year		Amount (INR in Crores)							
	<b>Upto 30/31 days (1 Month)</b>	<b>Over 1 month to 2 months</b>	<b>Over 2 months to 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 years</b>	<b>Over 3 years to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Liabilities</b>									
Borrowing from banks (excluding book overdrafts)	-	12.50	16.67	62.50	1,474.60	1,431.68	1,470.00	-	4,467.95
Market borrowings	500.00	325.00	250.00	475.00	200.00	1,212.40	62.00	200.00	3,224.40
<b>Assets</b>									
Advances (refer note 39.6A below)	555.94	913.76	624.60	1,136.83	1,340.54	2,600.48	1,009.22	1,563.84	9,745.21
Investment	-	-	-	-	-	-	-	56.99	56.99

**39.6A:** Includes Receivables under financing activity as per notes 17 and 20.

**39.7: Exposures: Exposures to real estate sector**

Direct Exposure	Amount (INR in crores)	
	As at March 31, 2018	As at March 31, 2017
<b>(i) Residential Mortgages</b>	<b>936.69</b>	<b>701.67</b>
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	936.69	701.67
<b>(ii) Commercial Real Estate -</b>	<b>520.45</b>	<b>530.69</b>
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family, Residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	520.45	530.69
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -</b>	-	-
Residential	-	-
Commercial Real Estate	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>1457.14</b>	<b>1232.36</b>

**39.8: Exposure to capital market**

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	56.99	56.99
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	439.35	224.72
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-

(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>496.34</b>	<b>281.71</b>

**39.8A:** Since there is no parent, hence reporting on financing of parent company products is not applicable.

**39.8B:** The Company has not made advances against intangible collaterals of the borrowers, which are classified as "Unsecured" in its financial statements

**39.8C:** No Registration has been obtained from other financial regulators during the year.

**39.8D:** During the year pursuant to the compounding application filed with Securities and Exchange Board of India in relation to compliance of LODR (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has paid INR 0.19 crores towards the settlement charges.

**39.9: Ratings assigned by credit rating agencies and migration of ratings during the year**

S. No.	Instrument/ Agency	CRISIL		ICRA	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
1	Secured NCDs	CRISIL AA+/ Stable	CRISIL AA+/ Stable	ICRA AA+/ Stable	ICRA AA+/ Stable
2	Unsecured Sub-ordinated Tier-II NCDs	CRISIL AA+/Stable	CRISIL AA+/Stable	ICRA AA+/ Stable	ICRA AA+/ Stable
3	Long Term Bank facilities	CRISIL AA+/Stable	CRISIL AA+/ Stable	ICRA AA+/Stable	ICRA AA+/ Stable
4	Short Term Bank facilities	CRISIL A1+	CRISIL A1+	ICRA A1+	ICRA A1+
5	Commercial Papers	CRISIL A1+	CRISIL A1+	ICRA A1+	ICRA A1+

### 39.10: Provisions and Contingencies

Amount (INR in Crores)

<b>Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
(i) Provisions for depreciation on investment	-	-
(ii) Provision towards NPA	141.75	72.88
(iii) Provision made towards Income tax (including deferred tax)	85.49	70.21
(iv) Provision for leave encashment	3.64	0.59
(v) Provision for gratuity	2.66	1.59
(vi) Other Provision and Contingencies (with details)	-	-
(vii) Provision for standard assets	18.80	15.50

**39.10A:** The Company has not drawn any reserves during the year.

### 39.11: Concentration of advances

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
(i) Total advances to twenty largest borrowers (Amount INR in Crores)	1,920.12	1,376.58
(ii) Percentage of advances to twenty largest borrowers/ customers to total advances of the NBFC on borrowers/ customers	14.24%	14.00%

### 39.12: Concentration of exposure

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
(i) Total exposure to twenty largest borrowers/ customer (Amount INR in Crores)	1,920.12	1,376.58
(ii) Percentage of exposure to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/ customers	14.24%	14.00%

### 39.13: Concentration of NPAs

Amount (INR in Crores)

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Total exposure to top four NPA accounts (refer note 39.13A below)	100.19	83.27

**39.13A:** Includes restructured account of INR 24.31 Crores (previous year INR 24.51 Crores)

**39.14: Sector-wise NPAs**

Sector	Percentage of NPAs to total advances in that sector	
	As at March 31, 2018	As at March 31, 2017
(i) Agriculture & allied activities	-	-
(ii) MSME	-	-
(iii) Corporate borrowers	4.04%	2.69%
(iv) Services	-	-
(v) Unsecured personal loans	0.17%	-
(vi) Auto loans	3.05%	2.70%
(vii) Other personal loans	-	-

**39.15: Movement of NPAs**

S.No.	Particulars	Amount (INR in Crores)	
		2017-18	2016-17
<b>(i)</b>	Net NPAs to net advances (%)	2.32	1.72
<b>(ii)</b>	<b>Movement of NPAs (Gross)</b>		
	(a) Opening balance	265.23	59.01
	(b) Additions during the year	338.91	242.82
	(c) Reductions during the year	108.62	36.60
	(d) Closing balance	495.52	265.23
<b>(iii)</b>	<b>Movement of Net NPAs</b>		
	(a) Opening balance	167.80	34.46
	(b) Additions during the year	166.86	162.98
	(c) Reductions during the year	25.64	29.64
	(d) Closing balance	309.02	167.80
<b>(iv)</b>	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) Opening balance	97.43	24.55
	(b) Provisions made during the year	172.05	79.84
	(c) Write-off / write-back of excess provisions	82.98	6.96
	(d) Closing balance	186.50	97.43

**39.16: Customer Complaints**

Particular	2017-18	2016-17
(a) No. of complaints pending at the beginning of the year	30	6
(b) No. of complaints received during the year	1847	876
(c) No. of complaints redressed during the year	1807	852
(d) No. of complaints pending at the end of the year (resolved subsequent to the year end)	70	30

**39.17:** There are no non-performing financial assets purchased / sold during the year.

**39.18 Disclosure of restructured accounts**

S. No.	Type of Restructuring Asset Classification Details	Amount (INR in Crores)																			
		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total							
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total					
1	Restructured Accounts as on April 1 of the FY (opening figures excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable))	No. of borrowers	-	-	-	-	-	2	-	-	-	-	2	-	-	-	2				
		Amount outstanding	-	-	-	-	-	-	34.52	-	-	-	-	34.52	-	-	-	34.52			
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.45		
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	1	-	-	-	-	1	-	-	-	1			
		Amount outstanding	-	-	-	-	-	-	-	5.45	-	-	-	0.37	5.45	-	-	-	5.82		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.15	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.01	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.45
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1

S. No.	Type of Restructuring Asset Classification Details	Amount (INR in Crores)																
		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total		
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	1.00	10.01
5	Downgradations of restructured accounts during the FY (net of receipt during the year)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	1	24.31
6	Write-offs of restructured accounts during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	1	29.76

**39.19:** Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial company (as required in terms of Annex 1 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

S.No.	Particulars	Amount (INR in Crores)	
		As at March 31, 2018	
	Liabilities side:	Amount outstanding	Amount overdue
<b>1</b>	(a) Debentures:		
	Secured	2,889.40	-
	Unsecured	300.00	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred credits	-	-
	(c) Term loans	3,701.68	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial paper	2,820.00	-
	(f) Public deposits	-	-
	(g) Others :		
	Secured Cash Credit from bank (excluding book overdrafts)	835.92	-
	Other loan from banks		
	Secured- working capital demand loan	210.00	-
	Unsecured – short term loan from banks	66.05	-
<b>Assets side: Amount Outstanding</b>			
<b>2</b>	<b>Break-up of loans and advances including bills receivables [other than those included in (4) below]</b>		
	(a) Secured		11,001.90
	(b) Unsecured		2,299.10
<b>3</b>	<b>Break up of leased assets and stock on hire and hypothecation loans counting towards Asset Finance Company (AFC) activities</b>		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-

Amount (INR in Crores)

**4 Break-up of Investments:****As at March 31, 2018**

<b>Current Investments :</b>		
1. Quoted :		
(i) Shares :		
(a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
2. Unquoted :		-
(i) Shares :		-
(a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
<b>Long Term investments :</b>		
1. Quoted :		-
(i) Shares :		
(a) Equity		0.01
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
2. Unquoted :		-
(i) Shares :		-
(a) Equity		56.98
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-

Amount (INR in Crores)

**5 Borrower group-wise classification of assets financed as in (2) and (3) above (net of provisions):**

	Category	As at March 31, 2018		
		Secured	Unsecured	Total
<b>5.1</b>	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	10.19	169.17	179.36
	(c) Other related parties	-	-	-
<b>5.2</b>	Other than related parties	10,991.71	2,129.93	13,121.64
	<b>Total</b>	<b>11,001.90</b>	<b>2,299.10</b>	<b>13,301.00</b>

Amount (INR in Crores)

**6 Investor group-wise classification of all investments (current and long term) in shares and securities both (quoted and unquoted):**

<b>Category</b>		<b>As at March 31, 2018</b>	
		<b>Market value / break up or fair value or NAV</b>	<b>Book value (net of provisions)</b>
<b>6.1</b>	Related Parties		
	(a) Subsidiaries	50.00	50.00
	(b) Companies in the same Group	0.49	0.01
	(c) Other related parties	-	-
<b>6.2</b>	Other than related parties	6.98	6.98
	<b>Total</b>	<b>57.47</b>	<b>56.99</b>

Amount (INR in Crores)

**7 Other Information**

<b>Particulars</b>		<b>As at March 31, 2018</b>
<b>7.1</b>	Gross non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	495.52
<b>7.2</b>	Net non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	309.02
<b>7.3</b>	Assets acquired in satisfaction of debt	-

**Note 40**

Previous year's figures have been recasted / regrouped wherever necessary.

**For and on behalf of Board of Directors**

**Pawan Munjal**  
Chairman  
(DIN: 00004223)

**Renu Munjal**  
Managing Director  
(DIN: 00012870)

**Abhimanyu Munjal**  
Jt. Managing Director & CEO  
(DIN: 02822641)

**D.N. Davar**  
Director  
(DIN: 00002008)

Place: New Delhi  
Date: April 30, 2018

**Jayesh Jain**  
Chief Financial Officer  
(FCA: 110412)

**Vikas Gupta**  
Company Secretary  
(ACS: 24281)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERO FINCORP LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HERO FINCORP LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements of the subsidiary referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements of a subsidiary viz. Hero Housing Finance Limited whose financial statements reflect total assets of INR 44.70 Crores as at March 31, 2018 and total revenue of INR 0.44 Crores for the year ended on that date and net cash inflows amounting to INR 0.31 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of subsidiary referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Jitendra Agarwal  
Partner  
(Membership No. 087104)

Place: Gurugram  
Date: April 30, 2018

## ANNEXURE "A"

### TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **HERO FINCORP LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is a company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor referred to in other matters paragraph below, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Jitendra Agarwal  
Partner  
(Membership No. 087104)

Place: Gurugram  
Date: April 30, 2018

## Consolidated Balance Sheet as at March 31, 2018

Amount (INR in Crores)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	98.45	92.68
(b) Reserves and Surplus	4	2,195.64	1,755.00
(c) Money received against Share Warrants	5	-	102.60
<b>2 Minority Interest ** [INR Nil (Previous year INR 600)]</b>		-	**
		<b>2,294.09</b>	<b>1,950.28</b>
<b>3 Non - Current Liabilities</b>			
(a) Long-Term Borrowings	6	5,801.00	4,376.08
(b) Other Long-Term Liabilities	7	20.45	11.89
(c) Long-Term Provisions	8	61.26	39.62
		<b>5,882.71</b>	<b>4,427.59</b>
<b>4 Current Liabilities</b>			
(a) Short-Term Borrowings	9	3,931.97	2,734.61
(b) Trade Payables	10	88.77	65.79
(c) Other Current Liabilities	11	1,516.81	889.48
(d) Short-Term Provisions	12	27.89	26.01
		<b>5,565.44</b>	<b>3,715.89</b>
<b>TOTAL</b>		<b>13,742.24</b>	<b>10,093.76</b>
<b>B ASSETS</b>			
<b>1 Non - Current Assets</b>			
(a) Fixed Assets	13		
Property, Plant and Equipment		96.26	97.66
Intangible Assets		14.49	7.44
		<b>110.75</b>	<b>105.10</b>
(b) Non-Current Investments	14A	6.99	6.99
(c) Deferred Tax Assets (net)	15	82.16	45.51
(d) Long-Term Loans and Advances	16	26.89	21.52
(e) Long-Term Receivables under Financing Activity	17	6,837.38	5,173.54
		<b>7,064.17</b>	<b>5,352.66</b>
<b>2 Current Assets</b>			
(a) Current Investments	14B	42.50	48.50
(b) Cash and Cash Equivalents	18	1.17	3.31
(c) Short-Term Loans and Advances	19	49.86	31.06
(d) Receivables under Financing Activity	20	6,463.62	4,571.67
(e) Other Current Assets	21	120.92	86.56
		<b>6,678.07</b>	<b>4,741.10</b>
<b>TOTAL</b>		<b>13,742.24</b>	<b>10,093.76</b>

**See accompanying notes forming part of the financial statements**

1-37

In terms of our report attached  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

**For and on behalf of Board of Directors**

**Jitendra Agarwal**  
Partner

**Pawan Munjal**  
Chairman  
(DIN :- 00004223)

**Renu Munjal**  
Managing Director  
(DIN :- 00012870)

**Abhimanyu Munjal**  
Jt. Managing Director & CEO  
(DIN :- 02822641)

**D. N. Davar**  
Director  
(DIN :- 00002008)

Place: Gurugram  
Date: April 30, 2018

Place: New Delhi  
Date: April 30, 2018

**Jayesh Jain**  
Chief Financial Officer  
(FCA: 110412)

**Vikas Gupta**  
Company Secretary  
(ACS:24281)

## Consolidated Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Note No.	Amount (INR in Crores)	
		For the year ended March 31, 2018	For the year ended March 31, 2017
<b>1 Revenue from Operations</b>	22	1,814.03	1,331.49
<b>2 Other Income</b>	23	3.73	1.21
<b>3 Total Revenue (1+2)</b>		<b>1,817.76</b>	<b>1,332.70</b>
<b>4 Expenses</b>			
(a) Finance Costs	24	685.62	535.23
(b) Employee Benefits Expense	25	152.65	104.44
(c) Other Expenses	26	550.39	384.62
(d) Provisions and Contingencies	27	160.55	88.38
(e) Depreciation and Amortization Expense	13	26.52	20.89
<b>Total Expenses</b>		<b>1,575.73</b>	<b>1,133.56</b>
<b>5 Profit for the year before Tax (3-4)</b>		<b>242.03</b>	<b>199.14</b>
<b>6 Tax Expense</b>			
(a) Current Tax Expense		125.44	100.22
(b) Deferred Tax Charge/(Credit)		(36.65)	(30.42)
(c) Tax adjustment relating to earlier year		(3.25)	0.15
Total Tax Expense		85.54	69.95
<b>7 Profit for the year before share of profit of Minority Interest (5-6)</b>		<b>156.49</b>	<b>129.19</b>
<b>8 Less: Minority Interest</b>		-	-
<b>9 Profit for the year (7-8)</b>		<b>156.49</b>	<b>129.19</b>
Basic earning per share (INR)	34	16.78	15.24
Diluted earning per share (INR)	34	16.73	15.07
(Face value per share INR 10)			
<b>See accompanying notes forming part of the financial statements</b>	1-37		

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**For and on behalf of Board of  
Directors**

<b>Jitendra Agarwal</b> Partner	<b>Pawan Munjal</b> Chairman (DIN :- 00004223)	<b>Renu Munjal</b> Managing Director (DIN :- 00012870)	<b>Abhimanyu Munjal</b> Jt. Managing Director & CEO (DIN :- 02822641)	<b>D. N. Davar</b> Director (DIN :- 00002008)
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Place: Gurugram Date: April 30, 2018	Place: New Delhi Date: April 30, 2018	<b>Jayesh Jain</b> Chief Financial Officer (FCA: 110412)	<b>Vikas Gupta</b> Company Secretary (ACS:24281)
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## Consolidated Cash Flow Statement for the year ended March 31, 2018

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Cash Flow from Operating Activities</b>		
Profit before Tax	242.03	199.14
Adjustments for:		
Interest Expense	678.78	530.12
Interest Income	(1,476.30)	(1,095.98)
Contingent Provision against Standard Assets	18.80	15.50
Depreciation and Amortization Expenses	26.52	20.89
Provision for Non Performing Assets	89.07	72.88
Expense on Employee Stock Option Scheme	6.95	-
Dividend Income from Non-Current Investments	(0.01)	(0.01)
Loss on Sale of Fixed Assets (net)	3.59	2.91
(Profit) on Sale of Investments	(3.72)	(0.66)
<b>Operating Profit / (Loss) before Working Capital Changes</b>	<b>(414.29)</b>	<b>(255.21)</b>
<i>Adjustments for (increase) / decrease in Operating Assets:</i>		
Long-Term Loans and Advances	(0.33)	(3.77)
Long-Term Receivables under Financing Activity	(1,752.91)	(1,805.64)
Short-Term Receivables under Financing Activity	(1,891.95)	(1,697.89)
Short-Term Loans and Advances	(3.07)	1.91
<i>Adjustments for increase / (decrease) in Operating Liabilities:</i>		
Other Long-Term Liabilities	8.56	6.14
Long-Term Provisions	2.84	2.66
Trade Payables	22.99	30.56
Other Current Liabilities	29.04	41.36
Short-Term Provisions	3.04	(0.92)
<b>Cash Generated from Operations</b>	<b>(3,996.08)</b>	<b>(3,680.80)</b>
Interest Received	1,441.94	1,060.47
Interest Paid	(588.75)	(456.49)
Net Income Tax Paid	(123.34)	(85.91)
<b>Net Cash Flow used in Operating Activities (A)</b>	<b>(3,266.23)</b>	<b>(3,162.73)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(48.58)	(42.92)
Proceeds from Sale of Fixed Assets	7.68	8.82
Profit on Sale of Current Investments	3.72	0.65
Dividend Income from Non-Current Investments	0.01	0.01
Sale of Investments	6.00	1.50
Purchase of Investments	-	(50.00)
<b>Net Cash Flow used in Investing Activities (B)</b>	<b>(31.17)</b>	<b>(81.94)</b>

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Issue and Share Warrants	197.10	790.87
Proceeds from Long-Term Borrowings (net)	1,933.34	2,114.68
Proceeds from Short-Term Borrowings (net)	1,181.62	351.02
Dividend Paid	(13.97)	(8.03)
Tax on Dividend	(2.83)	(1.61)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>3,295.26</b>	<b>3,246.93</b>
<b>D. Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(2.14)</b>	<b>2.26</b>
Cash and Cash Equivalents at the beginning of the year	3.31	1.05
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1.17</b>	<b>3.31</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
Cash and Cash Equivalents (refer note 18)	1.17	3.31
Less: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements: Dividend Current Accounts (Earmarked Accounts)	0.48	0.55
<b>Net Cash and Cash Equivalent at the end of the year</b>	<b>0.69</b>	<b>2.76</b>

In terms of our report attached  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

**For and on behalf of Board of Directors**

<b>Jitendra Agarwal</b> Partner	<b>Pawan Munjal</b> Chairman (DIN :- 00004223)	<b>Renu Munjal</b> Managing Director (DIN :- 00012870)	<b>Abhimanyu Munjal</b> Jt. Managing Director & CEO (DIN :- 02822641)	<b>D. N. Davar</b> Director (DIN :- 00002008)
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Place: Gurugram Date: April 30, 2018	Place: New Delhi Date: April 30, 2018	<b>Jayesh Jain</b> Chief Financial Officer (FCA: 110412)	<b>Vikas Gupta</b> Company Secretary (ACS:24281)
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## Notes Forming Part of the Consolidated Financial Statements

### Note 1: Corporate Information

Hero FinCorp Limited ("the Company") and its subsidiary (collectively called as "Group") are engaged in financing, leasing, bill discounting and other financial services.

### NOTE 2: Significant Accounting Policies

#### 1) Accounting Convention

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with the other relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The Consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the Consolidated financial statements are consistent with those followed in the previous year.

#### 2) Principles of Consolidation

The consolidated financial statements relate to Hero FinCorp Limited (the 'Company'), and its subsidiary. The consolidated financial statements have been prepared on following basis.

- a) The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as that of the Company i.e., March 31, 2018, and have been consolidated in the group's financial statements.
- b) The financial statements of the Company and its subsidiary company have been combined on a line by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intragroup transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- c) Minority Interest in the net assets of the consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- d) Following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of entity	Relationship	Country of incorporation	Ownership held by	% of shareholding and voting power directly or indirectly through subsidiary as at March 31, 2018
Hero Housing Finance Limited	Subsidiary	India	Company	100%

- e) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, for all significant matters in the same manner as the Company's separate financial statements.

### 3) Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 4) Operating Cycle

The Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Group is engaged in financing business and amount which is recoverable after one year as per terms of financing /leasing arrangement has been classified as non-current assets.

### 5) Revenue Recognition

- a) Interest is accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- b) Lease income from operating leases is recognised in the consolidated statement of profit and loss as per the term of lease agreement.
- c) Processing fees and other charges of loans are recognised on receipt basis.
- d) Dividend income is accounted for on accrual basis when a right to receive payment is established.
- e) The gain/losses on sale of investments are recognised in the consolidated statement of profit and loss on the trade date. Gain or loss on Sale of investment is determined after consideration of cost on 'first in first out' method.

### 6) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 7) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### 8) Fixed Assets (Property, Plant and Equipment / Intangible)

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

### 9) Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computer software                      6 years

The estimated useful life of the property, plant and equipment and the intangible assets and the depreciation / amortisation period are reviewed at the end of each financial year and the depreciation / amortisation period is revised to reflect the changed pattern, if any.

### **10) Foreign Exchange Transactions**

Exchange differences are dealt with as follows:-

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. All loss or gain on translation is charged to revenue in the period in which it is incurred.

Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing at the period end and resultant gain or loss is recognized in the consolidated statement of profit and loss.

In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the consolidated statement of Profit and Loss and the exchange difference between the exchange rate prevailing at the year end and the date of the inception of the forward exchange contract is recognised as income or expense in the consolidated statement of profit and loss.

### **11) Investments**

Current investments are stated at lower of cost and fair value computed category wise. Long term investments are stated at cost, provision for permanent diminution is made to recognise a decline, other than temporary.

### **12) Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the consolidated statement of profit and loss on a straight line basis over the lease term.

### **13) Share Issue Expenses**

Share issue expenses are adjusted against the Securities premium account as permissible under section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities premium account. Share issue expenses in excess of the balance in the Securities premium account are expensed in the consolidated statement of profit and loss.

### **14) Employee Benefits**

Employee benefits include provident fund, gratuity, compensated absences and share based payments.

#### **a) Defined contribution plan**

The Group's contribution to provident fund and superannuation fund is considered as defined contribution plan and is charged as an expense based on amount of contribution required to be made and when services are rendered by the employees.

#### **b) Defined benefit plan and long term employee benefits**

Gratuity liability and long-term employee benefits are provided on the basis of an actuarial valuation made at the end of each financial year as per projected unit credit method. Actuarial gains or loss arising from such valuation are charged to the consolidated statement of profit and loss in the year in which they arise.

## c) Compensated absence

Provision is made for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment. The cost of such compensated absences is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date.

## d) Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the stock options outstanding account.

**15) Borrowing Costs**

a) Interest on borrowings are recognised as an expense over the tenure of loan.

b) All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

**16) Earnings per Share**

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**17) Tax on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

**18) Provisions (other than that for Non-Performing Assets) and Contingent Liabilities**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet

date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes.

### **19) Provisions for Non-Performing Assets, Contingencies and Reserves**

- a) The policy of provisioning against non-performing loans and advances has been decided by the management considering norms prescribed by the RBI under Systematically Important Non Deposit taking Company and Deposit taking company (Reserve Bank) Directions, 2016. As per the policy adopted by Company, the provision against non-performing loans and advances are created on a conservative basis, taking into account management's perception of the higher risk associated with the business.
- b) For standard assets a provision at 0.40% (Previous Year 0.35%) of total standard assets is created, as per RBI directions.
- c) Statutory reserves of 20% on profit after tax is appropriated in accordance with Section- 45-IC of the Reserve Bank of India Act, 1934.

### Note 3: Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount (INR In Crores)	Number of Shares	Amount (INR in Crores)
<b>Authorised</b>				
Equity shares of INR10 each with voting rights	150,000,000	150.00	150,000,000	150.00
	<b>150,000,000</b>	<b>150.00</b>	<b>150,000,000</b>	<b>150.00</b>
<b>Issued</b>				
Equity shares of INR10 each with voting rights	98,445,621	98.45	92,679,716	92.68
	<b>98,445,621</b>	<b>98.45</b>	<b>92,679,716</b>	<b>92.68</b>
<b>Subscribed and Fully Paid up</b>				
Equity shares of INR10 each with voting rights	98,445,621	98.45	92,679,716	92.68
<b>Total</b>	<b>98,445,621</b>	<b>98.45</b>	<b>92,679,716</b>	<b>92.68</b>

#### 3.1 Reconciliation of number of shares and amount

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount (INR in Crores)	Number of Shares	Amount (INR in Crores)
<b>Equity shares of INR10 each with voting rights</b>				
Opening	92,679,716	92.68	79,187,500	79.19
Issued during the year	5,765,905	5.77	13,492,216	13.49
<b>Outstanding at the end of the year</b>	<b>98,445,621</b>	<b>98.45</b>	<b>92,679,716</b>	<b>92.68</b>

**3.2** During the year, 5,765,905 (previous year Nil) equity shares of INR 10 each issued and allotted as fully paid up at an exercise price of INR 520.30 (including premium of INR 510.30) per equity share on conversion of 5,765,905 (previous year Nil) share warrants to specific promoters on preferential basis (also refer foot note to Note 5).

**3.3** NIL (previous year 13,492,216) equity shares @ INR 520.30 each issued on preferential allotment including premium of INR NIL per share (previous year INR 510.30 per share). Purpose of the issue was to expand the financing portfolio. Funds received through the issue of INR Nil crores (previous year INR 702.00 crores) have been fully utilised during the period.

**3.4** Rights, preference and restriction attached to equity shares of INR 10 each:

- (i) In respect of equity shares, voting rights shall be in same proportion as the capital paid upon such equity share.
- (ii) The dividend proposed by the Board of Directors which is subject to approval of shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.
- (iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

**3.5** Detail of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
<b>Equity shares with voting rights</b>				
Hero MotoCorp Ltd.	40,388,576	41.03	38,343,025	38.95
Bahadur Chand Investment Pvt. Ltd.	17,761,914	18.04	17,761,914	18.04
Otter Limited	10,790,890	11.64	10,790,890	11.64
Mr. Pawan Munjal (refer note 3.6 below)	3,608,812	3.67	3,009,350	3.06
Ms. Renu Munjal (refer note 3.6 below)	4,094,737	4.16	3,495,275	3.55
Ms. Santosh Munjal (refer note 3.6 below)	323,600	0.33	323,600	0.33
Mr. Suman Kant Munjal (refer note 3.6 below)	4,094,737	4.16	3,495,275	3.55
<b>Total Brijmohan Lall Om Parkash</b>	<b>12,121,886</b>	<b>12.32</b>	<b>10,323,500</b>	<b>10.49</b>

**3.6** Holding shares on behalf of Brijmohan Lall Om Prakash (partnership firm)**Note 4: Reserves and Surplus**

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Securities Premium Account</b>		
Opening balance	1,429.43	754.65
Add: Additions during the year	294.23	688.51
Less : Writing off shares issue expenses	0.30	13.73
Closing balance	<b>1,723.36</b>	<b>1,429.43</b>
<b>Statutory Reserve u/s 45-IC of the RBI Act,1934</b>		
Opening balance	103.02	76.94
Add: Transferred from surplus in consolidated statement of profit and loss	32.50	26.08
Closing balance	<b>135.52</b>	<b>103.02</b>
<b>General Reserve</b>		
Opening balance	49.85	36.81
Add: Transferred from surplus in consolidated statement of profit and loss	16.25	13.04
Closing balance	<b>66.10</b>	<b>49.85</b>
<b>Stock Options Outstanding Account</b>		
Opening balance	-	-
Add: Net charged during the year	6.95	-
Closing balance	<b>6.95</b>	-
<b>Surplus in consolidated statement of profit and loss</b>		
Opening balance	172.70	82.63

Add: Profit / (Loss) for the year	156.49	129.19
Less: Dividend paid	13.90	-
Corporate dividend Tax paid	2.83	-
Transferred to:		
-Statutory reserve u/s 45-IC of the RBI Act, 1934	32.50	26.08
-General reserve	16.25	13.04
Closing balance	<b>263.71</b>	<b>172.70</b>
<b>Total</b>	<b>2,195.64</b>	<b>1,755.00</b>

## Note 5: Money received against Share Warrants

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
NIL (previous year: 5,765,905) Share warrants paid up amount of INR Nil (previous year INR 177.94) per warrant (refer note 5.1 below)	-	102.60
<b>Total</b>	<b>-</b>	<b>102.60</b>

**5.1** Pursuant to the provisions of the Companies Act, 2013 and the Shareholder's approval in their meeting held on September 15, 2016, the Company has allotted to its promoters NIL (previous year 5,765,905) share warrants of INR 10 each at a premium of INR NIL (previous year INR 510.30). During the year, 5,765,905 share warrants have been converted to 5,765,905 equity shares of INR 10 each in accordance with the terms of allotment thereof.

## Note 6: Long-Term Borrowings

Amount (INR in Crores)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>				
Redeemable non-convertible debentures (refer note 6.1 and 6.2 below)	2,111.00	1,274.40	778.40	180.00
Term Loans from banks (refer note 6.3 and 6.4 below)	3,390.00	2,901.68	311.68	401.66
<b>Unsecured</b>				
Redeemable non-convertible debentures-Tier II (refer note 6.5 and 6.6 below)	300.00	200.00	-	-
Less: Amount transferred to other current liabilities (refer note 11)	-	-	1,090.08	581.66
<b>Total</b>	<b>5,801.00</b>	<b>4,376.08</b>	<b>-</b>	<b>-</b>

**6.1** 28,894 (previous year: 14,544) privately placed secured redeemable non-convertible debentures of INR 10 Lacs each aggregating INR 2,889.40 Crores (previous year INR 1,454.40 Crores) carries interest ranging from 7.60% p.a. to 8.98% p.a. (previous year 7.73% to 8.98% p.a.). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

**6.2 Terms of privately placed secured redeemable non convertible debentures**

Amount (INR in Crores)

<b>Tenor from the date of Balance Sheet</b>	<b>Term of repayment</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
>48 < = 60 months	Bullet	85.00	12.00
>36 < = 48 months	Bullet	207.00	50.00
>24 < = 36 months	Bullet	1,185.00	434.00
>12 < = 24 months	Bullet	634.00	778.40
<b>Non-current portion of non convertible debentures</b>		<b>2,111.00</b>	<b>1,274.40</b>
Up to 12 months	Bullet	778.40	180.00
<b>Current portion of non convertible debentures</b>		<b>778.40</b>	<b>180.00</b>

**6.3** Secured term loans from banks aggregating INR 3,701.68 Crores (previous year: INR 3,303.34 Crores) carries interest ranging from 7.55% p.a. to 8.65% p.a (previous year 7.85%p.a.to 9.65% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

**6.4 Terms of Long-Term Loans from Banks**

Amount (INR in Crores)

<b>Tenor from the date of balance sheet</b>	<b>Term of repayment</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
>48 < = 60 months	Semi-Annual	425.00	450.00
>36 < = 48 months	Annual	-	50.00
>36 < = 48 months	Semi-Annual	987.50	970.00
>24 < = 36 months	Annual	50.00	50.00
>24 < = 36 months	Semi-Annual	870.00	795.00
>24 < = 36 months	Bullet	300.00	150.00
>12 < = 24 months	Annual	50.00	-
>12 < = 24 months	Semi-Annual	457.50	286.68
>12 < = 24 months	Quarterly	-	50.00
>12 < = 24 months	Bullet	250.00	100.00
<b>Non-Current Portion of Long-Term Bank Loans</b>		<b>3,390.00</b>	<b>2,901.68</b>
Up to 12 months	Semi-Annual	261.68	101.66
Up to 12 months	Quarterly	50.00	100.00
Up to 12 months	Bullet	-	200.00
<b>Current maturities of Long-Term Bank Loans</b>		<b>311.68</b>	<b>401.66</b>

**6.5** 3,000 (previous year: 2,000) privately placed unsecured redeemable non-convertible debentures Tier II of INR 10 Lacs each aggregating INR 300 Crores (previous year INR 200 Crores) carries interest ranging from 8.52% p.a. to 9.35% p.a.(previous year: 8.98% p.a. to 9.35% p.a.) and are subordinated in nature of claim.

**6.6 Terms of privately placed unsecured Tier II subordinated debentures**

Amount (INR in Crores)

<b>Tenor from the date of balance sheet</b>	<b>Term of repayment</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
>60 months	Bullet	300.00	200.00
<b>Non-Current portion of non convertible debentures</b>		<b>300.00</b>	<b>200.00</b>

## Note 7: Other Long-Term Liabilities

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
Security deposits received	0.41	0.57
Lease equalisation reserve	0.96	0.91
Margin money from customer	19.08	10.41
<b>Total</b>	<b>20.45</b>	<b>11.89</b>

## Note 8: Long-Term Provisions

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>		
Provision for gratuity [refer note 31(b)]	3.42	2.12
Provision for compensated absences	4.39	2.85
Contingent provision against standard assets (refer note 27)	53.45	34.65
<b>Total</b>	<b>61.26</b>	<b>39.62</b>

## Note 9: Short-Term Borrowings

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
Loan from banks (refer note 9.1 below)		
- Cash credit	835.92	1,158.94
- Working capital loans	210.00	-
<b>Total (a)</b>	<b>1,045.92</b>	<b>1,158.94</b>
<b>Unsecured</b>		
Loan from banks		
- Cash credit	1.05	5.67
- Working capital loans	65.00	-
Others		
- Commercial papers	2,820.00	1,570.00
<b>Total (b)</b>	<b>2,886.05</b>	<b>1,575.67</b>
<b>Total (a) + (b)</b>	<b>3,931.97</b>	<b>2,734.61</b>

**9.1** The cash credit facilities are repayable on demand and carry interest rates ranging from 7.35% p.a. to 8.80% p.a (previous year 7.70% p.a. to 9.25% p.a). Working capital demand loans are repayable on demand and carry interest rates ranging from 7.26% p.a. to 8.00% p.a. (previous year NIL). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. These facilities are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

## Note 10: Trade Payables

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of creditors	88.77	65.79
<b>Total</b>	<b>88.77</b>	<b>65.79</b>

## Note 11: Other Current Liabilities

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (refer note 6)	1,090.08	581.66
Interest accrued but not due on borrowings	192.97	102.94
Unclaimed dividend (refer note 11.1 below)	0.48	0.55
Book overdrafts	189.35	158.03
<b>Other payables</b>		
Withholding and other taxes payable	17.80	7.35
Payable on purchase of fixed assets	-	0.09
Security deposits received	0.12	0.02
Payable to two wheeler dealership (refer note 11.2 below)	22.72	38.38
Margin money from customers	1.91	-
Others	1.38	0.46
<b>Total</b>	<b>1,516.81</b>	<b>889.48</b>

**11.1** Unclaimed dividend does not include any amount outstanding as on March 31, 2018 which are required to be credited to the Investor Education and Protection Fund.

**11.2** The Company makes payment to two wheeler dealerships for two wheeler taken by its customers on loan. The amount represents, due to two wheeler dealerships as at Balance Sheet date, which gets cleared in normal course.

## Note 12: Short-Term Provisions

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>		
Provision for gratuity [refer note 31(b)]	4.32	3.17
Provision for compensated absences	2.76	0.87
Provision for income tax (net of advance payment of tax)	20.81	21.97
<b>Total</b>	<b>27.89</b>	<b>26.01</b>

### Note 13: Fixed Assets

Particulars	Gross block						Accumulated Depreciation and Amortisation			Net block	
	Balance as at March 31, 2017	Balance as at March 31, 2018	Balance as at March 31, 2018	Disposals / Adjustment	Balance as at March 31, 2018	Balance as at March 31, 2017	Depreciation and Amortisation expense for the year	Eliminated on disposal of assets / Adjustment	Balance as at March 31, 2018	Balance as at March 31, 2018	
<b>Property , Plant and Equipment</b>											
<b>(a) Own Use :</b>											
(i) Building	3.64	-	3.64	-	0.06	0.06	-	0.12	3.52		
(Previous year)	(-)	(3.64)	(3.64)	(-)	(-)	(0.06)	(-)	(0.06)	(3.58)		
(ii) Plant and equipments	1.20	-	1.20	-	0.23	0.08	-	0.31	0.89		
(Previous year)	(1.20)	(-)	(1.20)	(-)	(0.15)	(0.08)	(-)	(0.23)	(0.97)		
(iii) Furniture and fixtures	0.55	0.22	0.76	0.01	0.14	0.06	0.01	0.19	0.57		
(Previous year)	(0.38)	(0.17)	(0.55)	(-)	(0.09)	(0.05)	(-)	(0.14)	(0.41)		
(iv) Vehicles	18.22	5.97	22.46	1.73	4.54	2.35	0.49	6.40	16.06		
(Previous year)	(11.40)	(7.56)	(18.22)	(0.74)	(3.23)	(1.49)	(0.18)	(4.54)	(13.68)		
(v) Data processing equipments	17.91	17.18	32.94	2.15	9.08	6.07	1.89	13.26	19.68		
(Previous year)	(11.92)	(6.06)	(17.91)	(0.07)	(5.07)	(4.05)	(0.04)	(9.08)	(8.83)		
(vi) Office equipments	1.21	0.48	1.69	-	0.37	0.27	-	0.64	1.05		
(Previous year)	(0.66)	(0.55)	(1.21)	(-)	(0.17)	(0.20)	(-)	(0.37)	(0.84)		
<b>Total</b>	<b>42.73</b>	<b>23.85</b>	<b>62.69</b>	<b>3.89</b>	<b>14.42</b>	<b>8.89</b>	<b>2.39</b>	<b>20.92</b>	<b>41.77</b>		
(Previous year)	(25.56)	(17.98)	(42.73)	(0.81)	(8.71)	(5.93)	(0.22)	(14.42)	(28.31)		

Particulars	Amount (INR in Crores)									
	Gross block			Accumulated Depreciation and Amortisation				Net block		
	Balance as at March 31, 2017	Balance as at March 31, 2018	Balance as at March 31, 2017	Disposals / Adjustment	Balance as at March 31, 2018	Depreciation and Amortisation expense for the year	Eliminated on disposal of assets / Adjustment	Balance as at March 31, 2018	Balance as at March 31, 2018	
<b>(b) Assets given on Operating Lease</b>										
(i) Plant and equipments	27.68	27.29	19.33	0.39	27.29	2.92	0.35	21.90		5.39
(Previous year)	(27.68)	(27.68)	(16.27)	(-)	(27.68)	(3.06)	(-)	(19.33)		(8.35)
(ii) Computers	0.98	0.33	0.89	0.65	0.33	-	0.63	0.26		0.07
(Previous year)	(1.04)	(0.98)	(0.80)	(0.06)	(0.98)	(0.15)	(0.06)	(0.89)		(0.09)
(iii) Vehicles	80.23	68.27	19.32	19.06	68.27	9.27	9.35	19.24		49.03
(Previous year)	(74.46)	(80.23)	(18.18)	(19.92)	(80.23)	(9.92)	(8.78)	(19.32)		(60.91)
<b>Total</b>	<b>108.89</b>	<b>95.89</b>	<b>39.54</b>	<b>20.10</b>	<b>95.89</b>	<b>12.19</b>	<b>10.33</b>	<b>41.40</b>		<b>54.49</b>
(Previous year)	(103.18)	(108.89)	(35.25)	(19.98)	(108.89)	(13.13)	(8.84)	(39.54)		(69.35)
<b>Grand Total (A)</b>	<b>151.62</b>	<b>158.58</b>	<b>53.96</b>	<b>23.99</b>	<b>158.58</b>	<b>21.08</b>	<b>12.72</b>	<b>62.32</b>		<b>96.26</b>
(Previous year)	(128.74)	(151.62)	(43.96)	(20.79)	(151.62)	(19.06)	(9.06)	(53.96)		(97.66)
<b>II Intangible Assets</b>										
Computer software	12.43	24.92	4.99	-	24.92	5.44	-	10.43		14.49
(Previous year)	(9.89)	(12.43)	(3.16)	(-)	(12.43)	(1.83)	(-)	(4.99)		(7.44)
<b>Total (B)</b>	<b>12.43</b>	<b>24.92</b>	<b>4.99</b>	<b>-</b>	<b>24.92</b>	<b>5.44</b>	<b>-</b>	<b>10.43</b>		<b>14.49</b>
(Previous year)	(9.89)	(12.43)	(3.16)	(-)	(12.43)	(1.83)	(-)	(4.99)		(7.44)
<b>Grand Total (A+B)</b>	<b>164.05</b>	<b>183.50</b>	<b>58.95</b>	<b>23.99</b>	<b>183.50</b>	<b>26.52</b>	<b>12.72</b>	<b>72.75</b>		<b>110.75</b>
<b>Grand Total (Previous year)</b>	<b>(138.63)</b>	<b>(164.05)</b>	<b>(47.12)</b>	<b>(20.79)</b>	<b>(164.05)</b>	<b>(20.89)</b>	<b>(9.06)</b>	<b>(58.95)</b>		<b>(105.10)</b>

Figures in bracket represents previous year numbers

## Note 14

### 14A: Non-Current Investments

Particulars	Amount (INR in Crores)					
	As at March 31, 2018			As at March 31, 2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (at cost)</b>						
<b>Trade</b>						
Investment in equity instruments						
7,482,251 (previous year: 7,482,251) shares of INR 10 each fully paid up in Forum I Aviation Ltd.	-	6.98	6.98	-	6.98	6.98
<b>Other investments</b>						
Investment in equity instruments						
1,370 (previous year: 1,370) shares of INR 2 each fully paid up in Hero MotoCorp Ltd.	0.01	-	0.01	0.01	-	0.01
<b>Total</b>	<b>0.01</b>	<b>6.98</b>	<b>6.99</b>	<b>0.01</b>	<b>6.98</b>	<b>6.99</b>

#### 14A.1

Particulars	Amount (INR in Crores)	
	As at March 31, 2018 At Cost	As at March 31, 2017 At Cost
<b>Aggregate amount of :</b>		
Quoted Investments	0.01	0.01
Unquoted Investments	6.98	6.98
<b>Aggregate market value of quoted investments</b>	<b>0.49</b>	<b>0.44</b>

### 14B: Current Investments

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount (INR in Crores)	Units	Amount (INR in Crores)
<b>Birla Sunlife Floating Rate Mutual Fund</b>				
Long-term direct growth plan	2,147,876.64	42.50	2,451,431.15	48.50
<b>Total</b>	<b>2,147,876.64</b>	<b>42.50</b>	<b>2,451,431.15</b>	<b>48.50</b>
<b>Aggregate market value of quoted investments</b>	<b>2,147,876.64</b>	<b>46.25</b>	<b>2,451,431.15</b>	<b>49.19</b>

## Note 15: Deferred Tax Assets (net)

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for leave encashment and gratuity	5.47	3.27
Lease equalisation reserve	0.33	0.31
Provision for doubtful receivables under financing activity	58.49	31.80
Contingent provision against standard assets	18.68	11.99
Timing difference u/s 35 D of the Income-tax Act, 1961	0.21	0.26

Total deferred tax assets (a)	83.18	47.63
<b>Tax effect of items constituting deferred tax liabilities</b>		
Timing difference in depreciation and amortisation	1.02	2.12
Total deferred tax liabilities (b)	1.02	2.12
<b>Deferred tax assets (net) (a-b)</b>	<b>82.16</b>	<b>45.51</b>

### Note 16: Long-Term Loans and Advances

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Capital advances	5.37	0.33
Security deposits	1.89	0.93
Prepaid expenses	0.70	-
Loans and advances to employees	8.77	10.76
Advance income tax (net)	10.16	9.50
<b>Total</b>	<b>26.89</b>	<b>21.52</b>

### Note 17: Long-Term Receivables under Financing Activity

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Receivables under financing activity (refer note 17.1 below)</b>		
Secured, considered good	6,724.27	5,124.54
Unsecured, considered good	299.61	146.43
Provision for non performing assets	(186.50)	(97.43)
<b>Total</b>	<b>6,837.38</b>	<b>5,173.54</b>

**17.1** Long term receivables under financing activities includes Sub-standard and doubtful loans of INR 495.52 Crores (previous year INR 265.23 Crores)

### Note 18: Cash and Cash Equivalents

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Balances with banks :</b>		
in current accounts	0.69	2.76
in dividend current accounts (Earmarked accounts)	0.48	0.55
<b>Total</b>	<b>1.17</b>	<b>3.31</b>

### Note 19: Short-term Loans and Advances

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
Security deposits	1.08	0.87
Balances with government authorities	-	0.77
Loan and advances to employees	1.01	1.11
Prepaid expense	6.54	3.85
Unexpired discount on commercial papers	37.31	21.57
Others	3.92	2.89
<b>Total</b>	<b>49.86</b>	<b>31.06</b>

## Note 20: Receivables under Financing Activity

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured, considered good	4,437.22	3,281.95
Unsecured, considered good	2,026.40	1,289.72
<b>Total</b>	<b>6,463.62</b>	<b>4,571.67</b>

## Note 21: Other Current Assets

Amount (INR in Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due	120.92	86.56
<b>Total</b>	<b>120.92</b>	<b>86.56</b>

## Note 22: Revenue from Operations

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income	1,476.30	1,095.98
Processing fees and other charges	310.27	209.21
Lease rentals from operating leases	22.85	22.33
Others	4.61	3.97
<b>Total</b>	<b>1,814.03</b>	<b>1,331.49</b>

## Note 23: Other Income

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend income from non-current investments	0.01	0.01
Profit on sale of current investments	3.72	0.66
Interest on Income-tax refund	-	0.54
<b>Total</b>	<b>3.73</b>	<b>1.21</b>

## Note 24: Finance Costs

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	678.78	530.12
Other borrowing costs	6.84	5.11
<b>Total</b>	<b>685.62</b>	<b>535.23</b>

## Note 25: Employee Benefits Expense

Amount (INR in Crores)

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Salaries and wages	132.24	94.50
Contribution to provident and other funds [refer note 31(a)]	6.85	4.94
Gratuity expense [refer note 31(b)]	2.66	1.59
Staff welfare expenses	3.95	3.41
Expense on employee stock option scheme (refer note 36)	6.95	-
<b>Total</b>	<b>152.65</b>	<b>104.44</b>

## Note 26: Other Expenses

Amount (INR in Crores)

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Rent	9.78	6.85
Rates and taxes	23.44	22.77
Insurance charges	4.48	2.79
Repairs and maintenance		
-Building	1.32	1.59
-Vehicle	0.55	1.10
Contractual staff cost	78.30	56.63
Recruitment and training expenses	6.96	7.60
Commission to dealer and direct selling agents	62.08	48.03
Loan processing expenses	20.26	31.80
Communication	7.45	7.17
Printing and stationery	4.75	4.95
Bank charges	16.73	12.62
Travelling and conveyance	17.81	19.05
Loss on sale of fixed assets (net)	3.59	2.91
Advertisement and marketing expenses	3.02	17.31
Information technology expenses	29.49	12.68
Loan collection charges	196.15	103.83
Legal and professional	14.44	3.90
Auditor's remuneration (refer note 26.1 below)	0.56	0.52
Bad debts written off	30.30	9.67
Expenditure towards corporate social responsibility	2.53	1.50
Miscellaneous expenses (refer note 26.2 below)	16.40	9.35
<b>Total</b>	<b>550.39</b>	<b>384.62</b>

### 26.1: Provision and/or payment in respect of auditors' remuneration

Amount (INR in Crores)

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Audit fee	0.33	0.30
Limited review	0.10	0.09
Tax audit fee	0.03	0.03
Certification fees	0.04	0.04
Others	0.05	0.05
Out of pocket expenses	0.01	0.01
<b>Total</b>	<b>0.56</b>	<b>0.52</b>

**26.2:** Includes Donation of INR 0.01 Crores (previous year INR 0.09 Crores)

## Note 27: Provisions and Contingencies

Particulars	Amount (INR in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Provision for standard assets	18.80	15.50
Provision for non-performing assets	141.75	72.88
<b>Total</b>	<b>160.55</b>	<b>88.38</b>

## Note 28

Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	Amount (INR in Crores)	
	As at March 31, 2018	As at March 31, 2017
a) Contingent Liability	-	-
b) Capital commitment		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to INR 5.37 Crores (previous year INR 0.33 Crores))	3.87	0.84
(ii) Other commitments (refer note 28.1 below)	-	-
<b>Total</b>	<b>3.87</b>	<b>0.84</b>

**28.1** The Group does not have any long-term commitments or material non-cancellable contractual commitments / contracts, which have a material impact on the consolidated financial statements.

## Note 29

As the Group's business activity falls within a single primary business segment viz. "Financial services" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", notified in the Companies (Accounting Standards) Rules, 2006 are not applicable.

## Note 30

The Company has entered into operating lease agreement for leased premises and are cancellable in nature. The aggregate lease rentals amounting to INR 9.78 Crores (previous year- INR 6.85 Crores) have been charged to consolidated statement of profit and loss.

## Note 31

Disclosure in accordance with the Accounting Standard 15 (revised 2005)

**a) Defined contribution and other plan**

Amount (INR in Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employer's contribution to provident fund	6.17	4.37
Employer's contribution to superannuation fund	0.47	0.41
Employer's contribution to national pension scheme	0.21	0.16

**B) Defined benefit plan (Gratuity)**

Amount (INR in Crores)

S. No	Particulars	Gratuity (Unfunded) as at March 31, 2018	Gratuity (Unfunded) as at March 31, 2017
I	<b>Reconciliation of opening and closing balance of the present value of defined benefit obligations (PVO):-</b>		
a.	PVO at the beginning of the period	5.29	3.70
b.	Current service cost	1.52	1.06
c.	Interest cost	0.40	0.29
d.	Actuarial (gain)/ loss	0.74	0.24
e.	Benefits paid	(0.19)	-
f.	Past service cost	-	-
g.	PVO at the end of the period	<b>7.74</b>	<b>5.29</b>
II	<b>Amount recognized in the consolidated statement of profit and loss :-</b>		
a.	Current service cost	1.52	1.06
b.	Interest cost	0.40	0.29
c.	Actuarial (gain) / losses	0.74	0.24
d.	Past service cost	-	-
	<b>Net cost</b>	<b>2.66</b>	<b>1.59</b>
a.	PVO at the end of the period	7.74	5.29
b.	Funded status	-	-
c.	<b>Net liability recognized in the consolidated balance sheet</b>	<b>7.74</b>	<b>5.29</b>
	Non- current portion	3.42	2.12
	Current portion	4.32	3.17

**Assumptions used in accounting for the benefit plan –**

S. No	Particulars	Gratuity (Unfunded) as at March 31, 2018	Gratuity (Unfunded) as at March 31, 2017	Compensated absences (Unfunded) as at March 31, 2018	Compensated absences (Unfunded) as at March 31, 2017
a.	Discount rate (%)	7.80	7.54	7.80	7.54
b.	Salary escalation rate (%)	5.50	5.50	5.50	5.50
c.	Expected average remaining working life of employees (period in years)	23.28	23.37	23.28	23.37

1. The estimate of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market.
2. Since the liability is not funded, therefore information with regard to the plan assets has not been furnished.

The table below shows a summary of the key results as applicable.

**A) Assets/Liabilities**

As on	Amount (INR in Crores)				
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
PBO	0.83	1.49	3.70	5.29	7.74
Plan assets	-	-	-	-	-
Net assets/ (liability)	(0.83)	(1.49)	(3.70)	(5.29)	(7.74)

**B) Experience on actuarial gain/ (loss) for PBO and plan assets**

As on	Amount (INR in Crores)				
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
On plan PBO	0.01	(0.27)	(1.46)	(0.12)	(0.89)
On plan assets	-	-	-	-	-

**Note 32**

Related Party disclosure under Accounting Standard 18

**a) Parties in respect of which the Company is an associate**

Hero MotoCorp Limited

**b) Key management personnel and their relatives**

Ms. Renu Munjal - Managing Director

Mr. Abhimanyu Munjal – Joint Managing Director & Chief Executive Officer

Mr. Rahul Munjal - relative of Renu Munjal

Mr. Amit Jain – Company Secretary (Upto October 11, 2017)

Mr. Vikas Gupta – Company Secretary (Effective March 22, 2018)

Mr. Shyam Lal – Chief Financial Officer (Upto January 29, 2018)

Mr. Jayesh Jain – Chief Financial Officer (Effective January 29, 2018)

**c) Enterprises over which key management personnel and their relatives are able to exercise significant influence:-**

Hero Future Energies Limited  
 Hero Investcorp Private Limited  
 Hero Wind Energy Private Limited  
 Hero Solar Energy Private Limited  
 Brijmohan Lall Om Parkash (Partnership Firm)  
 Munjal Acme Packaging Systems Private Limited

**Transactions with related parties during the year**

(a) Parties in respect of which the Group is an associate

Particulars	Amount (INR in Crores)	
	2017-18	2016-17
<b>Hero MotoCorp Limited</b>		
Dividend received	0.01	0.01
Lease rental received	22.70	22.09
Dividend paid	6.92	3.83
Proceeds against share warrants	70.03	36.40
Rent paid	0.05	0.05
Subvention income	0.13	10.09
Sale of fixed assets	6.78	8.37
Amount receivable as at the year end	5.19	1.21

(b) Key management personnel and their relatives\*

Particulars	Amount (INR in Crores)	
	2017-18	2016-17
<b>Ms. Renu Munjal</b>		
Remuneration	10.27	7.47
Payable (including commission)	3.75	2.01
Dividend Paid	0.05	0.04
<b>Mr. Abhimanyu Munjal</b>		
Remuneration	7.83	5.28
Payable (including commission)	3.75	2.01
Dividend Paid	0.03	0.02
<b>Mr. Amit Jain</b>		
Remuneration	0.18	0.38
<b>Mr. Vikas Gupta</b>		
Remuneration	0.004	-
<b>Mr. Shyam Lal</b>		
Remuneration	0.76	0.72
Dividend Paid	0.001	0.001
<b>Mr. Jayesh Jain</b>		
Remuneration	0.20	-

\* Does not include provisions for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuations for the Group as a whole.

**(c) Enterprises over which key management personnel and their relatives are able to exercise significant influence**

Particulars	Amount (INR in Crores)	
	2017-18	2016-17
<b>Hero Future Energies Private Limited</b>		
Loan given	50.00	100.00
Loan repayment	50.00	120.00
Interest received/accrued	5.21	7.61
Processing fees received	0.25	0.50
Loan outstanding at the year end (receivable)	50.00	50.00
<b>Hero Solar Energy Private Limited</b>		
Loan given	100.00	50.00
Loan repayment	-	50.00
Interest received/ accrued	2.18	3.94
Processing fees received	0.50	0.13
Loan outstanding at the year end (receivable)	100.00	-
<b>Brijmohan Lall Om Parkash</b>		
Loan given	30.00	150.00
Loan repayment	30.00	150.00
Interest received/accrued	0.37	1.24
Processing fees received	-	0.02
Proceeds against share warrants	61.57	32.00
<b>Munjal Acme Packaging Systems Private Limited</b>		
Proceeds against share warrants	65.80	34.20

**Note 33**

In respect of the year ended March 31, 2018, the directors propose that a final dividend of INR 2.80 per equity share to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these consolidated financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is INR 33.23 crores (including dividend distribution tax thereon of INR 5.67 crores).

**Note 34: Earnings per share**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Basic</b>		
Profit/ (Loss) for the year (INR in Crores)	156.49	129.19
Weighted average number of equity shares (Nos.)	93,280,002	84,791,892
Nominal value per equity share (INR per share)	10	10
Basic earnings per share (INR)	16.78	15.24

<b>Diluted</b>		
Profit/ (Loss) for the year (INR in Crores)	156.49	129.19
Add: Effect of Warrants / ESOP which are dilutive	-	-
Profit / (loss) attributable to equity shareholders (on dilution)	156.49	129.19
Weighted average number of equity shares (Nos.)	93,516,351	85,707,549
Nominal value per equity share (INR per share)	10	10
Diluted earnings per share (INR)	16.73	15.07

### Note 35

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act 2013:

	Name of the Entity	Net Assets i.e. total asset less total liabilities		Share of Profit/ (Loss) before tax	
		As % of Consolidated Net Assets	Amount (INR in crores)	As % of Consolidated Profit or (Loss)	Amount (INR in crores)
Parent	Hero FinCorp Limited	100.31%	2,301.27	102.45%	247.94
Indian Subsidiary	Hero Housing Finance Limited	1.87%	42.82	(2.45%)	(5.91)
	Total		2,344.09		242.03
Add (Less): Consolidation Adjustments		(2.18%)	(50.00)	-	-
Total after Consolidation Adjustments		100%	2,294.09	100%	242.03

### Note 36 Employee Stock Option Scheme

The Employee Stock Options Scheme titled "ESOP Scheme 2017" or "the Scheme" was approved by the shareholders of the Company through postal ballot on June 09, 2017. The Scheme covered 26,39,703 options. The Scheme allows the issue of options to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the ESOP Plan. Options may be exercised by the employees after vesting period within 4.5 years from the date of grant. The fair value as on the date of the grant of the options, representing Stock compensation charge, is expensed over the vesting period.

Plan	Number of Options Granted	Grant date	Expiry date	Exercise price (INR)	Weighted average fair value of the options at grant date (INR)
ESOP 2017	962,590	01-Jul-2017	31-Dec-2021	495.00	240.60

#### Fair value of share options granted during the year

The fair value of options granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below.

#### Inputs in to the pricing model

Particulars	ESOP 2017
Weighted Average Fair value of option (INR)	240.60
Weighted Average share price (INR)	616.30

Exercise price (INR)	495.00
Expected volatility	Nil
Option life (Years)	4.50
Dividend yield (%)	0.26
Risk-free interest rate (%)	6.58

**Movement in share option during the year**

Particular	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of option (Nos.)	Weighted average fair value of the options at grant date (INR Per share)	Number of option (Nos.)	Weighted average fair value of the options at grant date (INR Per share)
(i) Outstanding at the beginning of the year	-	-	-	-
(ii) Granted during the year	9,62,590	240.60	-	-
(iii) Exercised during the year	-	-	-	-
(iv) Outstanding at the end of the year	9,62,590	240.60	-	-
(v) Exercisable at the end of the year	-	-	-	-

Weighted average remaining contractual life of options outstanding as at year end is 27 months.

During the year ended March 31, 2018, the Company recorded an employee stock compensation expense of INR 6.95 Crores (previous year INR Nil) in the consolidated statement of profit and loss. (refer note 25)

**Note 37** Previous year's figures have been recasted / regrouped wherever necessary.

**For and on behalf of Board of Directors**

**Pawan Munjal**  
Chairman  
(DIN: 00004223)

**Renu Munjal**  
Managing Director  
(DIN: 00012870)

**Abhimanyu Munjal**  
Jt. Managing Director & CEO  
(DIN: 02822641)

**D.N. Davar**  
Director  
(DIN: 00002008)

Place: New Delhi  
Date: April 30, 2018

**Jayesh Jain**  
Chief Financial Officer  
(FCA: 110412)

**Vikas Gupta**  
Company Secretary  
(ACS: 24281)

## Form AOC -1

### Salient features of Financial Statements of Subsidiaries / Joint Ventures pursuant to provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

#### Part "A": Subsidiaries

Amount (INR In Crores)

SI No.	Particulars	2017-18
1	Name of Subsidiary Company	Hero Housing Finance Limited
2	Reporting period	March 31, 2018
3	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries	-
4	Share Capital	50.00
5	Reserves & Surplus	(7.17)
6	Total Assets	44.70
7	Total Liabilities	44.70
8	Investment other than Subsidiaries	-
9	Turnover	0.44
10	Profit before Taxation	(5.92)
11	Provision for Taxation	0.04
12	Profit after Taxation	(5.96)
13	Proposed Dividend	-
14	% of Shareholding	100.00%

## Part "B": Associates

### Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies

1	Name of Associate	N.A.
2	Latest audited Balance Sheet Date	N.A.
3	Shares of Associates held by the company on the year end	
	Amount of Investment in Associate	N.A.
	Extend of Holding %	
4	Description of how there is significant influence	N.A.
5	Reason why the associate/joint venture is not consolidated	N.A.
6	Net worth attributable to shareholding as per latest audited Balance Sheet	N.A.
7	Profit / Loss for the year	N.A.
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

#### For and on behalf of Board of Directors

**Pawan Munjal**  
Chairman  
(DIN: 00004223)

**Renu Munjal**  
Managing Director  
(DIN: 00012870)

**Abhimanyu Munjal**  
Jt. Managing Director & CEO  
(DIN: 02822641)

**D.N. Davar**  
Director  
(DIN: 00002008)

Place: New Delhi  
Date: April 30, 2018

**Jayesh Jain**  
Chief Financial Officer  
(FCA: 110412)

**Vikas Gupta**  
Company Secretary  
(ACS: 24281)



“

*Ibadat Ki Thi Sapno Ki,  
Dua Mein Khwab Maange The,  
Kyun Poore Ho Nahi Sakte,  
Aasmanon Se...  
Jawab Maange The...*

*Na Ginkar Maange The,  
Behisaab Maange The,  
Badi Shiddat Se Maine,  
Kuch Sapne Khaas Maange The,  
Keh Do... Aasmanon Ko...  
Deewane Aaye Hain  
Mohabbat Bepanah Karne...  
Diwane Aaye Hain*

*Khwabon Se Hai Ishq Ishq,  
Humein Khwabo Se Hai Ishq..*

”

## **Hero FinCorp Limited**

**CIN:** U74899DL1991PLC046774

**Registered Office GSTIN:** 07AAACH0157J1ZS

**Registered Office Address:**

34, Community Centre, Basant Lok,  
Vasant Vihar, New Delhi – 110057

**Tel:** +91 11 4604 4100, +91 11 4948 7150

**Fax:** +91 2614 3321, +91 11 4948 7197

**E-Mail:** [Investors@HeroFinCorp.com](mailto:Investors@HeroFinCorp.com)

**Website:** [www.HeroFinCorp.com](http://www.HeroFinCorp.com)