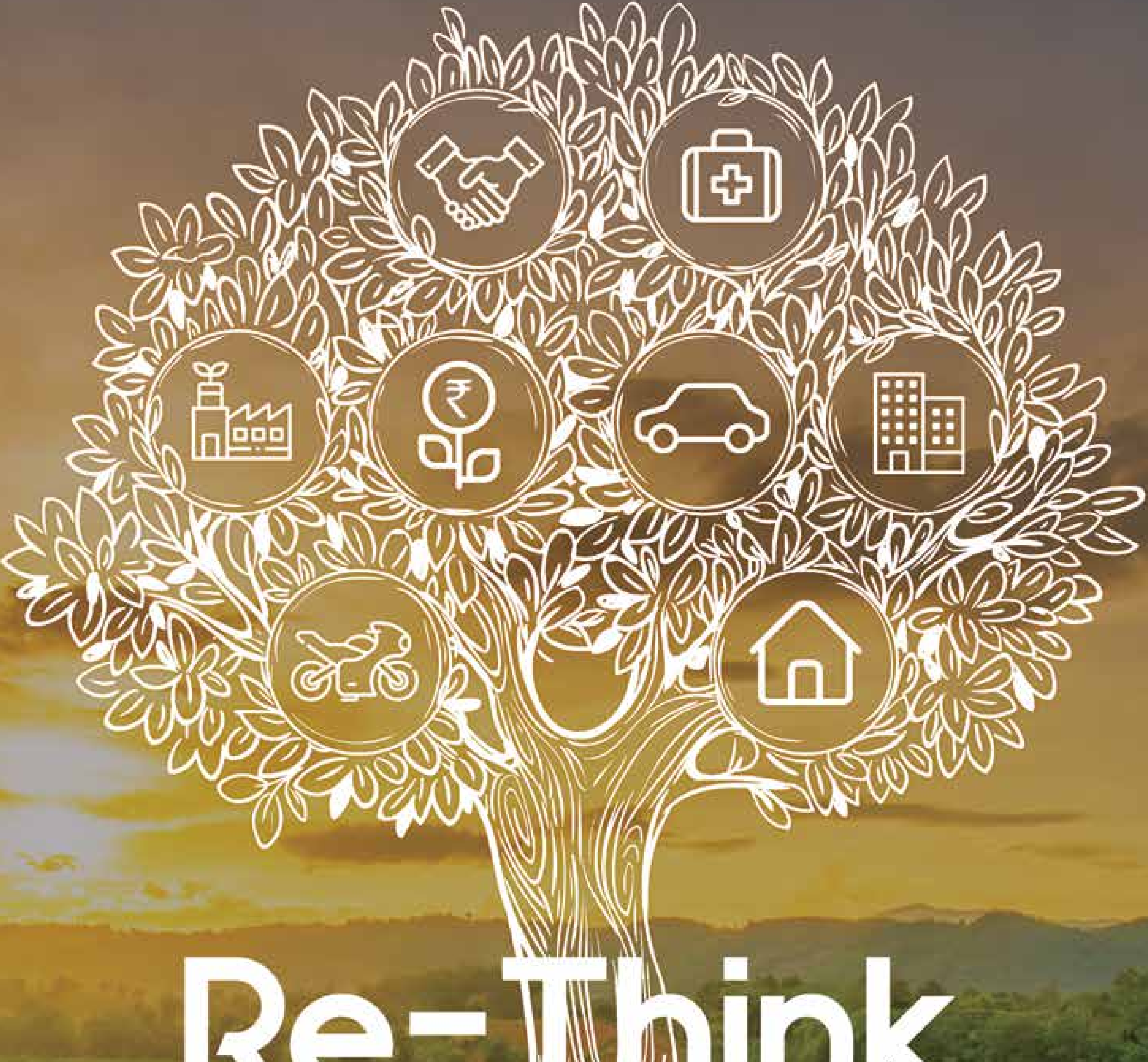


Re-Think Innovate Adapt

29th Annual Report 2019-20

Hero FinCorp Limited

HeroFinCorp.

Re-Think Innovate Adapt

29th Annual Report 2019-20

Hero FinCorp Limited

HeroFinCorp.

CONTENTS

"Live in the Present but think about the Future

Dr. Brijmohan Lall Munjal

Founder & Chairman Emeritus, Hero Group

July 01, 1923 - Hero Forever

KEY HIGHLIGHTS

Strong Credit Rating of

AA+

Fastest **Network** Rollout

1,900+ Locations

AUM ₹25,182 crores*

7,500+ Employees#

Touch Points **4,000+**

*AUM at enterprise level, it includes Hero FinCorp and Hero Housing Finance

#Includes both on roll and off roll employees

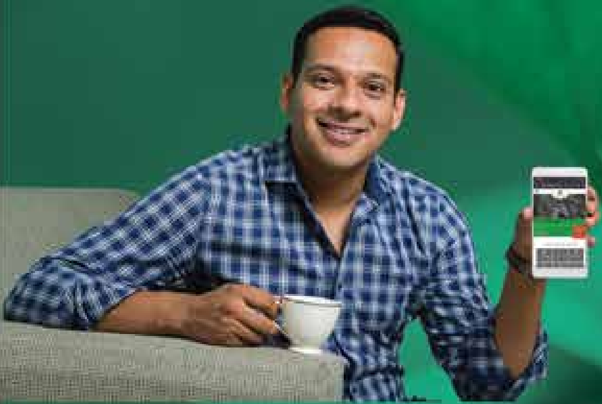
Disbursing a loan every

10

seconds

3 Lakh+

Loan Application Processing Capability per month



Financial Inclusion

70%

of our customers are new to credit

5+ Million

Lives Impacted

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

I sincerely hope that you and your loved ones are keeping safe & healthy.

The greatest mind of the 20th century - Albert Einstein – once said that life is like riding a bike. To keep your balance, you must keep moving.

This statement was more than half a century ago, and yet it seems even more apt today, as the world grapples with the pandemic, Covid-19.

I am glad to share that your Company did just that. Hero FinCorp has been one of the few corporates being highly proactive in dealing with this unprecedented pandemic. A global crisis that has brought large economies and multinational corporations to a grinding halt has been unable to deter the spirit and drive of Hero FinCorp.

Our immaculate planning, positive outlook and empathetic approach to business enabled us to sprint out of the slowdown, as soon as businesses reopened.

'Sprinting' is what your Company has been doing since the past year!

In FY'20, Hero FinCorp raced past competition to emerge as the country's No. 1 two-wheeler finance company. It makes me immensely proud to witness first hand, the steep growth trajectory achieved by this young Company through the relentless efforts of a young and energetic team

During the year, your company also crossed the coveted landmark of five-million customers, spread its network to nearly 2000 locations, and registered a growth of over 40% in loan disbursals over the previous year (FY'19).

Heartiest Congratulations to us all

As we pass through this challenging phase, **I believe that all of us – TOGETHER - have done exceedingly well.**

We also created significant value for our stakeholders through robust financial performance. Registering 30% CAGR growth across key metrices, our strong operations resulted in our PAT growing 15% in FY'20 vs FY'19. We have also ensured that your Company's capital is absolutely safe and well-deployed. Apart from continuing to be a Great Place to Work, Hero FinCorp was also awarded for its strong performance during the year.

During these past few months, I personally addressed more than three dozens digital interactive Town Halls with stakeholders across the Hero Group eco-system. Through my interactions with employees, their families, business partners and stakeholders, I realized that people are looking for reassurance, they want harmony in the life and above all, they want to feel part of a family in such challenging times.

I was overwhelmed with the level of motivation of our colleagues in Hero FinCorp that I witnessed during my interactions with them in multiple Town Halls. Showing true Hero spirit, they worked tirelessly, donned multiple hats, and showed exceptional dedication to minimize the impact on business, while simultaneously contributing to the society at large.

Our world is changing rapidly, and yet this change is bringing new avenues for us to expand our wings and take a leap into the future. The post-Covid-19 world will require us to scale up our capabilities and adapt our operations, processes and philosophies to the changed rules of engagement.

An economic recovery may take some time, considering the scale of impact of this pandemic. Yet all of your company's metrics have started moving positively, green shoots are appearing for the business and we are making steady progress.

I am confident that the Team at Hero FinCorp has the determination and resolve to set new benchmarks in FY'21. Your company is striving to attain pole position in all lines of business and emerge as a strong leader in the country's financial sector.

There is also a clear advantage for the financial sector in the country, with penetration increasing in rural areas that will aid rapid expansion. Signs of demand growing in the medium and long-term, supported by favorable policy support, are also visible. The sector will also benefit from rapid growth of technology and new innovative operating solutions.

I thank all our stakeholders, the Government, Regulators, Investors, Customers and our Employees for their continued support, trust and faith in Hero FinCorp.

I look forward to your continued support and best wishes as we step-up to achieve our next goals.

Stay safe. Stay upbeat.

Best Regards,
Dr. Pawan Munjal
Chairman, Hero FinCorp

Jt. MD & CEO'S MESSAGE

DEAR SHAREHOLDERS,

I hope that all of you are in good health, and are taking necessary precautions against the Covid-19 Pandemic. Today, humanity faces a grave, all pervasive uncertainty, which has impacted all aspects of our lives. Typically, a large crisis affects one or two related industries, but this is a black swan event, which has disrupted most of our established practices, norms, and regulations – it has impacted almost all economic activity. The Covid-19 vaccine is still some time away and its effectiveness is not fully known. Practically speaking, this is a never seen before crisis – the last such occurrence was the Spanish Flu which wreaked havoc over a 100 years ago.

Across the world, Governments and Central banks have tried to arrest the economic crisis through fiscal, monetary, and regulatory measures for protecting and safeguarding the economy. However, given the severity and scale of impact, the global economy will take time to recover. On the domestic front, the Government of India and Reserve Bank of India promptly announced several measures to protect the most vulnerable sections of our society and to ensure adequate credit flow in the economy – I expect both institutions to take an evolving approach during the recovery phase hinged on our collective knowledge about the Covid-19 virus and its impact.

In my opinion, organizations which maintain an open and flexible approach would not only survive but they may thrive during these testing times. In last year's annual report, I had mentioned that change is the only constant and that environmental changes make us stronger, more resilient, and more adept at serving the needs of our target customer segments. While this crisis has bought changes and challenges – there is a silver lining to FY-21's rough start, for your Company FY-20 was a strong year with a solid and consistent performance.

You would be happy to know that in the year gone by, we've strengthened critical aspects of our foundation with focus on five core areas: Customer Centricity, Risk Management, Digitization, Analytics, and Liquidity. As a Hero Group company, *Customer Centricity* is at the heart of everything we do. Last year we bolstered our customer service efforts to improve strengthened our underwriting standards. *Digitization* continues to be a critical area for future growth and we took significant steps in the direction including the launch of a wing-to-wing digital product. With each passing year we've been building our *Analytics* capabilities, and it touches the entire spectrum, from sourcing, servicing, to collections. Lastly, considering the challenges facing the Financial Sector we focused on ensuring adequate *Liquidity* throughout the year.

During the year, we also broke new records, our customer base crossed 5 million, several new products were launched, collections capabilities were enhanced, and we achieved leadership position, Hero FinCorp is now India's Largest Two-Wheeler Financier with a 14–16% market share in the overall Two-Wheeler Finance Market.

FY-20 also marks the third year *(in a row)* for Hero FinCorp to be certified as a *"Great Place to Work"*; and The Economic Times Group recognized your company as one of India's most iconic brands for 2020.

In FY-20, our minimum growth rate for most metrics was above 30% CAGR, and we disbursed loans amounting to INR 17,827 crores. FY-20's disbursal was 40% higher than FY-19, which stood at INR 12,756 crores. Our disbursement growth helped increase our Assets under Management (AUM), the enterprise level, consolidated AUM for Hero FinCorp and Hero Housing Finance stood at INR 25,182 crores as on March 31, 2020. Profit after Tax (PAT) grew by around 16% from INR 268 crores in FY-19 to INR 310 crores in FY-20.

On the operating front, Distribution continues to remain a forte for us in FY-20 as well. Our network is continuously growing and we have one of India's largest coverage nets. Today, we're operating from over 4,000 touch points, spread across 1900 plus Cities, Towns, and Villages. Our employee strength stands at over 7,500 across India.

All of the above has been made possible by the perseverance, determination, and sheer hard work of the Heroes at work. Our operating environment has been very dynamic over the past 2-5 years. However,
we've come out stronger with ever greater resilience, experiences, skills, and crisis management capabilities - All of which have helped us to quickly adapt and move forward.

This agile mindset and the skills developed over the years have helped us during the current Covid-19 Pandemic – like every other organization we too were affected, but we responded swiftly by creating business continuity plans and ensuring that we continue to operate. Health, safety, and well-being of our employees, customers, partners, and associates were always prioritized.

Moving forward, I am confident that we shall Re-think, Innovate, and Adapt to the New World created by the Covid-19 Pandemic. As a society, we're learning something new about this virus with each passing day, and as the economic conditions gradually start improving, I am certain we will bounce back as a country and that our high performance standards at Hero FinCorp will allow us to continue building upwards. On this note, I'd like to conclude by saying:

"Change is the only constant, we are in a new world, and many opportunities await us."

With best wishes,
Abhimanyu Munjal,
Jt. MD & CEO, Hero FinCorp

OUR KEY PRINCIPLES

VISION

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

MISSION

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

VALUES

Our culture manifests through 5 core values -

'TITHI'

Teamwork | Integrity | Trust & Respect | Humility | Innovation & Speed

PURPOSE

Empowering every Indian's dream of upward mobility

Dr. Pawan Munjal

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

Mr. Pradeep Dinodia

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.

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. Sanjay Kukreja

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

Mr. Abhimanyu Munjal

Mr. Abhimanyu Munjal has over 15 years of experience in Strategic Leadership and People Management. He has successfully spearheaded International JVs, M&As & complex transformations.

Mr. Vivek Chaand Sehgal

Mr. Vivek Chaand Sehgal is the Chairman of the Motherson Group. A visionary leader, he spearheads Motherson Group which is one of the world's largest manufacturers of components for Automotive and transport industries with presence in 41 countries.

BOARD OF DIRECTORS

HERO FINCORP CSR REPORT 2019-20

MESSAGE FROM Jt. MD & CEO – ABHIMANYU MUNJAL

Corporate Social Responsibility 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. At Hero FinCorp, we aim to create sustainable value for the community at large and build the nation of our dreams.

We focus on being a responsible lender by fostering holistic development of the community and our operating environment. All our CSR interventions have been designed to serve the masses. Given our approach and objectives, our CSR initiatives have been developed around four broad areas: Financial Literacy & Skilling, Sustainability & Environment, Aiding Rural Economy & stakeholders and Women & Children Support.

We aim to reach every corner of our country with the hope and promise of a better tomorrow.

CONNECT

Connecting communities for transformative change

INSPIRE

Inspiring actions to create social impact

MOBILIZE

Mobilizing & providing resources to support change makers

MESSAGE FROM MD - HERO FINCORP & CHAIRPERSON - CSR – RENU MUNJAL

Giving back to the society is one of the key ethos of The Hero Group. As chairperson of Hero FinCorp's CSR Committee, I am proud of our efforts in the areas of Financial Literacy, Education, and Skill Development. Through our flagship programs, we aim to help those who come from humble backgrounds but possess the endeavor to take this nation forward. This is an opportunity for us to create a better and brighter India. Some of our key initiatives are:

DHANCHARCHA

Focused on driving financial literacy in rural areas of Rajasthan, Uttarakhand, Bihar, Maharashtra, Gujarat, Haryana, Madhya Pradesh, Uttar Pradesh. This program has already touched over 4,35,818 lives.

SAARTHI

An employee volunteering program, which allows Hero FinCorp employees to become career guides for underprivileged students.

RAMAN KANT MUNJAL SCHOLARSHIPS

Aimed at supporting meritorious students for their higher education. These students are selected through a rigorous selection process lasting over a year.

HUNAR

Youth Skill Development Program, which trains individuals on a variety of skills thereby increasing their employability. So far over 77% of the beneficiaries have been able to find gainful employment.

DhanCharcha

FINANCIAL LITERACY CAMPAIGN

A Hero FinCorp CSR initiative

Dhancharcha is a financial literacy campaign supported by Hero FinCorp which aims to create awareness and educate people about banking facilities, financial services, digital services, loans, insurance and various govt. schemes and their benefits. The campaign is running at various locations with the help of mobile vans affixed with a screen to showcase an animated audio-visual film of 45 minutes to educate the people in remote areas.

DhanCharcha targets audience in four groups – school or college students, villagers, urban poor and industrial workers.

CAMPAIGN LOCATIONS

Our mission is to drive awareness of financial and credit practices for empowering local communities and vulnerable groups.

FINANCIAL LITERACY CAMPAIGN CREATED AWARENESS & EDUCATED PEOPLE ABOUT THE FOLLOWING GOVERNMENT SCHEMES:

- Pradhan Mantri Jan Dhan Yojana
- Pradhan Mantri Mudra Yojana
- Sukanya Sambriddhi Scheme
- Pradhan Mantri Suraksha Bima Yojna
- Kisan Card
- Pradhan Mantri Awas Yojna Gramin
- Indian Post Payments Bank
- Pradhan Mantri Jeevan Jyoti Bima
- Atal Pension Yojana
- Bharat Interface For Money

NUMBERS AT GLANCE

SUMMARY DHANCHARCHA ALL VANS (April 2019-MARCH 2020)

S.No.	Medium/Location	YTD Locations Covered	YTD Audience Covered
1	Schools/Colleges	1,197	1,52,032
2	Villages	6,865	2,60,146
3	Urban Poor Localities	313	11,624
4	Factories	270	10,382
5	Gramin Mela	2	1,634
	Total	8,647	4,35,818

Pratapgarh, Rajasthan

Hero Group's Raman Kant Munjal Scholarship has been established with the objective of helping meritorious students who are in need of financial support for their higher education. Having Hero FinCorp employees involved helps in feeling connected to the mission & vision of the organization.

raman kant munjal SCHOLARSHIPS

COURSES ACCEPTED

BBA, BFIA, B.COM, BBM, BMS

54 SCHOLARSHIPS AWARDED IN FY 2019-20

IMAPACT CREATED

COMMUNITY IMPACT

- The Finance Sector will become more robust with students being nurtured for the same.
- Hero FinCorp employees feel more involved in the social impact created by the company.
- The scholarship has supported underprivileged families by sending their bright children to the same colleges for education where children of HeroFinCorp leaders are also studying

FUTURE LEADERS FOR THE COMPANY

- All the 7000 applicants got exposure to the Hero FinCorp and RKMF mission & vision.
- All the 1500 shortlisted applicants form an understanding of the various roles one can perform at Hero FinCorp.
- All the 100 students shortlisted for Face-to-Face Interview leave a direct impact on the executive team.

IMPACT ON SCHOLAR

- The applicants went through a rigorous selection process at such a young age, which will help in setting them on the path to success.
- The scholars have a lot of self-confidence post successful selection for the scholarship.
- The continuous engagement of the scholar will mean that they won't lose focus and will stay on their path to make a career for themselves.

DIVERSITY AND INCLUSION

- One of the scholar is a person with visual impairment.
- 30% of the scholars are female.
- Hero FinCorp is ensuring that the finance sector will become more diverse and inclusive.

HeroFinCorp.

HUNAR

BUILDING CAPABLE YOUTH

OBJECTIVE

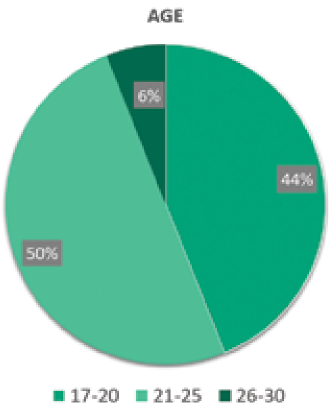
"To develop high-quality skilled workforce, add value by way of soft skills & personality development and ensure placements & entrepreneurship."

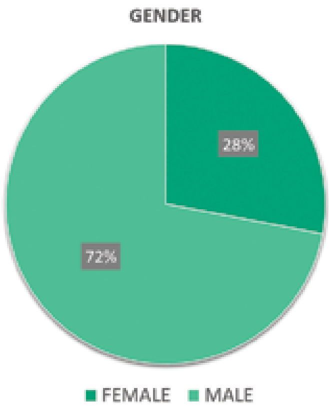
Hero FinCorp under its CSR initiative "Hunar" aims to skill youth in various financial job roles. The first skill development center is in Faridabad. The skill center was inaugurated in partnership with NSDC and ICA on 10th May 2019.

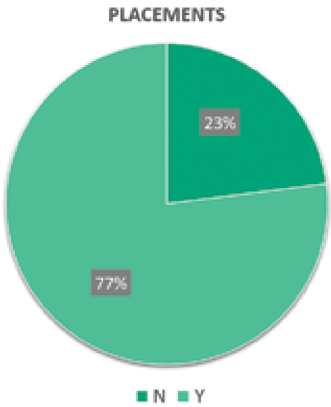
Hunar Center- Faridabad

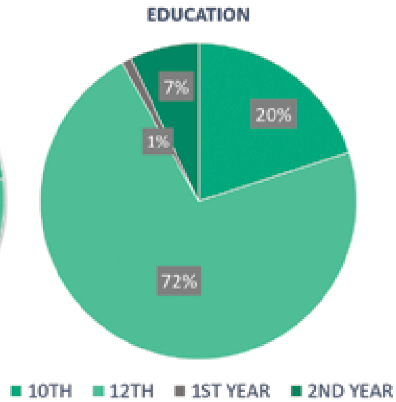
Training Delivery Classes

PROJECT ANALYSIS









IMPACT CREATED

IMPROVED LEARNING	PERSONALITY DEVELOPMENT
INCREASED EMPLOYABILITY	EMPOWERMENT OF WEAKER SECTIONS

S.No.	Job Role	Job role wise target	Trained	Assessed	Certified	Placed
1	Loan Processing Officer	150	120	114	114	84
2	Business Correspondent/ Facilitator	150	120	120	90	95
3	Debt Recovery Agent	150	24	24	24	20
	Total	450	264	258	228	199

HeroFinCorp. saarthi

BE A GUIDING LIGHT

Career counselling for underprivileged students by Hero FinCorp

Saarthi is a career-counselling program that guides Govt. school students in choosing the right career. It is a collaboration between Hero FinCorp, Raman Kant Munjal foundation & iDreamCareer.

Saarthi helps students to know and understand themselves, and the world of work in order to make the right career, educational, and life decisions. In India govt. schools lack in providing career counselling to their students.

Apart from providing career counselling to the underprivileged students, an online career dashboard is also provided to every student for one year.

Hero FinCorp employees also opted to volunteer to support this initiative.

IMPACT CREATED

20,164 Students Impacted

103 Institutes Impacted

55% Girls Impacted

110 Employee Volunteers

The whole career counselling program is designed for 12 hours of intervention spread across 4 activities in each school.

1. Career Planning Orientation

The workshop is to help the students understand different factors one need to consider while they plan for their career.

2. Psychometric Career Assessment

The psychometric assessment evaluates the Aptitude, Personality and Interest of the students.

3. Career Awareness Workshop

This workshop will help the students know about the various careers exists in different verticals.

4. Report Reading & Portal Orientation

Help the students to read the reports and they can access career info. at mysaarthi.org.

Teacher's Training

225 teachers from government primary schools, low income private schools, from the foundation's asha center and anganwadi experienced high quality training from Raman Kant Munjal Foundation & British Council to develop their teaching skills.

After undergoing the teacher's training, teachers are now able to teach English as a language more confidently in the classroom and use more learner-centered approaches with textbooks.

TOPICS COVERED DURING THE TRAININGS:

- Learning Objectives
- Classroom Management
- Life Skills
- Math in our daily life
- Importance of science
- Basic computer skills

Inaugration of Teacher's Training Center

CASE STORIES

KAVITA

Teacher in Asha Education Center, Ghoshgarh-2

After training, I gained confidence and now I am able to talk in English with my students and with my family members confidently. I teach 5 new sentences every day in English language to enhance my students English as well as my English in my class. I would like to thank Hero FinCorp & Raman Kant Munjal Foundation for giving us this training.

OTHER CSR INITIATIVES

WALL PAINTING & DRAWING MURALS

Hero FinCorp & Hero Housing employees came together on our mission to revamp Dr. Sarvepalli Radhakrishnan Municipal School, a government school in Mumbai, Andheri and give it a new look with a fresh coat of paint and exciting murals on the walls of the school and make school a fun place for all.

NATIONAL KABADDI & POWER LIFTING CHAMPIONSHIP FOR BLIND

Hero FinCorp supported visually impaired champions of our country who participated in 8th IBSA National Power lifting & 5th IBSA National Kabaddi Championship for the blinds which was organized by Indian blind sports association by donating ₹5,00,000. Besides this, Hero FinCorp employees actively volunteered to support in the overall coordination of the event and cheered the participants. This activity was held at Blind Relief Association in Delhi from 6th – 12th January 2020.

RIVER CLEANING DRIVE

A river clean up drive was organized in Kolkata to clean Ahiritola Ganges Ghat and help protect the health of water by preventing pollution from many sources such as land run off, precipitation and more. Our Heroes actively volunteered and made an impact through it.

BE MY SANTA

This Christmas, heroes fulfilled the wishes of poor children by being a Hero Santa. 176 Employees from Hero Housing & Hero FinCorp volunteered to make this initiative successful. The heroes participated by donating money and gifts to the indigent children of our society and turned their dreams into reality.

IMPACT CREATED

No. of children impacted through this activity: **627**

FUNKARI CLOTH SCHOOL BAG

1000 school bags were distributed to under-privileged students of Asha Education Center with the support of Hero FinCorp. All the employees of Hero FinCorp also volunteered across India to make this initiative successful. Raman Kant Munjal Foundation converted the painted clothes received from Hero FinCorp into school bags with the help of the women working at the foundation.

We also work with other partner foundations towards promoting education and creating employment opportunities for the underprivileged.

OUR JO

1991-2012

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

2013

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

2014

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

2015

- Launched Corporate Finance Division
- Equity infusion of ₹312 Cr.
- Assets Under Management reaches ₹3,073 Cr.

2016

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

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 ₹9,912 Cr.
- Obtained ISO certification for Operations and related Customer Support

2019

- Established presence at over 3,000 touch points spread across 1,700+ locations
- Assets Under Management reaches ₹19,736 Cr.
- Crossed 3.5 Mn. happy customers

URNEY

2018

- Launched Hero Housing Finance Ltd.
- Asset Under Management reach ₹13,540 Cr.
- Crossed 2.5 Mn. happy customers

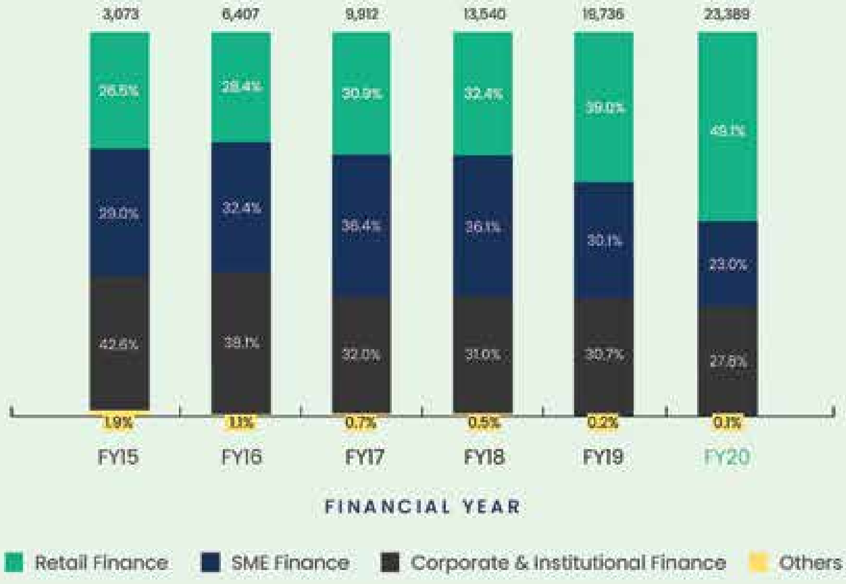
2020

- India's No. 1 Two-Wheeler Financier
- Among Top 3 NBFCs - Pre-Owned Car Loans
- Fund raising agreement of ₹1,075 Cr. from PE Investors & Promoters
- AUM reaches ₹23,389 Cr.*
- Crossed 5 Mn. Happy Customers

* Gross AUM as of March 31, 2020

DISBURSEMENTS (INR CRORES)

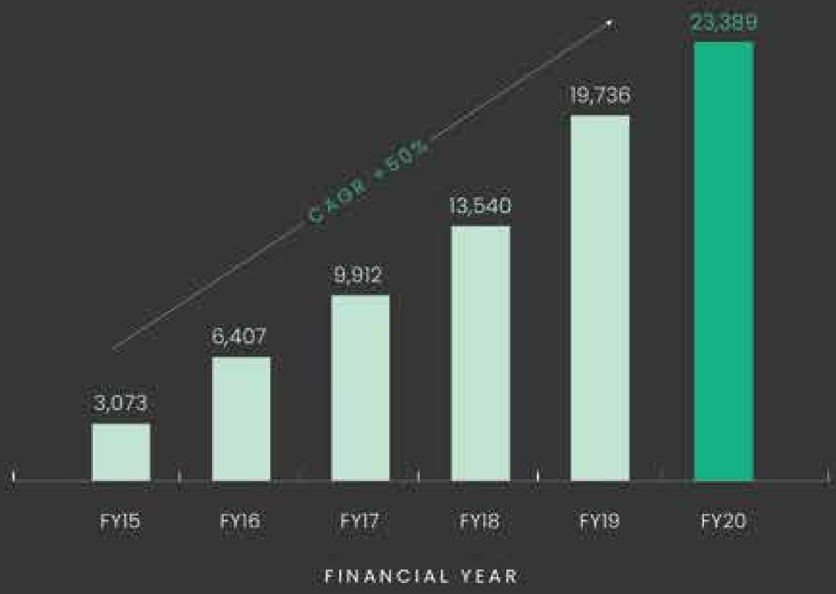
LOAN ASSETS MIX



Note: FY 18 to FY 20 numbers are as per Ind AS and FY15 to FY17 numbers are as per I GAAP.

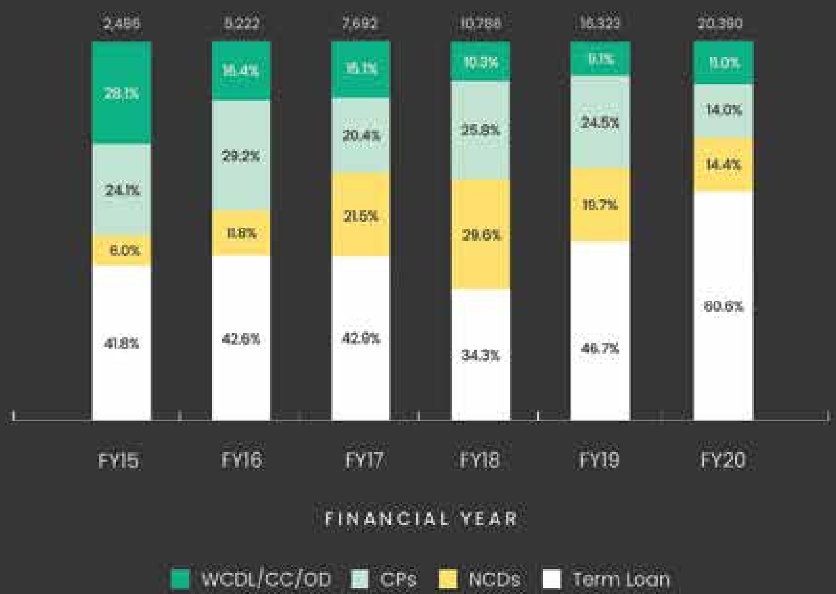
GROWTH AT A GLANCE

LOAN ASSETS* (INR CRORES)



*Includes lease portfolio and trade receivable

BORROWING MIX

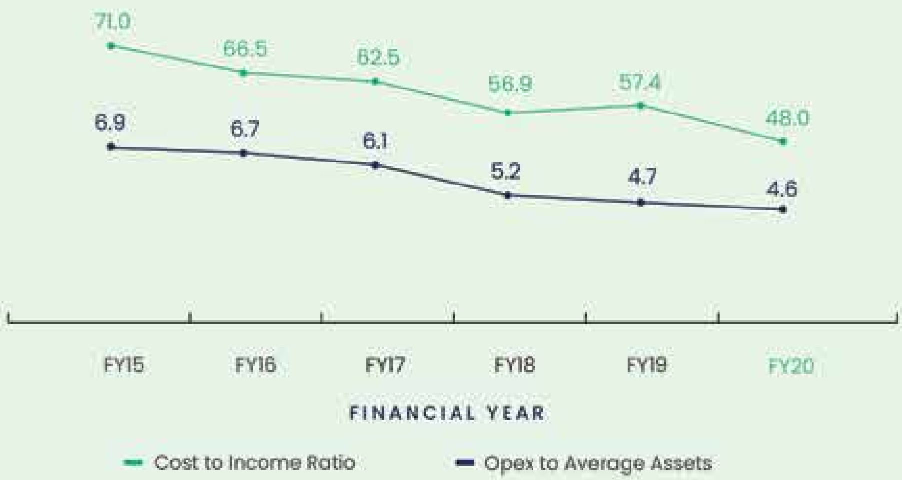


Note: FY 18 to FY 20 numbers are as per Ind AS and FY15 to FY17 numbers are as per I GAAP.

GROSS NPA TO LOAN ASSETS

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

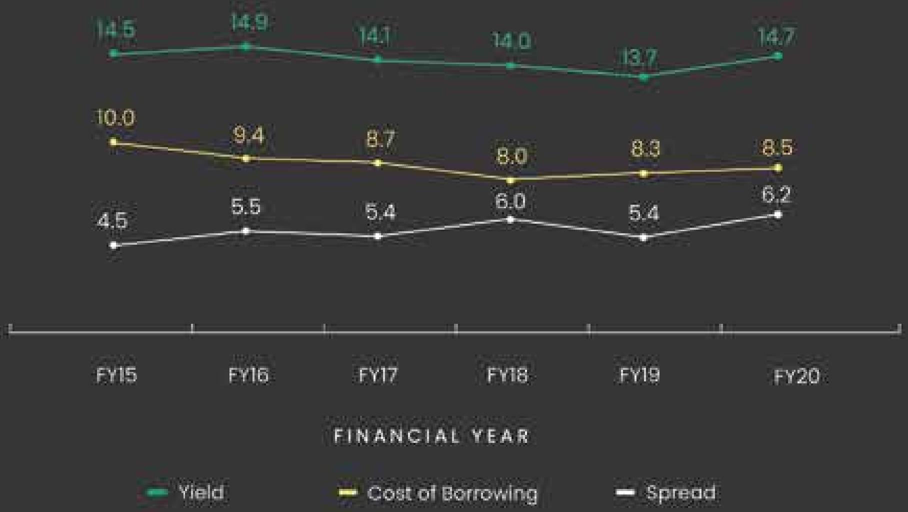
COST TO INCOME RATIO (%) & OPEX TO AVERAGE ASSETS (%)



Cost = Total Operating Expenses (Expenses excluding Finance Cost, Impairment allowance, settlement loss and bad debts written off)
Income = Total income net of Finance cost
Average Monthly Assets

Note: FY 18 to FY 20 numbers are as per Ind AS and FY15 to FY17 numbers are as per I GAAP.

YIELD, COST OF BORROWING AND SPREAD (%)



Yield and cost of borrowing are calculated on monthly average

CREDIT COST TO AVERAGE ASSETS

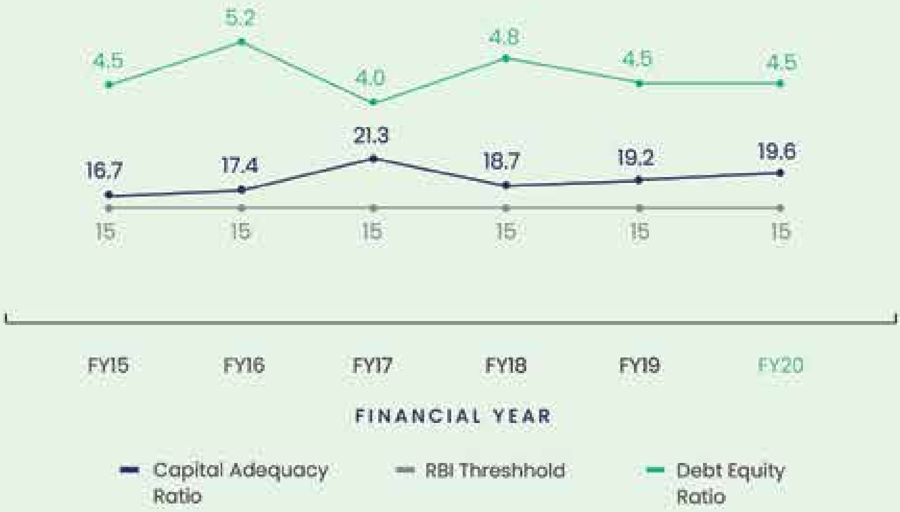
Credit cost = Impairment allowance, settlement loss and bad debts written off Average Monthly Assets

Company has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.

Note: FY 18 to FY 20 numbers are as per Ind AS and FY15 to FY17 numbers are as per I GAAP.

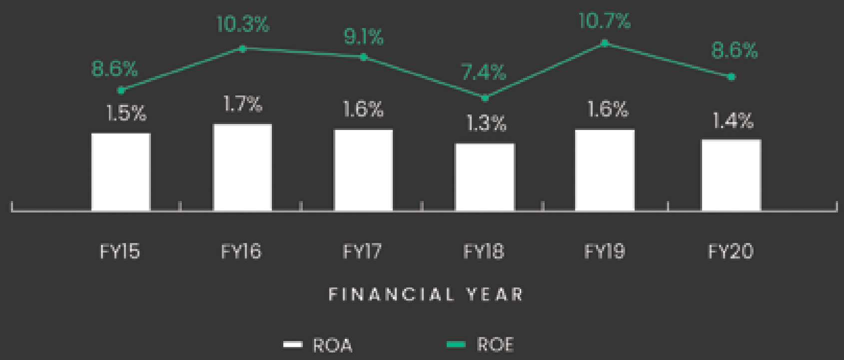
PROFIT AFTER TAX (INR CRORES)

CAPITAL ADEQUACY RATIO (%) & DEBT-EQUITY RATIO



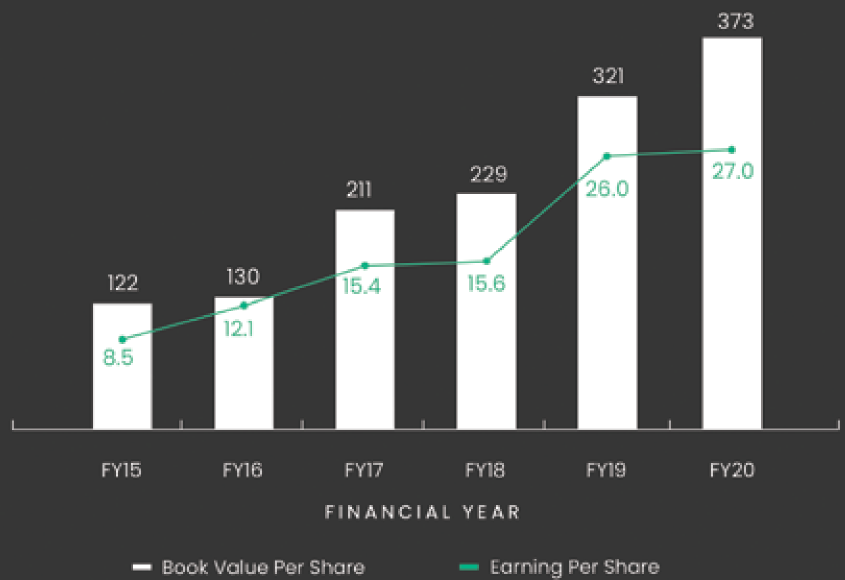
Note: FY 18 to FY 20 numbers are as per Ind AS and FY15 to FY17 numbers are as per I GAAP.

RETURN ON EQUITY & RETURN ON ASSETS



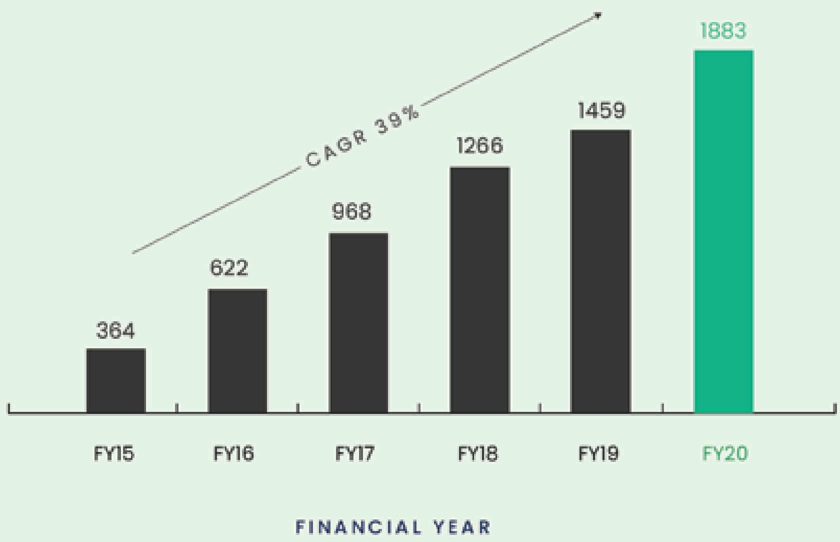
ROE and ROA are calculated on monthly average

BOOK VALUE PER SHARE & EARNING PER SHARE

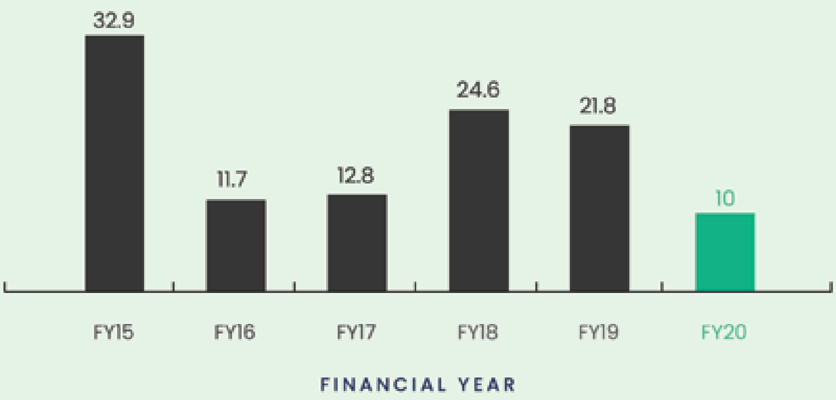


Note: FY 18 to FY 20 numbers are as per Ind AS and FY15 to FY17 numbers are as per I GAAP.

EMPLOYEE HEAD COUNT



DIVIDEND PAYOUT TO PAT(%)



Note: FY 18 to FY 20 numbers are as per Ind AS and FY15 to FY17 numbers are as per I GAAP.

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Pradeep Dinodia	Chairman
Mrs. Renu Munjal	Member
Mr. Vivek Chaand Sehgal	Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Pradeep Dinodia	Chairman
Dr. Pawan Munjal	Member
Mr. Abhimanyu Munjal	Member
Mr. Vivek Chaand Sehgal	Member

ASSET LIABILITY MANAGEMENT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMMITTEE OF DIRECTORS

Dr. 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 and Chief Executive Officer

Mr. Jayesh Jain
Chief Financial Officer

Mr. Shivendra Suman
Head - Compliance and Company Secretary

CORPORATE INFORMATION

CIN: U74899DL1991PLC046774

STATUTORY AUDITORS

M/s B S R & Co. LLP
Chartered Accountants
(FRN. No. 101248W/W-100022)
Building No. 10, 8th Floor,
Tower –B, DLF Cyber City,
Phase –II, Gurgaon – 122 002
Tel: 0124 7191000
Fax: 0124 2358613

INTERNAL AUDITOR

Ernst & Young LLP, Chartered Accountants,
(LLP. Identification No. AAB - 4343)
14th Floor, The Ruby, 29, Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028
Tel: 022 6192 0000, Fax: 022 6192 1000
Website: www.ey.com

INFORMATION SYSTEM AUDITOR

PricewaterhouseCoopers Services LLP
(LLP No. AAI-8885)
252, Veer Savarkar Marg, Shivaji Park,
Dadar, Mumbai – 400 028
Tel: 022 6669 1500, Fax: 022 6654 7801
Website: www.pwc.com

SECRETARIAL AUDITORS

Sanjay Grover & Associates, Company Secretaries
(Firm Registration No.: P2001DE052900)
B-88, 1st Floor, Defence Colony, New Delhi – 110024;
Tel: 011 4679 0000;
Website: www.cssanjaygrover.in

PRINCIPAL BANKERS

1. Punjab national Bank
2. Indian Bank
3. Union Bank
4. ICICI Bank
5. HDFC Bank
6. Canara Bank
7. Bank of Baroda
8. State Bank of India
9. BNP Paribas
10. Citi Bank

DEBENTURE TRUSTEE

Vistra ITCL (India) Limited
The IL&FS Financial Centre, Plot C- 22,
G Block, Bandra Kurla Complex, Bandra(E),
Mumbai 400051; Tel: 022 24255215
Website: www.itclindia.com

REGISTRAR & SHARE TRANSFER AGENT

1. FOR EQUITY SHARES RELATED MATTERS

Link Intime India Pvt. Ltd.
Noble Heights, 1st Floor, Plot NH 2,
C-1 Block LSC, Near Savitri Market
Janakpuri, New Delhi - 110058
Tel: +91 11 4141 0592-94, Fax: +91 11 4141 0591
Email: delhi@linkintime.co.in
Website: www.linkintime.co.in

2. FOR NON-CONVERTIBLE DEBENTURE RELATED MATTERS

KFin Technologies Private Limited
Selenium Tower B, Plot Nos. 31 & 32,
Financial District Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500032
Tel: 040 6716 2222, Fax: 040- 2300 1153

REGISTERED OFFICE

34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi – 110 057
Tel: 011 4604 4100, 011 2614 2451
Fax: 011 2614 3321, 011 2614 3198

CORPORATE OFFICE

9, Community Centre, Basant Lok,
Vasant Vihar, New Delhi – 110 057
Tel: 011 4948 7150;
Fax: 011 4948 7197 (98)
Email Id: investors@herofincorp.com
Website: www.herofincorp.com

BOARD'S REPORT

Dear Members,

The Board of Directors of Hero FinCorp Limited ("your Company" or "the Company") is pleased to present the 29th (Twenty Ninth) Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended 31st March, 2020 ("financial year under review").

FINANCIAL SUMMARY

The Company's financial performance (Consolidated and Standalone) for the financial year ended 31st March, 2020 as compared to the previous financial year ended 31st March, 2019 is summarized below:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Total Income	**3,702.62**	**2,492.52**	**3,855.18**	**2,518.47**
Profit before Finance Costs, Depreciation & Amortization Expense	2,053.79	1,557.67	2,114.34	1,540.63
Less: Finance Costs	1,539.84	1,119.96	1,629.22	1,124.71
Depreciation & Amortization Expense	33.02	24.05	36.33	24.88
Profit before tax	**480.93**	**413.66**	**448.79**	**391.04**
Less: Tax expense				
Current tax	248.36	198.05	248.36	198.05
Deferred tax	(77.60)	(52.76)	(77.60)	(52.76)
Profit after tax	**310.17**	**268.37**	**278.03**	**245.75**
Other comprehensive income/(loss) net of tax	(0.95)	(1.35)	(0.73)	(1.36)
Add: Balance of profit brought forward	372.11	221.50	346.05	218.07
Balance available for appropriation	681.33	488.52	623.35	462.46
Appropriations				
Dividend (Rs.) – Proposed	(48.53)	(29.77)	(48.53)	(29.77)
Corporate Dividend Tax – Current year	(9.98)	(6.12)	(9.98)	(6.12)
Transfer to Statutory Reserve	(62.03)	(53.68)	(62.03)	(53.68)
Transfer to General Reserve	(31.02)	(26.84)	(31.02)	(26.84)
Other Adjustments	-	-	-	-
Balance carried to Balance Sheet	**529.77**	**372.11**	**471.79**	**346.05**
Dividend (%) (Proposed)	25.50	42.50	25.50	42.50
Earnings per Share (EPS)				
• Basic	26.98	25.97	24.18	23.78
• Diluted	26.79	25.92	24.01	23.73

The above figures are extracted from the Consolidated and Standalone Financial Statements prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under Sections 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Audited Financial Statements including the Consolidated Financial Statements of the Company as stated above and the Financial Statements of the Subsidiary and all other documents required to be attached thereto are available on the Company's website at https://www.herofincorp.com/Investor-Relations.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's business in India, risk management systems and other material developments during the year under review, as per **ANNEXURE – A.**

FINANCIAL HIGHLIGHTS

During the year under review, receivables under financing activity including leasing portfolio has grown by 19% from Rs. 19,736 crore in FY 2018-19 to Rs. 23,389 crore in FY 2019-20. The total income has shown an impressive growth of 49% from Rs.2,493 crore in FY 2018-19 to Rs. 3,703 crore in FY 2019-20. Profit before tax (PBT) increased by 16% from Rs.413.66 crore in FY 2018-19 to Rs. 480.93 crore in FY 2019-20, accordingly the Profit after tax (PAT) registered an increase of 16% from Rs.268.37 crore in FY 2018-19 to Rs. 310.17 crore in FY 2019-20.

The Company had an excellent year aided by strong volume growth across lines of businesses. During FY 2019-20, the Company had taken various measures to strengthen its business model and continue its growth momentum such as launching of various new products and variants.

COVID-19 PANDEMIC

The "Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across India and there is an unprecedented level of disruption on socioeconomic front across the country. Globally, countries and businesses are under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and was extended till May 31,2020. There is a high level of uncertainty about the duration of the lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the Company's operations and financial results is dependent on the future developments, which are highly uncertain.

Further, in accordance with the Circulars issued by Reserve Bank of India (RBI) dated March 27, 2020, April 17, 2020 and May 23, 2020 with regard to providing relief to borrowers on account of COVID-19 pandemic, the Company has offered moratorium to eligible borrowers in accordance with a Board approved policy. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

The Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro- economic impact, the Company's management has considered internal and external information including economic forecasts up to the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has one wholly owned subsidiary company viz. Hero Housing Finance Limited ("HHFL"). HHFL was granted a housing finance company license by the National Housing Bank (NHB) in August, 2017 to carry on the business of (non-deposit taking) housing finance. HHFL had started its lending operations from April, 2018. It is an all-inclusive housing finance company providing hassle-free home loans pan India which includes the following products to its customers: (i) Home Loans, (ii) Loan Against Property etc.

HHFL had seen tremendous growth in the financial year 2019-20, aided by strong volume growth across all its lines of businesses. During the year under review, receivables under financing activity has reached to Rs. 1,780.40 Crore in the financial year 2019-20 as compared to Rs. 555.51 Crore in financial year 2018-19 representing an increase of 220% over the previous year.

HHFL has Revenue from operations of Rs. 137.81 crore in financial year 2019-20 as compared to Rs. 26.27 Crore in previous year 2018-19, registering a growth of 425% over the previous year.

However, the net losses for the year after tax from operations has increased from Rs. 22.62 Crore in financial year 2018-19 to Rs. 32.14 crore in financial year 2019-20

HHFL has shown a tremendous growth and touched an asset under management (AUM) of Rs. 1793.06 Crore during the FY 2019-20.

During the financial year 2019-20, the Company has invested an amount of Rs. 149.99 crore into Hero Housing Finance Limited (HHFL), a wholly owned subsidiary company of the Company, by subscribing to 20,83,33,333 partly paid equity shares of face value of Rs.10 each, which were issued and allotted by HHFL at Rs. 7.20 including face value per equity share of Rs. 6 and premium of Rs. 1.20 per equity share. Further, First & Final call money of Rs. 4.80 including face value per equity share of Rs. 4 and premium of Rs. 0.80 per equity share would be paid within 12 months of allotment of the equity shares.

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

The Company shall make available the annual accounts of the subsidiary company to the 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 the subsidiary company. The annual accounts of the subsidiary company are also available on the website of the Company viz. 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 May 25, 2020 has recommended a final dividend of 25.50% (Rs. 2.55/- per equity share) for the financial year ended March 31, 2020. The final dividend payable shall be subject to the approval of the members of the Company at the ensuing annual general meeting (AGM). The total outgo on account of dividend will be Rs. 30.99 crore for the current financial year 2019-20 as against Rs. 48.53 crore (excluding dividend tax) in the previous financial year.

INCREASE IN BORROWING POWERS

During the year under purview, pursuant to Section 180(1)(c) of the Companies Act, 2013, the Company increased the limit on the borrowing powers of the Board of Directors from Rs. 30,000 crore to Rs.40,000 crore, to meet its growing business needs.

The borrowing powers of the Company increased from Rs. 30,000 crore to Rs. 40,000 crore on the recommendation of the Board of Director & duly approved by the members of the Company in its Annual General Meeting dated September 06, 2019.

RAISING OF FUNDS/ CAPITAL

A. PREFERENTIAL ISSUE OF EQUITY SHARES

During the period under review, the Board of Directors at its meeting held on December 26, 2019 had approved the issuance of 1,31,09,753 equity shares on preferential basis through private placement at Rs. 820 per equity share, which was partly paid at the time of allotment. Subsequently, in pursuance to authority granted by the Board of Directors, the shareholders of the Company had accorded their approval by passing a special resolution through postal ballot, for issuance and allotment of aforesaid equity shares. Accordingly, the Company has received Rs. 460 per equity share including face value of Rs. 5.60 and premium of Rs. 454.40 per equity share, as an application and allotment money and allotted 1,31,09,753 equity shares to the investors. Post that, the paid-up capital of the Company has increased to Rs. 121.54 crore. Further, the remaining Rs. 360 including face value of Rs. 4.40 and premium of Rs. 355.60 per equity share would be paid by the shareholders within 12 (Twelve) months of allotment.

B. NON-CONVERTIBLE DEBENTURES

Secured non-convertible debentures worth Rs. 260 crore were issued on private placement basis by the Company during the year under review. Additionally, your Company had also raised Rs. 125 Crore from Tier-II subordinated debt during the year. The said non-convertible debentures are listed on the Wholesale debt market segment of National Stock Exchange of India Limited.

C. COMMERCIAL PAPERS

Commercial Papers worth Rs. 12,480 crore were issued by the Company during the year under review. Total Commercial Papers outstanding as on March 31, 2020 was Rs. 2,930 crore as against Rs. 4,085 crore as on March 31, 2019. The outstanding commercial papers are listed on the Wholesale debt market segment of National Stock Exchange of India Limited.

D. BANK LINES

Secured term loans worth Rs. 6,000 crore were borrowed from different banks during the year under review of Rs. 3,215 crore as on March 31, 2020. The Company inducted five new banks during the same year.

RATINGS

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

(Rs. in crore)

Rating	Program/Category	Outlook	Quantum
ICRA			
ICRA AA+	Non-Convertible Debentures	Stable	2621
ICRA AA+	Subordinated Debt	Stable	700
ICRA AA+	Bank Loan Rating	Stable	11000
ICRA A1+	Commercial Paper	-	6000
CRISIL			
CRISIL AA+	Non-Convertible Debentures	Stable	2000
CRISIL AA+	Subordinated Debt	Stable	700
CRISIL AA+	Bank Loan Rating	Stable	4500
CRISIL A1+	Commercial Paper	-	6000

Following International credit rating have been assigned to the Company at Entity Level:

Facility	Standard & Poor's		Moody's	
	Rating as on Mar 31, 2020	**Revised in April-20**	**Rating as on Mar 31, 2020**	**Revised in April-20**
Entity Level	BBB- Long Term Stable A3 Short Term Stable	(BB+) Long term stable (B) Short term stable	Baa3 Negative Outlook	Baa3 under review for downgrade

DEPOSITORY SYSTEM

The Company's Equity Shares are not listed on any stock exchange and are being traded on off-market platform. As on March 31, 2020, 12,50,23,958 (98.21%) of the total share capital was held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

In view of the numerous advantages offered by the Depository System, the Members holding shares in physical mode are advised to avail the facility of dematerialization.

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 19.55% as on March 31, 2020, which is well above the RBI mandated norm of 15%.

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 Rs. 31.02 crore being 10% of the profit after tax (PAT) for the year under review, has been transferred to the General Reserve of the Company.

Further, an amount of Rs. 62.03 crore 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 (KMP) INCLUDING THOSE WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

As on 31st March, 2020, the Board of Directors of your Company ("the Board") comprised of 6 (Six) Directors comprising of 2 (Two) Non-Executive Directors, 2 (Two) Executive Directors and 2 (Two) Independent Directors. Your Directors on the Board possess experience and competency and are renowned in their respective fields.

During the Financial Year, Mr. Dharmendar Nath Davar (DIN: 00002008), retired from the post of Independent Director on September 6, 2019 i.e. on the conclusion of 28th Annual General Meeting of the Company. The Board placed on record its sincere appreciation for the invaluable contribution made by Mr. Dharmendar Nath Davar, during his tenure as an Independent Director of the Company.

Based on the recommendation of the Nomination and Remuneration Committee ("NRC") of the Company, the Board of Directors had approved the appointment of Mr. Vivek Chaand Sehgal (DIN: 00291126), as an Additional Director of the Company, with effect from December 6, 2019 to hold office up to the ensuing Annual General Meeting ("AGM") and as an Independent Director, for an initial term of five years commencing from December 6, 2019 up to December 5, 2024, subject to the approval of the Members of the Company.

In terms of the applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Abhimanyu Munjal (DIN: 02822641), 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. Abhimanyu Munjal who is proposed to be re-appointed as a director of your Company would be furnished, along with the explanatory statement to the notice of the ensuing Annual General Meeting.

Detailed information on the Directors is provided in the Corporate Governance Report, which forms part of this Annual Report.

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

- Mrs. Renu Munjal — Managing Director
- Mr. Abhimanyu Munjal — Joint Managing Director and Chief Executive Officer
- Mr. Jayesh Jain — Chief Financial Officer
- Mr. Shivendra Suman — Head - Compliance & Company Secretary

Pursuant to the Reserve Bank of India master directions on Know Your Customer (KYC) Directions, 2016, Mr. Jayesh Jain, Chief Financial Officer, acts as Principal Officer of the Company for monitoring and reporting of all transactions and sharing information as required under the aforesaid regulations.

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 as 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.

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that the Company has laid down a set of standards, processes and structure which enables it to implement Internal Financial Controls across the organisation with reference to Financial Statements and that such controls are adequate and are operating effectively. During the financial year under review, no material or serious observation has been made regarding inefficacy or inadequacy of such controls. Assurance on the effectiveness of Internal Financial Controls is obtained through management reviews, continuous monitoring by functional experts as well as testing of the Internal Financial Control systems by the internal auditors during the course of their audits. During the financial year under review, no material or serious observations have been received from the Auditors of the Company, citing inefficacy or inadequacy of such controls.

INTERNAL CONTROL SYSTEMS

Internal Control System is pervasive in the Company. The Company has a comprehensive Internal Control System for all the major processes to ensure accuracy & 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, Internal Audit, Compliance Audit at regular intervals by the Internal Auditor and systems audit by IS 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.

INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, control and governance processes. The framework is commensurate with the nature of the business and the size of its operations. Internal auditing at the Company involves the utilisation of a systematic methodology for analysing business processes or organisational problems and recommending solutions to add value and improve the organisation's operations. The audit approach verifies compliance with the regulatory, operational and system related procedures and controls.

During the financial year under review, no material or serious observations have been received from the Auditors of the Company, citing inefficacy or inadequacy of such controls.

BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. Your Board of Directors met 6 (Six) times during the financial year 2019-20. 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 April 25, 2019, 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 the flow of information between the Company, management and the Board.

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. Vivek Chaand Sehgal, Mr. Pradeep Dinodia and Mrs. Renu Munjal, majority of them are independent director. Mr. Pradeep Dinodia, an independent director, is the Chairman of the Audit committee. During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing the risks. Further details on the Audit Committee are provided in the Corporate Governance Report, which forms part of this Annual Report. During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board. The Committee regularly interacts with the statutory auditors, internal auditors and auditees in dealing with matters falling within its terms of reference. 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:

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

- Review and monitor the Auditor's independence and performance, and effectiveness of Audit process;
- Examination of the financial statement and the Auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters; and
- Operate the Vigil Mechanism in the Company.
- Reports on Internal Controls Systems, Internal Audit Reviews and Statutory Audit reviews etc;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as non-payment of dividend, delay in share transfer etc.; and
- Internal Audit Plan/ Calendar etc.

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

NOMINATION & REMUNERATION COMMITTEE

Your Company has a duly constituted Nomination & Remuneration Committee ("NRC"), with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act and rules made thereunder. Further, details on the NRC are provided in the Corporate Governance Report, which forms part of this Annual Report. The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act and the same is uploaded on the Company's website at: https://www.herofincorp.com/company-policies.

The salient features of the Remuneration Policy are as under:

1. To determine remuneration of Directors, KMP, other senior management personnel and other employees, keeping in view all relevant factors including industry trends and practices.
2. At the Board meeting, only the Non-Executive and Independent Directors shall participate in approving the remuneration paid to the Executive Directors.
3. The remuneration structure for the Executive Directors would include basic salary, commission, perquisites & allowances, contribution to Provident Fund and other funds. If the Company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration as prescribed under the Act.
4. The Non-Executive and/or Independent Directors will also be entitled to remuneration by way of commission aggregating upto 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Act, in addition to sitting fees.
5. The compensation for Key Managerial Personnel, senior management and other employees is based on the external competitiveness and internal parity through periodic benchmarking surveys. It includes basic salary, allowances, perquisites, loans and/or advances as per relevant HR policies, retirement benefits, performance linked pay out, benefits under welfare schemes, etc.

OTHER COMMITTEES

Details of all the other Committees of the Board are provided in the Corporate Governance Report, which forms part of this Annual Report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act as amended by the Companies (Amendment) Act, 2017, the extract of annual return for the financial year ended 31st March, 2020 in Form MGT-9 under the provisions of Section 92(3) of the Act has been attached as part of the Board's Report as **ANNEXURE – C**. The Annual Return is also available on the Company's website at https://www.herofincorp.com.

CORPORATE SOCIAL RESPONSIBILITY

Your Company had 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 Dr. Pawan Munjal, Mr. Abhimanyu Munjal 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 during the year. 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 the 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 and can be accessed by clicking on the following link: https://www.herofincorp.com/company-policies.

During the FY under review, your Company spent Rs. 15.52 crore on its CSR activities including Rs. 10 Crore contribution towards PM - CARES fund set up for COVID-19 (for utilizing the same towards CSR obligation arising in subsequent years), as against the required CSR liability an amount of Rs. 5.43 crore, 2% of the average net profits of previous three financial years. The CSR initiatives undertaken by your Company along with other CSR related details form part of the Annual Report on CSR activities for FY 2019-20, which is annexed as **ANNEXURE – D**.

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 root level, 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 livelihood for persons including from disadvantaged Sections of the society;
- To pursue CSR programmes primarily in the 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 and far reaching impact on the society.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures in the Auditor's Report and Notes to accounts;
- 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 & loss of the Company for the said period;
- 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;
- the Directors have prepared the annual accounts on a going concern basis.
- 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.
- 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.

AUDITORS

STATUTORY AUDITORS AND REPORT

Pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, the Company in its 27th Annual General Meeting (AGM) held on September 21, 2018 had appointed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101284W/W-100022) as the Statutory Auditor of the Company for a period of five years i.e. upto the conclusion of 32nd AGM of the Company to be held in year 2023. The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018. M/s BSR & Co. LLP, auditors of the Company have audited the financial statements of the Company for the FY under review. No resolution is proposed for ratification of appointment of the Auditors, who were appointed in the 27th Annual General Meeting. Accordingly, M/s. B S R & Co. LLP, Chartered Accountants shall continue to be the Statutory Auditors for the financial year 2020-21.

The Auditors' 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.

SECRETARIAL AUDITORS AND 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, Company Secretaries (Firm Registration No.: P2001DE052900), 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, 2020.

A secretarial audit report given by the secretarial auditors of the Company in requisite Form No. MR-3 is annexed with this annual 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 –

- *the Company filed Form ALM-2 and ALM-3 on October 31, 2019 with the Reserve Bank of India, for the quarter ended September 30, 2019, which were required to be filed on or before October 30, 2019.*

Management Response: The Company had filed Form ALM-2 and ALM-3 on October 31, 2019, which was an inadvertent delay due to some technical issues into the system.

COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

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 or any investment made in the ordinary course of its business by a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India is exempt from the applicability of provisions of Section 186 of the Act.

During the financial year 2019-20, the Company has invested an amount of Rs. 149.99 crore into Hero Housing Finance Limited (HHFL), a wholly owned subsidiary company of the Company, by subscribing to 20,83,33,333 partly paid equity shares of face value of Rs.10 each, which were issued and allotted by HHFL at Rs. 7.20 including face value per equity share of Rs. 6 and premium of Rs. 1.20 per equity share. Further, First & Final call money of Rs. 4.80 including face value per equity share of Rs. 4 and premium of 0.80 per equity share would be paid within 12 (Twelve) months of allotment of the equity shares.

Information regarding investments covered under the provisions of Section 186 of the said Act is 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 ratification/rejection. 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 disclosed to the Board on regular basis as per Ind AS-24. Details of related party transactions as per Ind AS-24 may be referred to in Note 38 of the Standalone Financial Statements.

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 the 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, by clicking on the following link: https://www.herofincorp.com/company-policies.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has in place a well formulated vigil mechanism/whistle blower policy to deal with instances of fraud and mismanagement or other irregularities, if any. The policy enables any employee, director and other stakeholders to raise their concern directly to the Audit committee/ Board.

During the financial year 2019-20, following is the summary of complaints received and disposed off under this policy by the disciplinary committee (DC) and report finally presented before the Audit committee/ Board.

No. of complaints received: 4

No. of complaints disposed off: 4

The whistle blower policy of the Company is available on the Company's website, by clicking on the following https://www.herofincorp.com/company-policies.

PUBLIC 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.

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, 2020 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, 2020.

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

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:

- Parts A and B pertaining to conservation of energy and technology absorption - NIL
- Foreign exchange earnings and outgo:

  Earnings – Rs. NIL

  Outgo – Rs. 16.31 crore on account of travel, information technology, legal & professional, training etc. (Previous year Rs. 9.07 crore).

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.

Mr. Pradeep Dinodia, Independent Director, is the chairman of the Risk Management Committee (RMC) of the Board. RMC 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 details of the Committee along with its terms of reference are set out in the Corporate Governance Report, forming part of this Report. 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 proper operations, management & defined framework in terms of the aforesaid policy.

RBI vide circular dated 16 May 2019, mandated NBFCs with asset size of more than Rs. 50 billion to appoint a Chief Risk Officer (CRO). Pursuant to the same, Ms. Srishti Sethi has been appointed as CRO effective from April 01,2020.

ANNUAL EVALUATION-BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS

A formal evaluation of the performance of the Board, it's Committees, the Chairman and the individual Directors was carried out for FY 2019-20. Led by the Nomination & Remuneration Committee, the evaluation was carried out using individual questionnaires covering, amongst others, composition of Board, conduct as per company values & beliefs, contribution towards development of the strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

Further, the Committees were evaluated in terms of receipt of appropriate material for agenda topics in advance with right information and insights to enable them to perform their duties effectively, review of committee charter, updation to the Board on key developments, major recommendations & action plans, stakeholder engagement, devoting sufficient time & attention on its key focus areas with open, impartial & meaningful participation and adequate deliberations before approving important transactions & decisions.

As part of the evaluation process, the performance of Non-Independent Directors, the Chairman and the Board was conducted by the Independent Directors. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Director being evaluated.

REMUNERATION POLICY

Pursuant to the provisions of section 178 of the Act, the Board of Directors had approved and adopted the nomination & remuneration policy, inter alia, for the appointment and fixation of remuneration of the directors, key managerial personnel and other employees of your Company as applicable. The NRC has also developed the criteria for determining the qualifications, positive attributes and independence of the Directors and for making payments to Executive and Non-Executive Directors of the Company. 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.

EMPLOYEE STOCK OPTION PLAN

During the year under review, there was no change in Hero FinCorp Employee Stock Option Plan, 2017 (ESOP 2017). Basis the recommendation of the Nomination & Remuneration Committee (NRC), the Board of Directors approved certain necessary changes into the said Employee Stock Option Plan, 2017 (ESOP 2017), subject to approval by the shareholders of the Company. 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, 2012 read with rules framed thereunder is annexed **ANNEXURE-G** to this report.

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 different 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 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-H** 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.

AWARDS AND RECOGNITIONS

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

- Hero FinCorp Ltd was certified as a Great Place to Work for the third time in a row. Certificate duration : March 2020- Feb2021
- Hero FinCorp is amongst Top 25 Best Workplaces in BFSI 2020 for the second year in a row.
- Hero FinCorp has been recognised among India's Best Companies to Work for 2019, by the Great Place to Work® Institute. We have been ranked 72nd among India's 100 Best Companies to Work For 2019. 'India's Best Companies to Work For' is a celebration of the best work cultures in the country and is the most prestigious and the most credible employer brand recognition.
- Hero FinCorp commended by CII for its Strong Commitment to HR Excellence at the 10th CII National HR Excellence Award Confluence (2019-2020). The commendation happened post a rigorous assessment by CII encompassing.
  1. Evaluation of HR processes
  2. Candid conversations with staff members
  3. In-depth discussion with leadership team on their commitment to enabling human capital

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 Rs. 1,176,000 for FY 2011-12 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, w.r.t. FY 2011-12 whose dividend had not been claimed for last 7 (seven) years, the Company has transferred 17,700 equity shares into demat account of IEPF Authority. The details of equity shares transferred to IEPF are also available on the Company's website, 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 Meetings (SS-I) and General Meetings (SS-II). 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:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- 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.
- Buy Back of shares
- Issue of sweat equity shares to employees of your Company.

DISCLOSURE UNDER PREVENTION OF SEXUAL HARASSMENT POLICY

Your 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 (ICC) has been re-constituted and is fully operational & functional. The constitution of ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external member with relevant experience. The Committee meets at regular intervals in order to ensure and enhance security of female employees.

An annual report by the Committee is submitted to the Board of Directors of your Company on the complaints received and action taken by it during the said year. Following is the summary of complaints received and disposed off during year under review:

No. of complaints received: 3

No. of complaints disposed off:3

NODAL OFFICER

Your Company has appointed Mr. Shivendra Suman as Nodal officer for the purpose of coordination with Investor Education and Protection Fund (IEPF) Authority.

HUMAN RESOURCES

Your Company, in the last financial year continued its journey of developing the human resources of the firm towards the goal of increasing employee productivity and engagement with the firm. Over the last one year, the Human Resource team has contributed significantly in reducing attrition and improving productivity and supporting the business in identifying and grooming leaders across all business units of the Company. With an unswerving focus on nurturing and retaining talent, your Company provide avenues for learning and development through functional, behavioral and leadership training programmes as well as on the job training to enable the employees to constantly upgrade their skills. The Human Resources function over the last one year, has travelled a significant distance in digitalisation of all employee facing process and now all human resource process are available to employees on their mobile phones. This has ensured significant ease of access for the individual employee as well as helped the Human Resource function to deliver its services to the employees in a much faster and efficient manner.

DISCLOSURE UNDER THE HUMAN IMMUNODEFICIENCY VIRUS AND ACQUIRED IMMUNE DEFICIENCY SYNDROME (PREVENTION AND CONTROL) ACT, 2017

The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017 has been notified by the Central Government on September 10, 2018. Ms. Ritu Sharma was appointed Complaints Officer for meeting requirements of this Act. During the year under review, no complaints were received by the Complaints Officer**.**

ACKNOWLEDGEMENT

The Board of Directors acknowledge with gratitude the co-operation and assistance extended by its bankers, financial institutions, rating agencies, customers, associates, debenture holders, auditors, trustees, regulatory bodies and its 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 Limited

Pawan Munjal
Chairman
DIN: 00004223

Place: New Delhi
Date: May 25, 2020

Registered Office:
34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057
CIN : U74899DL1991PLC046774
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ANNEXURE-A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

The COVID-19 pandemic has spread across the world — leading to well above 5 million confirmed infections, over half a million deaths, enormous human suffering and a full stop on virtually all commercial and economic activities. The whole world is facing unprecedented times. Lockdowns are spreading across various countries accounting for over 50% of the world's gross domestic product (GDP). COVID-19 has caused disruptions in the world on an unimaginable scale. With the impact of this pandemic still to play out, the scenario of eerily empty high streets, shut factories and stores, and literally millions being rendered unemployed together point to a single outcome — extreme stress for the global economy of the kind not seen since the Great Depression.

INDIAN ECONOMY

In India too, which implemented a lockdown since 25 March 2020, the pandemic has created shocks ripping through society and the world of business. After a nationwide lockdown over 55 continuous days, the Government of India has announced lockdown 4.0 from 18 May 2020 till 31 May 2020. Containment zones in cities and metropolises continue to remain locked down and local authorities are to intensify focus on containment zones and the so-called 'buffer zones', with some relaxations in non-containment zones. Major issues faced during the lockdown are Sharp fall in revenue and profits, Unemployment and salary cuts, Labor migration, Liquidity, Capacity utilization, Logistics etc.

Efforts are being made to carefully open up economic activities including construction, factories, shops and stores across most parts of the country with adequate social distancing, use of masks and other stringent health protocols. Even so, returning to the pre-COVID-19 normal seems a long way away.

As per estimates from various economists of the Country, the real GDP growth will fall from 4.2% in FY2020 to (-)5% in FY2021. If it was to happen as predicted, this will represent the greatest fall in GDP growth since 1979-80, when real GDP growth plummeted from 5.7% in the previous year to (-)5.2%. According to this group of economists, Q1 FY2021 will show a sharp negative growth; Q2 FY2021 will see tortuous limping back; and H2 FY2021 will see a gradual pickup in growth which, unfortunately, may not be sufficient to prevent the full year's GDP from a sharp contraction.

In response, the Government of India announced a slew of wide-ranging reforms across varied sectors amidst a comprehensive package aggregating Rs. 20 lakh crore — or approximately 10% of nominal GDP — which covered among others (i) direct cash transfers and food security for vulnerable sections of society, (ii) collateral free loans and concessional credit to farmers and street vendors, (iii) enhancement of systemic liquidity by the Reserve Bank of India (RBI), (iv) special liquidity and partial credit guarantee scheme to provide liquidity to NBFCs, HFCs, MFIs and mutual funds, (v) 100% credit guarantee scheme for aggregate Rs. 3 lakh crore of emergency credit lines by banks and NBFCs to their MSME borrowers and (vi) subordinated debt and equity support to MSMEs.

The Government has also initiated compliance relief measures across various regulatory requirements. The RBI has also initiated several measures like reduction in policy rates, monetary transmission, credit flows to the economy and providing relief on debt servicing.

FINANCIAL SERVICE SECTOR AND DEVELOPMENTS

The financial services sector including the NBFCs and Banking sector was already impacted by the sub optimal GDP growth of the last two years followed by liquidity crisis. The option of moratorium and its extension will aid in nonrecognition (and essentially postponement) of NPAs for the sector. The borrowers making use of the moratorium facility would be typically more vulnerable relative to others. The collection efficiencies are on an average of 50 percent with a wide range, of negligible 1-2% for MFIs and upwards of 80% for home loan/gold loan companies. As a result, there would be a mismatch in easing of lockdown and gaining momentum in operations and concomitant impact on debt servicing.

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities.

With the slowdown in economic growth in FY20, credit growth to industry and services has been decelerating sharply. The domestic money market conditions were already tightened before this pandemic and the bond markets also witnessed a sharp rise in yields on the back of sustained Foreign Portfolio Investor (FPI) selling. Continuous redemption pressures and an overall risk aversion have elevated yields on all fixed income segments like commercial papers and corporate bonds. Moreover, the recent action of one of the mutual funds to shut six of its open-ended debt schemes created a panic in the money market. Thankfully, the RBI intervened and provided a special liquidity facility for mutual funds of up to Rs. 50,000 crore through commercial banks. While this will ease liquidity pressures on mutual funds and provide confidence to the financial system, it is going to have an impact on pricing and flow of funds in money market.

REGULATORY AND INDUSTRY DEVELOPMENTS

The NBFC sector continued to grow its share in the financial services industry. The importance of NBFCs in credit intermediation continued to grow, repayment default by a systemically important NBFC in September 2018 brought to focus asset-liability mismatches of the sector — where some NBFCs were more impacted than the others. To strengthen the asset-liability profile of the sector, RBI introduced a liquidity coverage ratio (LCR) requirement for all NBFCs with AUM of Rs. 5,000 crore and above. The LCR regulation mandates NBFCs to maintain a minimum level of high-quality liquid assets to cover expected net cash outflows in a stressed scenario. The regulation also stipulates that NBFCs should attain LCR of 100% in a phased manner over a period of four years starting December 2020. It is a welcome regulatory change and will significantly strengthen ALM profile of the NBFC sector.

COVID-19 further accentuated ALM challenges of the NBFC sector. The RBI's moratorium measures for customers is likely to put additional stress on many NBFCs. There is an asymmetry. On one hand, NBFCs have to offer such moratoriums to their customers; while on the other, their market borrowings must be repaid on due dates. To ease liquidity pressure on NBFCs, the RBI has taken multiple actions including a Targeted Long-Term Repo Operation (TLTRO) for the sector of Rs. 50,000 crore and a special financing window through SIDBI, NABARD and National Housing Bank (NHB) of another Rs. 50,000 crore to enable financing NBFCs. It remains to be seen whether the RBI will open a direct window to support the NBFC sector. The COVID-19 pandemic is also expected to result in a deterioration in the asset quality of the financial sector. NBFCs too will face similar pressures. A long-drawn lockdown or frequent lockdowns of economic activities may require the RBI to frame forbearance policies for impacted borrowers like a comprehensive one-time restructuring of loans without impacting asset classification. Such a one-time restructuring framework would enable financial sector to continue to lend and also provide customers adequate time to recover from the economic crisis and honour their obligations.

THE COMPANY

Hero FinCorp Limited is an NBFC with a diversified product portfolio. Its aim is to aid financial inclusion of the unserved and partnering the dreams of Indian entrepreneurs & businesses.

In the two wheeler segment, the Company has focused on customers who are left out of the banking network for reasons like limited documentation, limited credit history and hence are perceived as a high-risk category by the banking channels. Hero FinCorp Limited 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 financial inclusion.

The Company provides a bouquet of other financial products including used Car Financing, Loyalty Personal Loan, Inventory Funding, Loan Against Property, Loans to SMEs and Emerging Corporates.

Hero FinCorp Limited has set up a housing finance arm, namely, Hero Housing Finance Limited (wholly owned by Hero FinCorp Limited), to cater the housing needs and support in the Government's holistic mission of "Housing for All".

FINANCIAL AND OPERATIONAL PERFORMANCE

The Company always focus on three key principals - operating efficiency, customer centricity and skill up. Hero FinCorp Limited, has again shown a strong year of performance aided by a diversified portfolio mix, robust, volume growth, prudent management strategic initiatives. Following are the key financial parameters -

- Loans including leasing portfolio grew by 19% from Rs. 19,736 Crore on March 31, 2019 to Rs. 23,389 Crore on March 31, 2020.
- Total income has shown an impressive growth of 49% from Rs. 2,493 Crore in 2018-19 to Rs. 3,703 Crore in 2019-20.
- Profit before tax (PBT) increased by 16% from Rs. 413.66 Crore in 2018-19 to Rs. 480.93 crore in 2019-20.
- Profit after tax (PAT) registered an increase of 16% from Rs. 268.37 Crore in 2018-19 to Rs. 310.17 Crore in 2019-20.

SEGMENT WISE PERFORMANCE

Retail Business

The retail business is present at 938 dealerships at the end of Financial Year 2020. The services are now available at over 4,000+ touch points across 1,900+ cities.

The retail team has built the capacity to disburse a loan every 10 seconds and have serviced over 4.8 million two-wheeler happy customers as on March 31, 2020; an amazing achievement within a short span of less than 7 years. A total of over 13.5 Lakh of two wheeler loans were disbursed in the last financial year (12 Lakh in FY19) amounting to a total active customer base of around 3 Million and an asset book of approx. Rs. 7,956 Crore.

SME & Corporate Business

At present the Company is operating out of 50 Locations on the non-retail segment. The team built a capacity to process 800 applications including EMI & No EMI loans in a month. In FY20, Rs. 7,720 crore worth of loans were disbursed during the year under review. The Company has closed the year with an impressive SME & Corporate asset book of Rs. 11,875 crore.

BORROWINGS

During the year under review, the Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Commercial Papers, etc. The company sourced long-term debentures and bank term loans at competitive rates.

During the year, the Company borrowed to the tune of Rs. 24,933 Crore, including rollovers, to serve the business needs & disbursals. The borrowing book stood at Rs. 20,477 Crore as on March 31, 2020 against Rs. 16,419 Crore as at March 31, 2019.

The Company focused on diversified borrowing mix with inclination to borrow long-term money. the Company closed the borrowing mix (Long Term: Short) at 75:25 as on March 31, 2020 vs. 66:34 as on March 31, 2019.

Non-Convertible Debentures

During the year under review, your Company issued Secured/Unsecured Redeemable Non-Convertible Debentures ("NCDs") aggregating to Rs. 260 Crore on a private placement basis, in various tranches. The said NCDs are also listed on the National Stock Exchange of India Limited.

Commercial Papers

During the period under review, Commercial papers worth of Rs. 12,480 Crore were issued. Total Commercial paper outstanding as on March 31, 2020 was Rs. 2,930 Crore as against Rs. 4,085 Crore as on March 31, 2019.

Bank Lines

During the period under the review, the Company focused upon the bank borrowing and borrowed secured term loans of worth Rs. 6,000 Crore from different banks. Additionally, the Company maintained the working capital lines (secured and unsecured) over & above Rs. 3,200 Crore during the year under review.

ASSET LIABILITY MANAGEMENT (ALM)

FY20 was a tough year for NBFCs' owing to slowdown in the economy coupled with COVID-19. Additionally, with a bid to address the NBFCs asset liability mismatches and RBI introduced the liquidity coverage ratio (LCR) requirement for NBFCs with an asset size of Rs. 5,000 crore & above. The new regulation mandated these NBFCs to maintain a minimum level of high-quality liquid assets to cover expected net cash outflows in a stressed scenario. The regulation also stipulated that these NBFCs should attain LCR of 100 percent over a period of 4 years in the phased manner starting from December 2020. The Company is well equipped to adhere to these regulations.

The Company maintained strong asset liability management (ALM) position without compromising on the cost of funds.

Table below depicts the prudent ALM approach of the company towards the ALM management.

Contractual Asset Liability Management Mar-20 (Standalone)

Bucket	Cum. Mismatch (Rs. in Crore)	% age	RBI Limit
Up to 1m	+3,540	+401%	**Negative 20%**
1 to 3m	+3,706	+106%	
3 to 6m	+5,314	+108%	
6 to 12m	+3,473	+30%	
1-3 yr	+3,381	+18%	
3-5 yr	+2192	+10%	
Above 5 yr	-	0%	

CAPITAL ADEQUACY

Capital Adequacy Ratio (CAR) of 19.55% as on March 31, 2020, which is well above the RBI mandated of 15%. Tier I capital adequacy stood at 16.63% and Tier II capital adequacy was 2.92%. The Tier II capital adequacy also includes ECL provision of Stage I asset.

INFORMATION TECHNOLOGY

Hero FinCorp has been built to be a customer –centric organization and a leader in innovative digital products and technology. Continuing under this mandate, we are happy to report that in FY20 we have made significant strides and launched various robust platforms for customer acquisition, collections, and analytics. We have also built and commercialized innovative 'digital instant loan products'. Below are the details:

For our retail customers, we have launched a personal loan offering through Salesforce platform. This offering has multiple programs which enable quick, easy and transparent loan onboarding process. Further to make ourselves true-partners for every successive loan that existing customer may need, we implemented new and more efficient loan journey under our Loyalty Personal Loan product based on the same platform.

On the Corporate Business front, a customer acquisition system was made more robust by launching the acquisition process for businesses through Salesforce. For our bill discounting customers, we have launched a new portal from where they can directly raise the invoices for discounting. This portal also has self-servicing capabilities, which will enhance the customer experience. These will be the key enablers for quick scaling up of our unsecured and secured portfolios going forward.

To cater to the growing customer segment which is active on digital platforms and seek instant loan products, our Digital Vertical has launched a personal loan product – 'SimplyCash'. The offering is live in over 50 locations around the country and enables instant loan disbursals without any physical document sharing. This product has been built to accumulate scale very quickly, with acquisition based on agile marketing tactics, robust underwriting and data analytics to ensure quality of the book is maintained at all times.

To ensure that in non-optimal market scenario our book remains of high quality, we have launched a data analytics platform called 'Datalake' for all our products and lines-of-businesses (LOBs). This platform will enable effective data visualization and provide inputs for next-best-step analysis as a feed into acquisition and collections strategy. We have also increased the efficiency of our Corporate Collections processes by launching an upgraded collections platform.

RISK MANAGEMENT AND CONCERNS

Being in the business of financing and buying risk, Hero FinCorp Limited is exposed to credit, liquidity and interest rate risk; therefore, making the effective risk management framework becomes paramount. The Company has invested in people, processes and technology to mitigate risks posed by external environment and by its borrowers.

There are several other risks which could affect each of the functions of the Company. 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.

In accordance with the requirements of the Companies Act, 2013 and RBI Regulations, the Company, has adopted and formulated the 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 Risk Management Committee.

In order to mitigate the interest rate risk and liquidity risk, we have developed innovative resource mobilization techniques and prudent fund management practices, among others. Besides, superior credit rating of the Company's financial instruments enable us to raise funds at competitive rates. The Company's Asset Liability Management Committee regularly reviews the interest rate and liquidity risks.

INTERNAL CONTROL SYSTEMS

We have an independent Internal Audit function which is commensurate with its size and scale. It evaluates the adequacy of all internal controls and processes, and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework. The Company has further strengthened its Internal Audit function by investing in domain specialists to increase effectiveness of controls. The Audit Committee of the Board of Directors reviews the internal audit reports on regular basis and the adequacy and effectiveness of the internal controls.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

Our human capital is our most valuable asset. Our organization's commitment to its workforce is evident from the various employee centric policies and practices which cover the entire employee life cycle. Right from having a robust employee induction program to training and development, both classroom as well as digital, to several platforms for employee listening and engagement, CSR and talent initiatives. We ensure that we are constantly committed to nurture our workplace (we are already a Great Place To Work)In fact, we take pride in sharing that we have been certified as a Great Place to Work for the third year in a row while making it to top 25 BFSI as well as top 100 companies to work across India, second year in a row.

Believing in open and transparent communication, we regularly share organizational updates with all employees across locations. Communique is our monthly magazine through which we share a comprehensive snapshot of the various events across the organization, business updates as well as employee stories of learning and achievements. Through Suno Sunao – our employee listening pillar, various activities such as townhalls, skip levels, fresh eye clinics, HR policy sessions, 1:1 as well as branch visits are organized to stay connected with our employees throughout the year.

Learning and Development is another key pillar wherein we ensure that all employees undergo various training and assessments for their personal and profession development. Not only this, for our high potential talent pool, select employees go through customized leadership programs at various IVY league Colleges. A robust e-learning portal (also available on mobile app) allows our employees to learn and build their skills on the go.

Employee well-being, engagement and fun are important tenets of our organization and we organize a variety of events to ensure that our workforce is engaged and motivated. Be it festivals, birthdays or marathons, we bring our Hero Parivar together to participate frequently. Not to be missed are our Togetherness Fests - organized across zones – where employees and their families are invited for an evening full of engagement activities. These events give an opportunity to employees and their families to bond outside work and interact with the larger work family.

At Hero FinCorp Limited, employee recognition and promoting a culture of meritocracy is truly reflected in our reward program. We believe in encouraging employees to go the extra mile; recognizing their efforts and thanking them for their contributions.

And last but certainly not the least, our Corporate Social Responsibility pillar has launched a variety of employee volunteering programs to focus on building vocational skills, helping underprivileged students with their education dreams or counselling young students on their career options in this fast-paced world thereby helping them fulfil their aspirations. Furthermore, we have also had a host of events right from mural painting of a school to river cleaning at the ghats of Ganga or fulfilling Christmas wishes for children from various Asha centers. All this is synchronous with our organization's vision of fulfilling dreams and giving back to the society.

At the beginning of the year, we had 1459 on-roll employees and our count has grown to 1883 and our average employee age is 36 years as on March 31, 2020. People have been added across grades and several middle to senior managers have been added to strengthen the operating and leadership team. Our Company is compliant across all human resource linked policies as required by the Reserve Bank of India as well as the Government of India and values human capital as its most important resource.

SWOT ANALYSIS

SWOT ANALYSIS

Strengths

- Strong Brand Name (Hero)
- PAN India network
- Well defined scalable organizational structure, based upon product, territory and process knowledge
- Strong Financials with rapid growth in AUMs
- Experienced and stable senior management team
- Cost of borrowing being one of the lowest in the industry
- Strong relationships with public, private as well as foreign banks, institutions and investors
- More than 4.8 Million happy two wheeler customers
- Technology enabled disbursement process for two wheeler with minimum loan disbursal time of 10 seconds

Weaknesses

- Business growth and performance linked with macro-economic cycles
- Retail portfolios also likely to come under stress
- Securitization to face challenges amidst asset quality uncertainty

Opportunities

- Large untapped market, both rural and urban and also geographically
- Blurring gap between banks in terms of costs of funds
- On-boarding the customers on technology platform

Threats

- Moratorium provided to borrowers to cause cash flow disruptions; liquidity buffers likely to deplete
- Cost of funds inching higher
- Various Govt. schemes yet to provide support where it is needed

OUTLOOK

Year 2020 started on the bad note with the Reserve Bank of India (RBI) and the Central Statistics Office of the Government of India had revised the GDP growth rate downwards. The RBI changed its full year GDP growth estimate from an initial 7.2% to 5% in December 2019.

Economic events coupled with nationwide lockdown owing to COVID-19 can impact the capital flow pose multiple challenges like –

1. Providing the loan repayment moratorium borrower;
2. Maintaining the robust ALM;
3. Ensuring the timely repayment of debt obligations while loan asset repayment is under moratorium, etc.

To defy the negative consequences of COVID-19, the Government of India has taken series of measures to generate demand and ease the liquidity by ensuring public sector banks lend further to NBFCs, introducing partial credit guarantee scheme, organizing loan mela etc.

The Company has strong liquidity position, healthy Capital Adequacy Ratio, large customer base, granular geographical distribution. Further, for easing the liquidity pressure on NBFCs as mentioned earlier, the Reserve Bank of India has announced a Targeted Long-Term Repo Operation (TLTRO) for the sector of Rs. 50,000 Crore and a special financing window through SIDBI, NABARD and National Housing Bank (NHB) of another Rs. 50,000 Crore to enable financing NBFCs.

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.

ANNEXURE-B

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Corporate governance is the structure of rules, practices, and processes used to direct and manage a company. Corporate governance is the collection of mechanisms, processes and relations by which corporations are controlled and operated. Corporate Governance is all about maintaining a valuable relationship and trust with all the stakeholders. At Hero FinCorp, we consider stakeholders as partners in our success and remain committed to maximising stakeholders value, be it Customers, Employees, NGOs, Investors & Shareholders and Government & Regulatory Authorities. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. We believe that any business conduct can be ethical only when it rests on the six core values viz. Customer Value, Ownership Mindset, Respect, Integrity, One Team and Excellence.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Our corporate governance is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organisation. We are committed to meet the aspirations of all our stakeholders.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the Board of Directors, Board Committees, Finance, Compliance & Assurance teams, Auditors and the senior management.

In a nutshell, we believe Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving.

BOARD OF DIRECTORS

It is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board is committed to the goal of sustainably elevating the Company's value creation. The Company has defined roles and responsibilities of the Board and Committees Members to systematize the decision-making process at the meetings of the Board and Committees in an informed and efficient manner.

COMPOSITION OF THE BOARD

The Company's Board comprises of an appropriate combination of Executive and Non-Executive Directors. As on March 31, 2020, 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 cum 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	Category	No. of Board Meetings Held	No. of Board Meetings Attended	Whether attended last AGM	No. of other Directorships held (excluding Private Companies, Foreign Companies and Sec. 8 Companies)
Executive					
Mrs. Renu Munjal	Managing Director	6	6	Yes	1
Mr. Abhimanyu Munjal	Jt. Managing Director & CEO	6	6	Yes	1
Non-Executive					
Dr. Pawan Munjal	Director	6	6	Yes	2
Mr. Sanjay Kukreja	Director	6	6	Yes	Nil
Non-Executive and Independent					
Mr. Pradeep Dinodia	Independent Director	6	6	Yes	3
Mr. Vivek Chaand Sehgal *	Independent Director	6	2	N.A.	5
Mr. Dharmendar Nath Davar**	Independent Director	6	1	No	N.A.

* Mr. Vivek Chaand Sehgal was appointed as an Additional Director (Non-Executive and Independent Director) of the Company w.e.f. December 06, 2019.

**Mr. Dharmendar Nath Davar got retired from the directorship of the Company w.e.f. September 06, 2019.

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.

Mr. Abhimanyu Munjal is son of Mrs. Renu Munjal, Managing Director of the Company, Mrs. Renu Munjal is wife of Late Mr. Raman Kant Munjal son of Late Mr. Brijmohan Lall Munjal. Dr. Pawan Munjal, Chairman, is brother of Late Mr. Raman Kant Munjal.

NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

Details of shares held by non-executive directors (including independent directors) are as follows–

Name of Directors	Category	No. of shares held	Beneficiary
Dr. Pawan Munjal	Non-Executive Director	2,77,259	Self
		36,08,812	On behalf of Brijmohan Lal Om Parkash, Partnership Firm
		7,90,394	On behalf of Pawan Munjal Family Trust
Mr. Pradeep Dinodia	Non-Executive and Independent Director	1,90,978	Through relative

Apart from the above, none of the Non-Executive (including Independent) Directors hold any shares (as own or on behalf of any other person on beneficial basis) in the Company as on March 31, 2020.

INDEPENDENT DIRECTORS

The Companies Act, 2013 define an 'independent director' as a person who is not a promoter or employee or one of the key managerial personnel of the company or its subsidiaries. Further, the person should not have a material pecuniary relationship or transactions with the company or its subsidiaries, during the two immediate preceding financial years or during the current financial year, apart from receiving remuneration as an independent director.

We abide by these definitions of independent director and based on the disclosures received from all the independent directors and in the opinion of the Board, the independent directors fulfill the conditions specified in the Companies Act, 2013.

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee *inter alia* considers qualification, positive attributes, area of expertise and number of Directorship(s) and Membership(s) held in various committees of other companies and determining Directors' independence. The Board considers the Committee's recommendation and takes appropriate decision.

During the FY 2019-20, Mr. Vivek Chaand Sehgal (DIN: 00291126) was appointed as an Additional Director (Non Executive and Independent Director) of the Company w.e.f. December 06, 2019 in accordance with the provisions of Companies Act, 2013.

MEETING OF INDEPENDENT DIRECTORS

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. At such meetings, the independent directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, human resource matters and performance of the executive members of the Board, including the Chairman. During the year, the independent directors met without the presence of the Management.

PECUNIARY RELATIONSHIP

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

BOARD MEETINGS

During the Financial Year 2019-20, your Board met 6 (Six) times i.e. on April 24, 2019, July 25, 2019, October 21, 2019, November 01, 2019, December 26, 2019 and February 04, 2020. The gap between any two meetings has been less than one hundred and twenty days as required under Section 173 of the Companies Act, 2013.

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 operating plans and budgets and any updates;
- Capital Budgets and any updates;
- Quarterly, half yearly and annual results of the Company;
- Minutes of meetings of Audit Committee and other Committees of the Board of Directors;
- Show cause, demand, prosecution notices and penalty notices, which are materially important;
- Any material defaults in financial obligations to and by the Company for substantial non payments;
- Strategic business proposal or activities to be undertaken;
- Purchase and disposal of major fixed assets;
- Sale of material nature of investments and assets, which are not in the normal course of business;
- Reports on Internal Controls Systems, Internal Audit Reviews and Statutory Audit reviews etc;
- Related Party Transactions; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as non-payment of dividend, delay in share transfer etc.
- Internal Audit Plan/ Calendar etc.

INFORMATION SUPPLIED FOR BOARD/COMMITTEE MEETINGS

The agenda and corresponding notes to agenda for all Board and Committee meetings are circulated to Directors/Members in advance in a defined format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meetings. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirements stipulated under the Companies Act, 2013 ('Act'), Secretarial Standards on Meetings of the Board of Directors issued by The Institute of Company Secretaries of India and as per the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), wherever applicable.

MINUTES OF BOARD/COMMITTEE MEETINGS

Minutes of proceedings of each Board and Committee meetings are recorded and draft minutes are circulated to Board/Committee members for their comments and/or confirmation within 15 days from the date of the meeting. The inputs, if any, of the Board & Committee Members are duly incorporated in the minutes after which these are entered in the minutes book within 30 days from the date of meeting.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the reporting financial year, a separate meeting of the Independent Directors of the Company, was held on April 25, 2019, whereat the following items as enumerated under Schedule IV to the Companies Act, 2013 were discussed:

- Review of performance of Non-Independent Directors and the Board as a whole.
- Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- 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.
- Review of performance of Executive Directors & Non-Executive Directors.

SUBSIDIARY

During the financial year ended March 31, 2020, the Company has one wholly owned subsidiary company viz. Hero Housing Finance Limited.

BOARD LEVEL COMMITTEES

AUDIT COMMITTEE

Pursuant to the provisions of Companies Act, 2013 and NBFC Regulations, as applicable, your Company has a duly constituted Audit Committee and its composition are in line with the requirements of the Act, 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:

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Review and monitor the Auditor's independence and performance, and effectiveness of Audit process;
- Examination of the financial statement and the Auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters; and
- Operate the Vigil Mechanism in the Company.
- Reports on Internal Controls Systems, Internal Audit Reviews and Statutory Audit reviews etc;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as non-payment of dividend, delay in share transfer etc.; and
- Internal Audit Plan/ Calendar etc.

The Chairman of the Audit Committee is Mr. Pradeep Dinodia, Independent Director, being Practicing Chartered Accountant holding 41 years of experience, possesses rich & varied experience and knowledge in the field of finance. The other members of the Committee viz. Mrs. Renu Munjal and Mr. Vivek Chaand Sehgal, Independent Director, all learned and eminent personalities in their respective fields. All 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 April 24, 2019, July 25, 2019, October 21, 2019 and February 04, 2020 respectively. The constitution of the Audit 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. Pradeep Dinodia*	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Vivek Chaand Sehgal**	Member	4	1
Mr. Dharmendar Nath Davar***	Chairman	4	1

*Mr. Pradeep Dinodia was appointed as Chairman of the Committee w.e.f. October 21, 2019.

**Mr. Vivek Chaand Sehgal (DIN: 00291126) was appointed as Additional Director (Non-Executive and Independent Director) of the Company w.e.f. December 06, 2019 and also become the member of the Committee.

*** Mr. Dharmendar Nath Davar got retired from the directorship of the Company along with his position of Chairman from the Committee w.e.f. September 06, 2019.

In absence of Mr. Dharmendar Nath Davar, Mr. Pradeep Dinodia was present at the Annual General Meeting of the Company held on September 06, 2019, to answer the shareholders' queries, if any.

The Joint Managing Director & CEO and Chief Financial Officer 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 guidelines issued by Reserve Bank of India (RBI) on Asset Liability Management (ALM) System for NBFCs on June 27, 2001, your Company had constituted an Asset Liability Management Committee (ALM Committee) 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 Rs. 100 crore should have an ALM Committee to maintain the proper & adequate ALM systems. Mr. Pradeep Dinodia, is the Chairman of the Committee and possesses rich and varied experience and knowledge in the finance field. The other members viz. Mrs. Renu Munjal, Mr. Abhimanyu Munjal and Mr. Sanjay Kukreja, all learned and eminent personalities in their respective fields. All members of the Committee are also experienced and are heading the industrial and service sectors.

During the year under review, the ALM Committee met 4 (Four) times, i.e. on April 24, 2019, July 25, 2019, October 21, 2019 and February 04, 2020 respectively. The constitution of the ALM 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. Pradeep Dinodia*	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Abhimanyu Munjal	Member	4	4
Mr. Sanjay Kukreja	Member	4	4
Mr. Dharmendar Nath Davar**	Chairman	4	1

*Mr. Pradeep Dinodia was appointed as Chairman of the Committee w.e.f. October 21, 2019.

** Mr. Dharmendar Nath Davar got retired from the directorship of the Company along with his position of Chairman from the Committee w.e.f. September 06, 2019.

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

Pursuant to the Guidelines of Reserve Bank of India on Corporate Governance notified vide its circular dated May 8, 2007, every NBFC whose assets base is greater than Rs. 100 crore should have a Risk Management Committee to manage the integrated risk of the Company. In view of the same, Risk Management Committee was constituted 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 year under review, Risk Management Committee met 4 (Four) times, i.e. on April 24, 2019, July 25, 2019, October 21, 2019 and February 04, 2020 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. Pradeep Dinodia*	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Abhimanyu Munjal	Member	4	4
Mr. Sanjay Kukreja	Member	4	4
Mr. Dharmendar Nath Davar**	Chairman	4	1

*Mr. Pradeep Dinodia was appointed as Chairman of the Committee w.e.f. October 21, 2019.

** Mr. Dharmendar Nath Davar was retired from the directorship of the Company along with his position of Chairman from the Committee w.e.f. September 06, 2019.

NOMINATION & REMUNERATION COMMITTEE

In view of the provisions of Section 178 of the Companies Act, 2013 (the Act) and rules made thereunder, the Company has a duly constituted Nomination & Remuneration Committee and its composition are in line with the requirements of the Act, with two-third of the members being Non-Executive and Independent Directors.

The Nomination & Remuneration Committee was constituted on May 26, 2014 and the "Terms of Reference" are in consonance with the provisions of the Act :-

- 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;"

The Nomination & Remuneration Committee, as per the NBFC Regulations, to ensure 'fit and proper' status of the directors to be appointed/re–appointed and recommend their appointment/ re–appointment to the Board of Directors.

During the year under review, the Nomination & Remuneration Committee met 2 (Two) times i.e. on April 24, 2019 and February 04, 2020 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. Pradeep Dinodia*	Chairman	2	2
Dr. Pawan Munjal	Member	2	2
Mr. Abhimanyu Munjal**	Member	2	1
Mr. Vivek Chaand Sehgal***	Member	2	1
Mr. Dharmendar Nath Davar****	Chairman	2	0

* Mr. Pradeep Dinodia was appointed as Chairman of the Committee w.e.f. October 21, 2019.

** Mr. Abhimanyu Munjal was inducted as Committee member w.e.f October 21, 2019.

*** Mr. Vivek Chaand Sehgal (DIN: 00291126) was appointed as Additional Director (Non-Executive and Independent Director) of the Company w.e.f. December 06, 2019 and also become the member of the Committee.

**** Mr. Dharmendar Nath Davar got retired from the directorship of the Company along with his position of Chairman from the Committee w.e.f. September 06, 2019.

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 Sections 197 & 198 of the Companies Act, 2013, was paid for FY 2019-20.

The Non-Executive Directors of the Company are paid sitting fees of Rs. 50,000 for attending each meeting of the Board and Committees of the Board, other than the Committee of Directors. The Non-Executive Directors are also entitled to remuneration by way of commission aggregating upto 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Act in addition to the sitting fees.

The details of the remuneration paid / payable to Mrs. Renu Munjal, Managing Director and Mr. Abhimanyu Munjal, Joint Managing Director and Chief Executive Officer of the Company for the financial year ended March 31, 2020 are given below:

(Amount in Rupees)

Particulars	Mrs. Renu Munjal	Mr. Abhimanyu Munjal
Salary*	8,26,94,609	5,82,62,556
Contribution		
- Provident Fund	51,40,454	27,82,080
- Super Annuation Fund	64,25,568	-
Variable Pay	6,17,37,000	6,17,37,000
Total	**15,59,97,631**	**12,27,81,636**

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

The details of the remuneration paid to the Non-Executive Directors for the year ended March 31, 2020 are given below:

(Amount in Rupees)

Name of the Directors	Sitting Fees	Commission	Total
Dr. Pawan Munjal	4,50,000	-	4,50,000
Mr. Dharmendar Nath Davar	2,50,000	10,50,000	13,00,000
Mr. Pradeep Dinodia	13,50,000	15,00,000	28,50,000
Mr. Sanjay Kukreja	Nil	-	Nil
Mr. Vivek Chaand Sehgal	2,00,000	-	2,00,000

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

A formal evaluation of performance of the Board, its Committees, the Chairman and individual Directors was carried out by the Nomination & Remuneration Committee for FY 2019-20, details of which are provided in the Board's Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the provisions of sub-section (5) of section 178 of the Companies Act, 2013 and rules made thereunder, your Board of Directors had constituted Stakeholders Relationship Committee to specifically look into the debenture holders', 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, payment of interest/ principal amount to debenture holders, other lenders etc. Mr. Shivendra Suman, Head – Compliance and Company Secretary of the Company acts as Secretary/Compliance Officer of the Stakeholders Relationship Committee. 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, non-receipt of interest/ principal on debt instruments.
- To look into matters that can facilitate better security-holders services and relations.

During the year under review, the Stakeholders Relationship Committee met on April 24, 2019 and the Constitution of the Committee is as under:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Pradeep Dinodia	Chairman	1	1
Mrs. Renu Munjal	Member	1	1
Mr. Abhimanyu Munjal	Member	1	1

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In pursuance to the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company has a duly constituted Corporate Social Responsibility Committee responsible for formulation, recommendation and execution of the CSR Policy of the Company.

The terms of reference of the CSR Committee, inter-alia, include the following:

- Formulation of CSR Policy as specified in Schedule VII of the Companies Act, 2013 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 above; and
- Monitoring & oversight the implementation of the Policy.

During the year under review, the members of the Corporate Social Responsibility Committee met 2 (Two) times i.e. on April 24, 2019 and February 04, 2020 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
Mrs. Renu Munjal	Chairperson	2	2
Mr. Abhimanyu Munjal	Member	2	2
Mr. Pradeep Dinodia	Member	2	2
Dr. Pawan Munjal	Member	2	1
Mr. Dharmendar Nath Davar*	Member	2	0

* Mr. Dharmendar Nath Davar got retired from the directorship of the Company along with his position of Member from the Committee w.e.f. September 06, 2019.

IT STRATEGY COMMITTEE

Pursuant to RBI Master Direction-Information Technology Framework for the NBFC sector dated June 08, 2017, the Company has constituted an IT Strategy Committee on August 29, 2017 to review the IT strategies in line with the corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT governance.

During the year under review, the members of the IT Strategy Committee met 3 (Three) times i.e. on July 25, 2019, October 21, 2019 and February 04, 2020 respectively. The constitution of the IT Strategy 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. Pradeep Dinodia	Chairman	3	3
Mr. Abhimanyu Munjal	Member	3	3
Mr. Sanjay Kukreja	Member	3	3
Mr. Sajin Mangalathu	Member	3	3
Mr. Subhransu Mandal	Member	3	3

COMMITTEE OF DIRECTORS

The Committee of Directors deals with routine matters of the Company on day to day basis and 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, issue of commercial paper (CP) & other debt instrument and all other matters as prescribed and delegated to the Committee by the Board from time to time. The Committee comprises of Dr. Pawan Munjal, Mrs. Renu Munjal and Mr. Abhimanyu Munjal as its members.

This Committee generally meets as and when required to deal with day to day affairs of the Company. During the year under review, 17 (Seventeen) meetings of the Committee of Directors were held.

DISCLOSURES

RELATED PARTY TRANSACTIONS

In terms of Section 188(1) of the Companies Act, 2013, all related party transactions entered into by the Company during FY 2019-20 were duly approved by the Audit Committee. No approval of the Board was required as all the transactions were on arm's length basis and in the ordinary course of business. Disclosure of related party transactions as required under Indian Accounting Standard 24 (Ind AS-24) were, however, disclosed to the Board.

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

The policy on dealing with related party transactions is disclosed on the Company' website, link for which is https://www.herofincorp.com/company-policies.

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' website, link for which is https://www.herofincorp.com/company-policies. During the year under review, four 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 forms part of the Board's report.

ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

GENERAL BODY MEETINGS

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

DETAILS OF GENERAL MEETINGS (AGM):

Financial Year	Location	Day & Date & Time	Summary of Resolution(s) Passed
		Annual General Meeting	
2018-19	Jacaranda, India Habitat Centre, Lodhi Road, New Delhi -110003	Friday, September 6, 2019 at 3:00 P.M	**Special Resolution(s):** • Enhancement in the limit of Borrowings • To provide the security for securing the Borrowings
2017-18	Hotel The Grand, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi-110070	Friday, September 21, 2018 Time: 11:30 A.M.	**Special Resolution(s):** • Keeping of register of members and index of members at a place other than the registered office • Enhancement in the limit of Borrowings • To provide the security for securing the Borrowings • Issuance of Non- Convertible Debentures on Private Placement Basis
2016-17	Hotel ITC Sheraton, District Centre, Saket, New Delhi-110017	Friday, September 29, 2017 Time: 03:00 P.M.	**Special Resolution(s):** • Issuance of Non-Convertible Debentures on Private Placement basis

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

During the year, the Company has passed the following resolution through Postal Ballot:

Financial Year	Date of Postal Ballot Notice	Date of Postal Ballot Result	Summary of Resolution(s) Passed
2019-20	January 4, 2020	February 4, 2020	Issuance of securities on Preferential basis through Private Placement

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 (English) Newspaper & Jansatta (Hindi) Newspaper.

(c) Website, where displayed:

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

(d) Annual Report

The Annual Report containing, inter-alia, the audited financial statements (standalone & consolidated), Board's Report, Auditors' Report, Management Discussion and Analysis (MDA) report and other important information is circulated to shareholders and other stakeholders and is also available on the Company's website at www.herofincorp.com in the 'Investors' section on the following link - https://www.herofincorp.com/investor-relations/financial-performance

(e) Reminder to Investors

Periodical reminders for unclaimed shares and unpaid dividends are sent to shareholders as per records of the Company. These details are also uploaded on website of the Company at 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 (for the Financial Year 2019-20)

Day : Tuesday

Date : September 15, 2020

Time : 03:00 PM

Venue : The Company will conduct the meeting through VC / OAVM pursuant to the MCA Circular dated May 05, 2020, relevant details for which have been provided in the notice of AGM.

ii) Financial Year:

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

iii) Dividend Payment:

The Board has recommended dividend @ 25.50% i.e. Rs. 2.55/- per equity share of Rs. 10 each for the financial year 2019-20. This dividend as recommended by the Board, if approved by the shareholders at their 29th 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.

iv) Listing on Stock Exchange

The Non-Convertible Debentures issued on private placement basis and the Commercial Papers 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 2020-21 to the exchange within the stipulated time.

FINANCIAL CALENDAR

For the financial year ended March 31, 2020, the financial results of the Company were announced on:

a)	First quarter ended June 30, 2019	July 25, 2019
b)	Second quarter ended September 30, 2019	October 21, 2019
c)	Third quarter ended December 31, 2019	February 04, 2020
d)	Fourth quarter ended March 31, 2020	May 25, 2020

For the year ending March 31, 2021, the financial results of the Company are likely to be announced on (Tentative and Subject to Chagne):

a)	First quarter ending on June 30, 2020	Third week of July, 2020
b)	Second quarter ending on September 30, 2020	Second week of October, 2020
c)	Third quarter ending on December 31, 2020	Third week of January, 2021
d)	Fourth quarter ending on March 31, 2021	Second week of April, 2021

TABULAR DISTRIBUTION OF DIVIDEND PAYMENT SINCE 2012-13

Year	Dividend % age	Date of Declaration	Date of Payment	Last Date of claiming Unpaid Dividend
2018-19	42.50	06/09/2019	09/09/2019	06/10/2026
2017-18	28	21/09/2018	24/09/2018	21/10/2025
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

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020

Categories	No. of shares held			Percentage of Shareholding (%)
	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	Total nos. shares held	
1) Promoters' Holding	9,12,03,151	1,00,53,281	10,12,56,432	79.54
2) Non- Promoters' Holding	2,29,91,975	30,58,267	2,60,50,242	20.46
Grand Total			**12,73,06,674**	**100.00**

SHARE TRANSFER SYSTEM

The Share transfer job is being handled by the Registrar and Transfer Agent of the Company i.e. M/s. Link Intime India Private Limited. During the year 2019-20, 26,500 shares were transferred (including transmission) and the said transfers were affected within the prescribed period. Shares under objection were returned to respective shareholder.

Company's Registrar Details
Equity Shares
M/s Link Intime India Pvt. Ltd.
Plot Number NH-2, Noble Height, C1 Block, LSC
Near Savitari Market, Janakpuri, New Delhi-110058
Phone No. 011-41410592-94; Fax No. 011-41410591

Non-Convertible Debentures
KFin Technologies Private Limited
Selenium Tower B, Plot Nos. 31 & 32,
Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032
Phone: 040 -67162222, Fax: 040- 23001153

TRANSFER / TRANSMISSION / TRANSPOSITION OF SHARES:

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

- 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 (landline/ cell phone) 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 Company's website 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

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

DEMATERIALIZATION OF SHARES AND LIQUIDITY

As per the notification dated September 10, 2018 issued by Ministry of Corporate Affairs (MCA), made compulsory for every holder of the securities of unlisted public companies who intends to transfer such securities on or after October 2, 2018 shall get such securities dematerialized before the transfer or who subscribes to any securities of an unlisted public company (whether by way of private placement or bonus shares or rights offer) on or after October 02, 2018 shall ensure that all his existing securities are held in dematerialized form before such subscription.

The shares of the Company are traded in compulsory demat segment. As on March 31, 2020, 12,50,23,958 (98.21%) of the total share capital was held in dematerialized 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: 011-4604 4100, 011-4948 7150;
Fax: 011-2614 3321, 011-4948 7197

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:
Compliance & 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 31/03/2020
[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 49487150, Fax: +91 11 49487197
(vi)	Whether listed Company	No (Only Non-Convertible Debentures and Commercial Papers are listed on NSE)
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	**For Equity Shares:** Link Intime India Private Limited Noble Heights, 1st Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi - 110058 Tel: +91 11 4141 0592-94 **For Non-Convertible Debentures:** KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium Tower B, Plot Nos. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Phone: 040 -67161678, Fax: 040- 23001153

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)	6492	98.55%

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 Address: 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi 110057	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	
A. Promoter & Promoter Group									
(1) Indian									
a) Individual/HUF	348600	15399506	15748106	13.79	0	15748106	15748106	12.37	(1.42)
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.	1921968	73533077	75455045	66.07	0	83683633	83683633	65.74	(0.33)
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
Promoter Trust	0	0	0	0	0	1824693	1824693	1.43	1.43
Sub-total (A) (1):-	**2270568**	**88932583**	**91203151**	**79.86**	**0**	**101256432**	**101256432**	**79.54**	**(0.32)**
(2) Foreign									
a) NRIs – Individuals									
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
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	**2270568**	**88932583**	**91203151**	**79.86**	**0**	**101256432**	**101256432**	**79.54**	**(0.32)**
Public Shareholding									
1. **Institutions**									
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
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	47450	148618	196068	0.17	17000	151824	168824	0.13	(0.04)
ii) Overseas	0	14818018	14818018	12.98	0	17861936	17861936	14.03	1.05
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1791844	2194380	3986224	3.49	1383387	2611684	3995071	3.14	(0.35)
ii) Individual shareholders holding nominal share capital in excess Rs. 1 lakh	1212071	2446332	3658403	3.20	882329	2782455	3664784	2.88	(0.32)
c) Others-									
HUF	0	162899	162899	0.14	0	169324	169324	0.13	(0.01)
NRI	0	119858	119858	0.11	0	121203	121203	0.1	(0.01)
IEPF	0	52300	52300	0.05	0	69100	69100	0.05	0
Sub-total (B)(2):-	3051365	19942405	22993770	20.14	2282716	23767526	26050242	20.46	0.32
Total Public Shareholding (B)=(B)(1)+(B)(2)	**3051365**	**19942405**	**22993770**	**20.14**	**2282716**	**23767526**	**26050242**	**20.46**	**0.32**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
GRANDTOTAL (A+B+C)	**5321933**	**108874988**	**114196921**	**100**	**2282716**	**125023958**	**127306674**	**100**	**0**

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	301363	0.26	Nil	301363	0.24	Nil	(0.02)
2	Akshay Munjal	187324	0.16	Nil	187324	0.14	Nil	(0.02)
3	Aniesha Munjal	91704	0.08	Nil	91704	0.07	Nil	(0.01)
4	Annuvrat Munjal	342945	0.30	Nil	342945	0.27	Nil	(0.03)
5	Geeta Anand	99423	0.09	Nil	99423	0.08	Nil	(0.01)
6	Mukta Munjal	4500	0.00	Nil	4500	0.00	Nil	0.00
7	Pawan Munjal	277259	0.24	Nil	277259	0.22	Nil	(0.02)

8	Radhika Uppal	104805	0.09	Nil	104805	0.08	Nil	(0.01)
9	Rahul Munjal	224166	0.20	Nil	224166	0.18	Nil	(0.02)
10	Renu Munjal	410740	0.36	Nil	410740	0.32	Nil	(0.04)
11	Renuka Munjal	115904	0.10	Nil	16373	0.01	Nil	(0.09)
12	Santosh Munjal	315000	0.28	Nil	315000	0.25	Nil	(0.03)
13	Suman Kant Munjal	184534	0.16	Nil	184534	0.14	Nil	(0.02)
14	Shefali Munjal	45675	0.04	Nil	45675	0.04	Nil	0
15	Sunil Kant Munjal	314502	0.28	Nil	314502	0.25	Nil	(0.03)
16	Supria Munjal	190978	0.17	Nil	190978	0.15	Nil	(0.02)
17	Ujjwal Munjal	224420	0.20	Nil	224420	0.18	Nil	(0.02)
18	Vasudha Dinodia	190978	0.17	Nil	190978	0.15	Nil	(0.02)
19	Vidur Munjal#	0.00	0.00	Nil	99531	0.08	Nil	0.08
20	Santosh Munjal, Pawan Munjal, Renu Munjal, Suman Kant Munjal (on behalf of Brijmohan Lal Om Parkash, Partnership Firm)	12121886	10.61	Nil	12121886	9.52	Nil	(1.09)
21	Hero MotoCorp Ltd.	47032574	41.18	Nil	52431893	41.19	Nil	0.01
22	Hero InvestCorp Pvt. Ltd.	3286666	2.88	Nil	3433008	2.70	Nil	(0.18)
23	Bahadur Chand Investment (P). Ltd.	23213837	20.33	Nil	25896764	20.34	Nil	0.01
24	Munjal Acme Packaging Systems Pvt. Ltd	1921968	1.68	Nil	1921968	1.51	Nil	(0.17)
25	Renu Munjal (Trustee of RK Munjal and Sons Trust)*	0.00	0.00	Nil	790394	0.62	Nil	0.62
26	Pawan Munjal (Trustee of Pawan Munjal Family Trust)*	0.00	0.00	Nil	790394	0.62	Nil	0.62
27	Renuka Munjal (Trustee of Survam Trust)*	0.00	0.00	Nil	243905	0.19	Nil	0.19

*Included as promoter on account of preferential allotment

^The change in % of total shares of the Company between 01-04-2019 and 31-03-2020 is on account of allotment of shares, unless otherwise mentioned.

#included as promoter during the year 2019-20

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	47032574	41.18	47032574	41.18
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)				
	20.02.2020 (Allotment of Shares)		5399319	52431893	41.19
	At the End of the year			52431893	41.19
2.	**BAHADUR CHAND INVESTMENTS PRIVATE LIMITED**				
	At the beginning of the year	23213837	20.33	23213837	20.33
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)				
	20.02.2020 (Allotment of Shares)		2682927	25896764	20.34
	At the End of the year			25896764	20.34
3.	**HERO INVESTCORP PRIVATE LIMITED**				
	At the beginning of the year	3286666	2.88	3286666	2.88
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)				
	20.02.2020 (Allotment of Shares)		146342	3433008	2.70
	At the End of the year			3433008	2.70
4.	**RENU MUNJAL (TRUSTEE OF RK MUNJAL AND SONS TRUST)#**				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)				
	20.02.2020 (Allotment of Shares)		790394	790394	0.62
	At the End of the year		790394	790394	0.62
5.	**PAWAN MUNJAL (TRUSTEE OF PAWAN MUNJAL FAMILY TRUST)#**				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)				

	20.02.2020 (Allotment of Shares)		790394	790394	0.62
	At the End of the year			790394	0.62
6.	**RENUKA MUNJAL (TRUSTEE OF SURVAM TRUST)#**				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)				
	20.02.2020 (Allotment of Shares)	243905	0.19	243905	0.19
	At the End of the year			243905	0.19
7.	**RENUKA MUNJAL**				
	At the beginning of the year	115904	0.10	115904	0.10
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)	-	-	-	-
	21.05.2019 (Transfer of Shares)	(99531)	0.09	16373	0.01
	At the End of the year			16373	0.01
8.	**VIDUR MUNJAL$**				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc)	-	-	-	-
	21.05.2019 (Transfer of Shares)	99531	0.08	99531	0.08
	At the End of the year			99531	0.08

#Included as promoter on account of preferential allotment

$ Included as promoter during the FY 2019-20

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

Sr No.		Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
	Name of the Shareholder	**No. Of Shares Held**	**% Of Total Shares Of The Company**	**Date Of Transaction**	**Increase/ Decrease In Shareholding**	**No Of Shares Held**	**% Of Total Shares Of The Company**
1.	**OTTER LIMITED**						
	At beginning of the year (01.04.2019)	12057765	10.56	-	-	12057765	10.56
	Allotment			18 Mar 2020	824405 (Increase)	12882170	10.12
	At the end of the year (31.03.2020)					12882170	10.12

2.	**CREDIT SUISSE (SINGAPORE) LIMITED**						
	At beginning of the year (01.04.2019)	2760253	2.42	-	-	2760253	2.42
	Allotment			20 Feb 2020	170732 (Increase)	2930985	2.30
	At the end of the year (31.03.2020)					2930985	2.30
3.	**APIS GROWTH II (HIBISCUS) PTE. LTD**						
	At beginning of the year (01.04.2019)	0	0.00	-	-	0	0.0000
	Allotment			20 Feb 2020	2048781 (Increase)	2048781	1.61
	At the end of the year (31.03.2020)					2048781	1.61
4.	**VIKAS SRIVASTAVA** (Trustee of Link Investment Trust)						
	At beginning of the year (01.04.2019)	183620	0.16	-	-	183620	0.16
	Allotment			18 Mar 2020	12554 (Increase)	196174	0.15
	At the end of the year (31.03.2020)					196174	0.15
5.	**SALIL ANUPENDRA CHATURVEDI**						
	At beginning of the year (01.04.2019)	0	0.00	-	-	0	0.00
	Transfer			31 May 2019	104800 (Increase)	104800	0.08
	At the end of the year (31.03.2020)					104800	0.08
6.	**NEETI SINGH**						
	At beginning of the year (01.04.2019)	91350	0.08			91350	0.08
	At the end of the year (31.03.2020)					91350	0.07
7.	**HEMA AGARWAL**						
	At beginning of the year (01.04.2019)	90000	0.08			90000	0.08
	At the end of the year (31.03.2020)					90000	0.07
8	**VIVAAN JAJOO**						
	At beginning of the year (01.04.2019)	76560	0.06			76560	0.06

	Transfer			17 May 2019	(10560) (Decrease)	66000	0.05
	Transfer			24 May 2019	10560 (Increase)	76560	0.06
	At the end of the year (31.03.2020)					76560	0.06
9.	**RAJESH BALDEVRAJ CHOWDHRY**						
	At beginning of the year (01.04.2019)	73660	0.06			73660	0.06
	At the end of the year (31.03.2020)					73660	0.06
10.	**ASHOK KUMAR GUPTA**						
	At beginning of the year (01.04.2019)	71035	0.06			71035	0.06
	At the end of the year (31.03.2020)					71035	0.06
11.	**RAJEEV JUNEJA**						
	At beginning of the year (01.04.2019)	67512	0.06			67512	0.06
	At the end of the year (31.03.2020)					67512	0.05
12.	**ANISHA CHATURVEDI**						
	At beginning of the year (01.04.2019)	106272	0.09			106272	0.09
	Transfer			31 May 2019	(104800) (Decrease)		
	At the end of the year (31.03.2020)					1472	0.00

V) Shareholding of Directors and Key Managerial Personnel:

S. No.	**For Each of the Directors and KMP^**	**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@**
	At the beginning of the year				
1.	Dr. Pawan Munjal	277259	0.24	277259	0.24
2.	Mrs. Renu Munjal	410740	0.36	410740	0.36
3.	Mr. Abhimanyu Munjal	301363	0.26	301363	0.26
4.	Mr. Dharmendar Nath Davar#	-	-	-	-
5.	Mr. Pradeep Dinodia	-	-	-	-
6.	Mr. Sanjay Kukreja	-	-	-	-
7.	Mr. Vivek Chaand Sehgal*				

Shareholding of Key Managerial Personnel				
1. Mr. Jayesh Jain	-	-	-	-
2. Mr. Shivendra Suman	-	-	-	-

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

At the End of the year				
1. Dr. Pawan Munjal	277259	0.22	277259	0.22
2. Mrs. Renu Munjal	410740	0.32	410740	0.32
3. Mr. Abhimanyu Munjal	301363	0.24	301363	0.24
4. Mr. Dharmendar Nath Davar#	-	-	-	-
5. Mr. Pradeep Dinodia	-	-	-	-
6. Mr. Sanjay Kukreja	-	-	-	-
7. Mr. Vivek Chaand Sehgal*	-	-	-	-
Shareholding of Key Managerial Personnel				
1. Mr. Jayesh Jain	-	-	-	-
2. Mr. Shivendra Suman	-	-	-	-

^*individual shareholding in the Company*

Retired from the post of Independent Director w.e.f September 6, 2019

* Appointed as an Additional Director (Non-Executive and Independent Director) of the Company w.e.f December 6, 2019

@ The change in % of total shares of the Company between 01-04-2019 and 31-03-2020 is on account of Preferential Allotment of equity shares, unless otherwise mentioned.

V. INDEBTEDNESS:

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

(Rs. in crore)

Particular	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11,882.71	4,440.16	-	16,322.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	230.12	21.54	-	251.66
Total (i+ii+iii)	**12,112.83**	**4,461.70**	**-**	**16,574.53**
Change in Indebtedness during the financial year				
• Addition	11,623.95	12,998.42	-	24,622.37
• Reduction	6,590.20	13,964.60	-	20,554.80
Net Change	**5,033.75**	**(966.17)**	**-**	**4,067.58**
Indebtedness at the end of the financial year				
i) Principal Amount	16,916.46	3,473.99	-	20,390.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	237.76	23.15	-	260.91
Total (i+ii+iii)	**17,154.22**	**3,497.14**	**-**	**20,651.36**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Rs. in crore)

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	8.14	5.49	**13.63**
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.77	0.34	**1.11**
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	**-**
2.	Stock Option	-	-	**-**
3.	Sweat Equity	-	-	**-**
4.	Variable Pay			
	- as % of profit	6.17	6.17	**12.34**
	- others, specify...	-	-	**-**
5.	Others, please specify - Provident Fund	0.51	0.28	**0.79**
	Total (A)	**15.59**	**12.28**	**27.87**
	Ceiling as per the Act			**47.03**

*** Excluding Variable Pay disclosed separately**

B. Remuneration to other Directors:

(Amount in Rs.)

S. No.	Particulars of Remuneration	Name of Directors		
1.	Independent Directors	**Mr. Dharmendar Nath Davar@**	**Mr. Pradeep Dinodia**	**Mr. Vivek Chaand Sehgal#**
	• Fee for attending board / committee meetings	2,50,000	13,50,000	2,00,000
	• Commission	10,50,000	15,00,000	
	• Others, please specify			
	Total Amount	**13,00,000**	**28,50,000**	**2,00,000**
2.	Other Non Executive Directors	**Dr. Pawan Munjal**		**Mr. Sanjay Kukreja**
	Fee for attending board / committee meetings	4,50,000		-
	• Commission	-		-
	• Others, please specify	-		-
	Total Amount	**4,50,000**		**-**
	Overall ceiling as per the Act			**51.73 crore**

@ Retired from the post of Independent Director w.e.f September 6, 2019

Appointed as an Additional Director (Non-Executive and Independent Director) of the Company w.e.f December 6, 2019

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

(Rs. in crore)

S. No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL		
		Company Secretary	CFO	Total
		Mr. Shivendra Suman	Mr. Jayesh Jain	
1.	Gross salary	0.71	1.91	**2.62**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.71	1.91	**2.62**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	**-**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	**-**
2.	Stock Option	-	-	**-**
3.	Sweat Equity	-	-	**-**
4.	Commission - - as % of profit - - others, specify...	-	-	**-**
5.	Others, please specify	0.03	0.08	**0.11**
	Total	**0.74**	**1.99**	**2.73**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Not Applicable		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE – D

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2019-20

PURSUANT TO RULE 8 OF COMPANIES (CORPROATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 (TO BE INCLUDED IN THE BOARD'S REPORT)

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;

   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, www.herofincorp.com on the following link: https://www.herofincorp.com/investor-relations/company-policies

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

S. No.	Name	Designation
1.	Mrs. Renu Munjal	Chairperson
2.	Dr. Pawan Munjal	Member
3.	Mr. Pradeep Dinodia	Member
4.	Mr. Abhimanyu Munjal	Member

3. **Average Net Profit of the Company for last three financial years-**

   Rs. 199.96 crore (2016-17)

   Rs. 244.65 crore (2017-18)

   Rs. 369.48 crore (2018-19)

   Average for last 3 years Rs. 271.37 crore

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

   2% of Average – Rs. 5.43 crore

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

   (a) Total amount to be spent for the financial year : Rs. 5.43 crore

   Additional amount spent during the year: Rs. 10 crore*

   (b) Amount unspent, if any; NIL

   (c) Manner in which the amount spent during the financial year is detailed below.

(1) S. No	(2) CSR Project or activity Identified	(3) Sector in Which the Project is Covered#	(4) Projects or Programs 1. Local area or Other 2. Specify the State and district where projects or programs was Undertaken	(5) Amount outlay (budget) project or programs wise (Rs. crore)	(6) Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or Programs. 2. Overheads (Rs. crore)	(7) Cumulative Expenditure upto to the Reporting Period. (Rs. crore)	(8) Amount spent: Direct or through Implementing agency
1	Rotary Southend Charitable Trust	Promoting education, including special education and employment enhancing vocation skills	Delhi	0.150	0.150	0.150	Rotary Southend Charitable Trust
2	Illusion Studio	Towards promotion of employee volunteering in Saarthi	Delhi	0.001	0.001	0.001	Illusion Studio
3	Teacher training centre by RKMF@ Sidhrawali	Promoting education, including special education and employment enhancing vocation skills	Haryana	0.798	0.798	0.798	Raman Kant Munjal Foundation
4	HUNAR – Skilling youth through NSDC	Promoting education, including special education and employment enhancing vocation skills	Faridabad	0.220	0.220	0.750	Raman Kant Munjal Foundation
5	Smart Classes Infrastructure for RMVM School	Promoting education, including special education and employment enhancing vocation skills	RMVM, Sidhrawali, Haryana	0.140	0.140	1.090	Raman Kant Munjal Foundation

6	Dhancharcha	Promoting education, including special education	Across India	1.930	1.930	4.100	Raman Kant Munjal Foundation
7	Blind School Sports Meet	Training to promote nationally recognized sports, Paralympic sports and Olympic sports	Delhi	0.050	0.050	0.100	Indian Blind Sports Association
8	RKM Students Sponsorship amount	Promoting education, including special education and employment enhancing vocation skills	Across India	1.300	1.300	1.350	Raman Kant Munjal Foundation
9	Faculty / Student transportation Van for RMVM School	Promoting education, including special education and employment enhancing vocation skills	RMVM, Sidhrawali, Haryana	0.050	0.050	0.100	Raman Kant Munjal Foundation
10	She Speaks	Upliftment of women in society	Delhi	0.020	0.020	0.020	Aambra Foundation
11	CSR Desk at Togetherness Fest	Building awareness towards the CSR initiatives across employees and promoting employee volunteering	Mumbai, Kolkata	0.004	0.004	0.004	SFT Entertainment Technologies PVT LTD
12	Saarthi – Employee Volunteer Program	Promoting education, including special education and employment enhancing vocation skills	Across India	0.336	0.336	0.866	Raman Kant Munjal Foundation
13	Employee Volunteering	Employee volunteering for River Cleaning and School painting	Across India	0.243	0.243	0.243	Raman Kant Munjal Foundation / Nextgen

14	RMVM School Infrastructure Support	Promoting education, including special education and employment enhancing vocation skills	RMVM, Sidhrawali, Haryana	0.050	0.050	0.210	Raman Kant Munjal Foundation
15	Covid-19	Contributing towards nation building in midst of Covid-19 pandemic	Across India	0.225	0.225	0.225	Raman Kant Munjal Foundation
16	Prime Minister's National Relief Fund** or PM CARES Fund	Schedule VII (viii) PM's National Relief Fund or PM CARES Fund	Contribution to PM's Relief Fund and Disaster relief	10.000	10.000	10.000	Direct
	TOTAL			**15.520**	**15.520**	**20.007**	

Sector refers to the Entries specified in Schedule VII to the Companies Act, 2013.

*The Additional Contribution of Rs 10 crore was made towards PM Cares Fund with respect to Ministry of Corporate Affairs vide Office Memorandum No. CSR-05/1/2020-CSR-MCA dated 28.03.2020.

** The contribution of Rs 10 crore to the PM Cares fund was made on March 31, 2020, for utilizing the same towards CSR obligation arising in subsequent years.

- Illusion Studios is a creative design agency, technical production and post production capabilities to design and produce 3D Animation & Architectural Walkthroughs, visual effects for firms, television, commercials, cartoon series, education & interactive gaming with strong focus on digital 3D content.
- Southend is one of the premiere clubs of the Rotary District spanning Delhi and the NCR region. The club was formed in 1984 and has risen to great heights with in the Rotary community with dedicated service to the community and camaraderie amongst its members. The Rotary motto of Service Above Self is passionately pursued by Southend's unique philosophy of earnestly fulfilling community responsibilities and a passion for great fellowship and lasting friendship.
- Raman Munjal Vidya Mandir is an educational institution located in Sidhrawali Village in the Gurgaon District of Haryana, India. Situated at the 67th milestone on Delhi-Jaipur Highway (NH 8), the foundation was laid in 1992 by the Munjal Family. The institution was established in order to provide education to the rural people of nearby areas to help them attain a better lifestyle and to promote knowledge at the most basic level, something that can advance the whole country.
- Raman Kant Munjal Foundation is dedicated to enriching and energizing lives by helping the less privileged and thus enabling to build a happier and healthier community and society. Central to our belief is the relentless commitment towards empowering women in rural and under privileged parts of the country by encouraging and enabling them to not only be equipped with skills that allow financial independence but also holistic development that allows them to become better citizens. With it's key focus areas of Education, Skill Development , Women Empowerment and Community Development, the foundation has so far touched and positively impacted hundreds of lives in the backward regions of rural Haryana thereby putting women from these areas back into the mainstream. From its inception in 1992, coupled with the strong leadership of the Hero group, the foundation continues to thrive in bringing about a positive and sustainable change to the society and community.

- Indian Blind Sports Association is a non-profit organisation, was founded in 1986 as an outcome of the pioneering initiatives taken by the Blind Relief Association, Delhi, to develop and promote sports for blind youngsters. IBSA has since emerged as the premier national blindsports body in the country with 194 Affiliates in 25 States. It is the sole Indian Affiliate of the International Blind Sports Federation, the apex sports organization for blind sports in the world. It is also affiliated to the Paralympic Committee of India. Its primary office is in New Delhi, Delhi.
- AAMBRA Foundation is a Government of India registered Non Profit Organization, approved under section 80G of Income Tax Act 1961. AAMBRA came into formal inception in the year 2012 although it had been actively engaged in championing women's causes for quite some time. The Foundation has conducted several national level seminars; and consumer awareness and skill development workshops in New Delhi, free of cost, towards the wider objective of women empowerment through information dissemination and skill development. The foundation has been proactive in highlighting issues of contemporary relevance for the common Indian and also the, Government, bureaucracy, media and civil society.
- SFT Entertainment Technologies Pvt. Limited is a one stop key solution provider for all kind of coporate & entertainment events. It offers end to end event experience solution, while creating world class spectacles.

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.

This is to confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

Renu Munjal
Chairperson, CSR Committee &
Managing Director
DIN: 00012870

Place: New Delhi
Date: May 25, 2020

ANNEXURE – E

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[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 but listed on debt segment on National Stock Exchange. 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.
g) Some of the books and papers were verified through online means due to the prevailing lockdown (COVID-19) and due efforts have been made by the Company to make available all the relevant documents and records and by the Auditors to conduct and complete the audit in aforesaid lockdown conditions.

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 31st March, 2020 ("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 31st March, 2020 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; (SEBI Listing Regulations)

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 need to be further strengthened. Further, some of the forms filed with the Registrar of Companies and Reserve Bank of India were beyond the prescribed time by paying the additional fees/fine, as the case may be.

During the Audit Period, the Company has complied with the provisions of the Acts, Rules, Regulations and Guidelines listed above, to the extent applicable, except that:-

➢ *the Company filed Form ALM-2 and ALM-3 on October 31, 2019 with the Reserve Bank of India, for the quarter ended September 30, 2019, which were required to be filed on or before October 30, 2019.*

(vi) The Company primarily provides two-wheeler financing, pre-owned car financing, inventory funding, loan against property, loans to SMEs and emerging corporate 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 180(1)(c) of the Act, the Company in its Annual General Meeting held on September 06, 2019 has approved the limit of Borrowing upto Rs. 40,000 crore (Rupees Forty Thousand crore only); and
- pursuant to the provisions of Section 180(1)(a) of the Act, the Company in its Annual General Meeting held on September 06, 2019, passed a special resolution to provide the security for securing the borrowings within the overall borrowing limits fixed pursuant to Section 180(1)(c) of the Companies Act, 2013 i.e. Rs. 40,000 crore (Rupees Forty Thousand Crore only).
- the shareholders have given their consent by way of postal ballot dated February 03, 2020, to create, issue, offer and allot 1,31,09,753 (One Crore Thirty One Lakhs Nine Thousand Seven Hundred and Fifty Three) equity shares of face value of Rs. 10 (Rupees Ten) each of the Company on a preferential basis through private placement ("Proposed Preferential Allotment") at a premium of Rs. 810 (Rupees Eight Hundred Ten only) on such terms and conditions as may be agreed with the Proposed Subscribers.
- the Committee of Directors has made the following allotments:

  i. Allotment of 1,100 Secured, Rated, Redeemable NCDs of Face value Rs. 10 lakhs (Rupees Ten Lakhs) each aggregating to Rs. 110 crore (One Hundred and Ten crore) in the meeting held on June 20, 2019.

  ii. Allotment of 1000 NCDs face value of Rs. 10 lakhs (Rupees Ten Lakhs) each aggregating to Rs. 100 crore (Rupees Hundred crore) in the meeting held on December 20, 2019;

  iii. Allotment of 1000 Unsecured Rated Redeemable Subordinated (Tier-II) NCDs of face value of Rs. 10 lakhs (Rupees Ten Lakhs) each aggregating to Rs. 100 crore (Rupees One Hundred Crore) in the meeting held on February 05, 2020;

  iv. Allotment of 20,48,781 (Twenty Lakh Forty Eight Thousand Seven Hundred Eighty One) equity shares at a price of Rs. 820 (Rupees Eight Hundred Twenty) on a partly paid up basis for an amount of Rs. 460 (Rupees Four Hundred Sixty) per share on allotment, in the meeting held on February 20, 2020;

  v. Allotment of 10,224,013 (One Crore Two Lakh Twenty Four Thousand Thirteen) equity shares at a price of Rs. 820 (Rupees Eight Hundred Twenty) on a partly paid up basis for an amount of 460 (Rupees Four Hundred Sixty) per share on allotment in the meeting held on February 20, 2020;

  vi. Allotment of 250 Unsecured Rated Redeemable Subordinated (Tier-II) NCDs of face value of Rs. 10 lakhs (Rupees Ten Lakhs) each aggregating to Rs. 25 crore (Rupees Twenty Crore) in the meeting held on March 04, 2020;

  vii. Allotment of 836,959 (Eight Lakh Thirty Six Thousand Nine Hundred and Fifty Nine) equity shares at a price of Rs. 820 (Rupees Eighty Hundred Twenty) on partly paid up basis for an amount of Rs. 460 (Rupees Four Hundred Sixty) on allotment, in the meeting held on March 18, 2020.

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

Mohinder Paul Kharbanda
Partner
FCS No.: F2365, CP No.: 22192
UDIN: F002365B000276034

Date: May 25, 2020
Place: New Delhi

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 and
- 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.

(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 5% 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 Rs. 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 then industry pay. Focus on providing necessary and statutory benefits

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, 2020

S. No.	Particulars	ESOP Scheme 2017
1.	Options Granted	11,59,805
2.	Options Vested	NA
3.	Options Exercised	NA
4.	The total no. of shares arising as a result of exercise of option	NA
5.	Options Lapsed	1,48,607
6.	The Exercise Price	NA
7.	Variation of terms of Options	NA
8.	Total No. of Options in Force	10,11,198
9.	Employee wise details	NA
	i) Key Managerial Personnel	93,185
	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	Nil
	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	Nil

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

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 2019-20 (Rs. In crore)	% increase in Remuneration in FY 2019-20	Ratio of the remuneration to the median employee's remuneration
Executive Directors			
Mrs. Renu Munjal - Managing Director	15.59	10.72	215
Mr. Abhimanyu Munjal – Joint Managing Director & CEO	12.28	8.28	169
Non-Executive Directors			
Dr. Pawan Munjal	0.05	0	1
Mr. Sanjay Kukreja	-	-	-
Non-Executive and Independent Directors			
Mr. Pradeep Dinodia	0.29	3.57	4
Mr. Vivek Chaand Sehgal^	0.02	-	1
Mr. Dharmendar Nath Davar*	0.13	(27.7)	2
Employees & KMP			
Mr. Jayesh Jain – Chief Financial Officer	1.99	34.45	27.45
Mr. Shivendra Suman Head-Compalance & Company Secretary	0.74	54.45	10.21

^Appointed as an Additional Director (Non-Executive and Independent Director) of the Company w.e.f December 6, 2019

*Retired w.e.f September 6, 2019

1. The median remuneration of employees of the Company during the FY was Rs.7.25 lakhs.
2. Median salary of employees in current year has increased by 3.6% in comparison to the previous year.
3. The number of permanent employees on the rolls of Company as on March 31, 2020 was 1883 (previous year 1459).
4. Average percentage increase made in the salary of employees other than the managerial personnel in last FY i.e. 2019-20 was 10%.

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

   There is no exceptional increase in the managerial remuneration.
5. 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 Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Hero FinCorp Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020 the standalone statement of profit and loss (including other comprehensive income/ (loss)), standalone statement of changes in equity, standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income/ (loss), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of matter

As described in Note 42.2.3 to the standalone financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key audit matter	How the matter was addressed in our audit

Impairment allowance on loans to customers

Charge: Rs. 449.31 crores for year ended 31 March 2020

Provision: Rs. 880.75 crores at 31 March 2020

Refer to the accounting policies in "Note 3 to the standalone financial statements: Impairment of financial assets", "Note 2.4 to the standalone financial statements: use of estimates and judgements" and "Note 7 to the standalone financial statements: Loans"

Subjective estimate

Recognition and measurement of impairment of loans and advances involve significant management judgement.

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:

- Segmentation of loan book
- Determination of exposure at default
- Loan staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors

The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

Impact of COVID-19

On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:

Our key audit procedures included:

- Evaluated the appropriateness of the impairment principles used by the management based on the requirements of Ind AS 109 and our business understanding
- Understood management's processes, systems and controls implemented in relation to impairment allowance processparticularly in view of COVID-19 regulatory package.
- Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.
- Tested key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations in respect of the changes made to give effect to moratorium benefits policy approved by the Company.
- Involved our modeling specialist to understand the model methodology and reasonableness of the assumptions used., including management overlays.
- Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
- Tested the accuracy of key inputs used in the calculation and evaluating the reasonableness of the assumptions made.
- Changes to the modelling assumptions were assessed to confirm these were appropriate.
- Considered the adequacy of the Company's disclosure on impairment loss and key assumptions.

- Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;
- impact of the pandemic on the Company's customers and their ability to repay dues; and
- application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.

Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.

- Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.

IT Systems and Controls

The Company's key financial accounting and reporting processes are highly dependent on the information systems including automated controls in system, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.

We have identified "IT systems and controls" as key audit matter because of high level of automation, significant number of systems being used by the management and complexity of the IT systems.

Our key audit procedures included:

- We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.
- We have also tested design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of reports. Further, tested key control over user access management around various IT automated controls.
- Other areas that were independently assessed included password policies, security configurations, controls over changes to applications and databases and other business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, standalone profit/loss and other comprehensive income/ (loss), standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate

internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report 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 (including other comprehensive income/ (loss)), the statement of changes in equity and the statement of cash flows 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 Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 36.2 the 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 to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16), in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provision of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/ W-100022)

Manish Gupta
Partner
(Membership No. 095037)
UDIN: 20095037AAAABA2323

Place: Gurugram
Date: 25 May 2020

Annexure A referred to in our Independent Auditor's Report to the members of Hero FinCorp Limited on the standalone financial statements for the year ended 31 March 2020

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets verified in a phased manner at least once in three year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

(ii) The Company is a service company, primarily in the business of providing loans to its customers. Accordingly it does not hold any physical inventories. Thus, the provision of clause 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies and firms covered in the register maintained under section 189 of the Act. The Company has not granted any loans, secured or unsecured, to other parties covered in the register maintained under section 189 of the Act.

(a) The terms and conditions of the grant of above-mentioned loans are not prejudicial to the interest of the Company.

(b) The schedule for repayment of principal and interest on the loans are stipulated at the time of sanction of these loans, and accordingly, the principal and interest for these loans have been received regularly during the year; and

(c) There are no overdue amounts in respect of the loans granted to the parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii)(c) of the order is not applicable.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loan, guarantees and securities covered under section 185 of the Act. The Company has not made any investment as referred in section 186 (1) of the Act, other requirements relating to section 186 of the Act do not apply to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act, for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, cess, goods and services tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As informed to us, there were no dues for employees' state insurance and duty of customs during the year.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, cess, goods and services tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, following dues of Income-tax, cess and Value Added Tax have not been deposited with the appropriate authorities on account of dispute. According to the information and explanations given to us, there are no dues of goods and services tax and cess which have not been deposited with the appropriate authorities on account of dispute. Further, there were no dues payable in respect of duty of customs.

Name of the statute	**Name of the dues**	**Forum where dispute is pending**	**Period to which amount relates**	**Amount involved (INR in crores)**	**Amount unpaid (INR in crores)**
Income tax Act, 1961	Income tax	Commissioner (Appeals)	2013-14 2014-15	9.11	5.43
Income tax Act, 1961	Income tax	High Court, Delhi	2006-07 2009-10	0.33	0.18
Income tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2012-13	1.08	-
Income tax Act, 1961	Income tax	Commissioner (Appeal)	2016-17	202.87	177.68
Delhi Value added tax Act	Value added tax	Objection hearing authority (Trade and Tax department)	2013-14 2014-15 2015-16	0.32	0.32
Delhi Value added tax Act	Value added tax	Appellate VAT Tribunal, Trade and Taxes Delhi	2012-13	0.38	0.06

(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 financial institutions, banks or debenture holders. Further, the Company did not have any outstanding loans or borrowings from the government during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year. According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or 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 explanation 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) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records, 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 standalone financial statements etc. as required by the applicable Ind AS.

(xiv) According to the information and explanations given to us, the Company has complied with the requirements of Section 42 of the Companies Act in respect of the private placement of shares made during the year. Further, the amount raised has been used for the purpose for which funds were raised, to the extent utilized.

According to the information and explanation given to us, the Company has not made preferential allotment of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us, 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 B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/ W-100022)

Manish Gupta
Partner
(Membership No. 095037)
UDIN: 20095037AAAABA2323

Place: Gurugram
Date: 25 May 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Hero FinCorp Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph [2(A)(f))] und er 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Hero FinCorp Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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").

Management's and Board of Director' Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/ W-100022)

Manish Gupta
Partner
(Membership No. 095037)
UDIN: 20095037AAAABA2323

Place: Gurugram
Date: 25 May 2020

Standalone Balance Sheet as at March 31, 2020
(All amounts are in Rupees Crore except share data and unless otherwise stated)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Assets			
Financial assets			
Cash and cash equivalents	4	2,213.23	106.66
Bank balance other than cash and cash equivalents	5	0.52	0.55
Trade receivables	6	7.87	4.34
Loans	7	22,482.69	19,215.68
Investments	8	451.83	961.87
Other financial assets	9	30.28	51.44
Non-financial assets			
Current tax assets (net)	10	40.26	16.25
Deferred tax assets (net)	11	254.33	176.41
Property, plant and equipment	12	67.46	78.31
Right-of-use assets	12.1	49.98	-
Intangible assets	12.2	13.76	16.61
Other non-financial assets	13	24.20	23.73
Total assets		**25,636.41**	**20,651.85**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables	14		
- Total outstanding dues of micro enterprises and small enterprises; and		0.91	0.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises		160.63	116.17
Debt securities	15	5,231.98	6,781.25
Borrowings (other than debt securities)	16	14,610.11	9,117.52
Subordinated liabilities	17	548.35	424.10
Lease liabilities	18	51.99	-
Other financial liabilities	19	376.60	457.83
Non-financial liabilities			
Current tax liabilities (net)	20	60.14	33.53
Provisions	21	32.14	23.09
Other non-financial liabilities	22	36.09	31.83
Total liabilities		**21,108.94**	**16,985.34**

Equity			
Equity share capital	23	121.54	114.15
Other equity	24	4,405.93	3,552.36
Total equity		**4,527.47**	**3,666.51**
Total liabilities and equity		**25,636.41**	**20,651.85**
Significant accounting policies	**3**		
Notes to the standalone financial statements	**1 to 47**		

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta	**Pawan Munjal**	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Partner	Chairman	Managing Director	Jt.Managing Director & CEO	Director
Mem. No: 095037	(DIN: 00004223)	(DIN: 00012870)	(DIN: 02822641)	(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Standalone Statement of Profit and Loss for the year ended March 31, 2020 (All amounts are in Rupees Crore except share data and unless otherwise stated)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from operations	25		
Interest income		3,287.80	2,229.90
Dividend income		0.74	0.50
Profit on sale of investments		53.06	39.07
Rental income		12.03	17.48
Net gain on fair value changes		-	2.52
Insurance commission		11.09	0.48
Others charges		298.48	202.57
Total revenue from operations		**3,663.20**	**2,492.52**
Other income	26	39.42	-
Total income		**3,702.62**	**2,492.52**
Expenses			
Finance costs	27	1,539.84	1,119.96
Impairment allowance on loans	28	638.44	173.07
Employee benefits expenses	29	251.94	208.18
Depreciation and amortization	12	33.02	24.05
Other expenses	30	758.45	553.60
Total expenses		**3,221.69**	**2,078.86**
Profit before tax		**480.93**	**413.66**
Tax expense:	11		
(i) Current tax		248.48	198.05
(ii) Tax adjustment relating to earlier year		(0.12)	-
(iii) Deferred tax (credit) (net)		(77.60)	(52.76)
Total tax expense		**170.76**	**145.29**
Profit after tax		**310.17**	**268.37**
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of (losses) on defined benefit plans	33	(1.27)	(2.08)
Income tax impact on above	11	0.32	0.73
Other comprehensive income/ (loss) for the year, net of tax		**(0.95)**	**(1.35)**
Total comprehensive income/ (loss) for the year, net of tax		**309.22**	**267.02**
Earnings per equity share	31		
Basic (Rs.)		26.98	25.97
Diluted (Rs.)		26.79	25.92

Significant accounting policies	**3**
Notes to the standalone financial statements	**1 to 47**

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta	**Pawan Munjal**	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Partner	Chairman	Managing Director	Jt.Managing Director & CEO	Director
Mem. No: 095037	(DIN: 00004223)	(DIN: 00012870)	(DIN: 02822641)	(DIN: 00027995)

Jayesh Jain	**Shivendra Suman**
Chief Financial Officer	Company Secretary
(FCA: 110412)	(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Standalone Statement of Changes in Equity for the year ended March 31, 2020 (All amounts are in Rupees Crore except share data and unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
Equity share of Rs. 10 each, issued, subscribed and fully paid		
As at April 1, 2018	**98,445,621**	**98.45**
Issued during the year	15,652,561	15.65
As at March 31, 2019	**114,098,182**	**114.10**
Converted into fully paid up shares	96,944	0.10
As at March 31, 2020	**114,195,126**	**114.20**
Equity share of Rs. 10 each, issued, subscribed and partly paid (Rs. 5 each called up and paid up)		
As at April 1, 2018	**-**	**-**
Issued during the year	98,739	0.05
As at March 31, 2019	**98,739**	**0.05**
Issued during the year	-	-
Converted into fully paid up shares	96,944	0.05
As at March 31, 2020 *	**1,795**	**0.00**
Equity share of Rs. 10 each, issued, subscribed and partly paid (Rs. 5.60 each called up and paid up)		
As at April 1, 2018	**-**	**-**
Issued during the year	-	-
As at March 31, 2019	**-**	**-**
Issued during the year	13,109,753	7.34
Converted into fully paid up equity shares	-	-
As at March 31, 2020	**13,109,753**	**7.34**
As at March 31, 2020	**127,306,674**	**121.54**

* Absolute amount of Rs. 8,975 received towards partly paid up shares

Standalone Statement of Changes in Equity for the year ended March 31, 2020
(All amounts are in Rupees Crore except share data and unless otherwise stated)

B. Other Equity

Particulars	Reserves and surplus				Other comprehensive income/ (loss)	Stock options outstanding account	Share application money pending allotment*	Total
	Statutory reserve	Securities premium	General reserve	Retained earnings	Remeasurements of defined benefit plans			
As at April 1, 2018	**135.52**	**1,723.36**	**66.10**	**221.50**	**-**	**6.95**	**-**	**2,153.43**
Profit for the year	-	-	-	268.37	-	-	-	**268.37**
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(1.35)	-	-	**(1.35)**
Transfer to retained earnings	-	-	-	(1.35)	1.35	-	-	**-**
Total comprehensive income/ (loss) for the year	135.52	1,723.36	66.10	488.52	-	6.95	-	**2,420.45**
Dividend paid on equity shares	-	-	-	(29.77)	-	-	-	**(29.77)**
Dividend distribution tax	-	-	-	(6.12)	-	-	-	**(6.12)**
Transfer from retained earnings to statutory/ general reserve	53.68	-	26.84	(80.52)	-	-	-	**-**
Share issue expenses	-	(1.56)	-	-	-	-	-	**(1.56)**
Securities premium received	-	1,161.92	-	-	-	-	-	**1,161.92**
Share based payment charge	-	-	-	-	-	7.44	-	**7.44**
As at March 31, 2019	**189.20**	**2,883.72**	**92.94**	**372.11**	**-**	**14.39**	**-**	**3,552.36**
Profit for the year	-	-	-	310.17	-	-	-	310.17
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(0.95)	-	-	(0.95)
Transfer to retained earnings	-	-	-	(0.95)	0.95	-	-	-
Total comprehensive income/ (loss) for the year	189.20	2,883.72	92.94	681.33	-	14.39	-	3,861.58

Dividend paid on equity shares	-	-	-	(48.53)	-	-	-	(48.53)
Dividend distribution tax	-	-	-	(9.98)	-	-	-	(9.98)
Transfer from retained earnings to statutory/ general reserve	62.03	-	31.02	(93.05)	-	-	-	-
Share issue expenses	-	(1.08)	-	-	-	-	-	(1.08)
Share application money received	-	-	-	-	-	-	0.00	0.00
Securities premium received	-	599.32	-	-	-	-	-	599.32
Share based payment charge	-	-	-	-	-	4.62	-	4.62
As at March 31, 2020	**251.23**	**3,481.96**	**123.96**	**529.77**	**-**	**19.01**	**0.00**	**4,405.93**

* Absolute amount of Rs. 40,475 received towards partly paid up shares

Significant accounting policies **3**

Notes to the standalone financial statements **1 to 47**

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta
Partner
Mem. No: 095037

Pawan Munjal
Chairman
(DIN: 00004223)

Renu Munjal
Managing Director
(DIN: 00012870)

Abhimanyu Munjal
Jt.Managing Director & CEO
(DIN: 02822641)

Pradeep Dinodia
Director
(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Standalone Statement of Cash Flow for the year ended March 31, 2020 (All amounts are in Rupees Crore except share data and unless otherwise stated)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash flow from operating activities**		
	Profit before tax	**480.93**	**413.66**
	Adjustment for:		
	Depreciation and amortization	33.02	24.05
	Impairment allowance on loans	449.31	136.90
	Dividend income from investments	(0.74)	(0.50)
	Discount on commercial paper	276.74	306.46
	Settlement loss and bad debts written off	189.13	36.17
	Employee share based payment expense	5.06	8.80
	Net loss on sale of property, plant and equipment	4.19	3.14
	Interest on fixed deposit and alternative investment fund	(5.93)	(1.61)
	Interest on lease liability	4.64	-
	Net loss/ (gain) on fair value changes	12.66	(2.52)
	Profit on sale of investments	(53.06)	(39.07)
	Operating profit before working capital changes	**1,395.95**	**885.48**
	(Increase)/ decrease in trade receivables	(3.53)	1.44
	(Increase) in loans	(3,905.45)	(6,230.70)
	(Increase)/ decrease in bank balance other than cash and cash equivalents	0.03	(0.07)
	(Increase)/ decrease in other financial assets	21.16	(10.23)
	(Increase) in other non financial assets	(3.67)	(4.75)
	Increase/ (decrease) in other financial liabilities	(80.78)	95.70
	Increase in trade payables	45.35	43.97
	Increase in other non financial liabilities	4.25	6.05
	Increase in provisions	7.78	6.21
	Net cash flow (used in) operating activities before income tax	**(2,518.91)**	**(5,206.90)**
	Income tax paid (net of refund)	(245.78)	(185.53)
	Net cash flow (used in) operating activities (A)	**(2,764.69)**	**(5,392.43)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and other intangible assets	(21.74)	(20.45)
	Proceeds from sale of property, plant and equipment	8.69	9.14
	Dividend received	0.74	0.50
	Interest on fixed deposit and alternative investment fund	5.93	1.61
	Purchase of investments	(34,709.29)	(14,131.87)
	Sale of investments	35,409.74	13,469.06
	Investment in subsidiary	(150.00)	(200.00)
	Net cash flow (used in) from investing activities (B)	**544.07**	**(872.01)**

C.	**Cash flow from financing activities**		
	Proceeds from shares issue (including securities premium)	605.63	1,176.06
	Proceeds from debt securities	12,477.99	14,846.78
	Repayment of debt securities	(14,304.00)	(14,044.08)
	Proceeds from borrowings (other than debt securities)	12,068.27	6,288.88
	Repayment of borrowings (other than debt securities)	(6,575.67)	(1,985.01)
	Proceeds from subordinated liabilities	124.25	124.10
	Repayment of lease liability	(10.76)	-
	Dividend paid	(48.53)	(29.77)
	Dividend distribution tax	(9.98)	(6.12)
	Net cash flow from financing activities (C)	**4,327.20**	**6,370.84**
D.	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	**2,106.57**	**106.40**
	Cash and cash equivalents at the beginning of the year	106.66	0.26
	Cash and cash equivalents at the end of the year*	**2,213.23**	**106.66**
	*Components of cash and cash equivalents		
	Balances with banks (current accounts)	212.20	56.66
	Deposit with banks (original maturity less than three months)	2,001.03	50.00
		2,213.23	**106.66**

(i) The Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder. The borrowing from cash credit is revolving in nature and is disclosed on net basis under financing activities.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta	**Pawan Munjal**	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Partner	Chairman	Managing Director	Jt.Managing Director & CEO	Director
Mem. No: 095037	(DIN: 00004223)	(DIN: 00012870)	(DIN: 02822641)	(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Notes Forming Part of the Financial Statements
(All amounts are in Rupees Crore except share data and unless otherwise stated)

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 16 December 1991. The Company is registered as a Non-Banking financial (Non deposit accepting) Company, engaged in the business of financing, leasing, bill discounting and related financial services, with the Reserve Bank of India (Registration No. 14.00266). The address of the Company's registered office is 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057, India

Note 2: Basis of preparation

2.1 Statement of Compliance

These Standalone financial statements (herein after referred to as 'financial statements') have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act and Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The financial statements were authorized for issue by the Company's Board of Directors on May 25, 2020.

2.2 Basis of measurement and presentation

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as Net defined (asset)/ liability present value of defined benefit obligations, investments carried at fair value through profit or loss and share-based payments. The method used to measured fair value are discussed further in notes to financial statements.

The Balance Sheet, the Statement of Change in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

2.3 Functional and presentation currency

These financial statements are prepared in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest crores and two decimals thereof, except as stated otherwise.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements, assumptions and estimation uncertainties

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which have a significant impact on the carrying amount of assets and liabilities at each balance sheet date.

Business model assessment

Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Impairment of financial assets: The Company establishes criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is carried out in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment of financial instruments:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward looking information.

Effective Interest Rate (EIR) method

The Company's EIR methodology, recognizes interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

Measurement of defined benefit obligations: key actuarial assumptions

The measurement of obligations related to defined benefit plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases, withdrawal rate, mortality rates etc. The management has used the past trends and future expectations in determining the assumptions which are used in measurements of obligations.

Recognition of deferred tax assets: The Company has recognized deferred tax assets/ (liabilities) and concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the experience and future projections. The Company is expected to generate adequate taxable income for liquidating these assets in due course of time.

Recognition and measurement of provisions and contingencies: The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

2.5 Measurement of fair value

The Company's accounting policies and disclosures require/ may require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company measures financial instruments, such as, investments, at fair value at each reporting date. Also, fair value of financial instruments measured at amortized cost and FVTPL is disclosed in Note 41.

Note 3: Significant accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets - Classification

On initial recognition, a financial asset is classified as measured at either of:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset being 'debt instrument' is measured at the amortized cost, only if both of the following conditions are met and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met and is not designated as at FVTPL:

- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of

the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of Profit and Loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is recognized in Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to Statement of Profit and Loss.

Investment in subsidiaries

Investment in subsidiaries is recognized at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Derecognition

Financial asset – derecognition due to substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial asset – derecognition other than due to substantial modification

A financial asset, such as a loan to a customer, is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Derecognition - Financial liability

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its certain foreign currency risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and financial assets measured at FVOCI- debt investments. At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired 'when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- breach of contract such as a default or being past due.

The Company applies the ECL model in accordance with Ind AS 109 for recognizing impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been significant increase in credit risk. When determining whether the risk of default on the financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Company categories financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Impaired assets, i.e. more than 90 days past due

LGD estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrower will default on their obligation in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and make adjustments when such differences are significantly material.

The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss,

After initial recognition, trade receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognized at each reporting date, right from initial recognition of the receivables.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to Statement of Profit and Loss and is recognised in OCI.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(c) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the standalone statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(d) Property, plant and equipment

Initial recognition and measurement

The cost of an item of Property, plant and equipment is recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

Gains or losses arising from the retirement or disposal of a property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

The cost of fixed assets not ready for their intended use is recorded as capital work-in-progress before such date. Cost of construction that relate directly to specific fixed assets and that are attributable to construction activity in general and can be allocated to specific fixed assets are included in capital work-in-progress

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method as per useful life prescribed in Schedule II of the Act, and is generally recognised in the statement of profit and loss. Depreciation/ amortisation is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale.

Based on technical evaluation and assessment of useful lives, the management believes that its estimate of useful lives represent the period over which management expects to use these assets.

Depreciation method, assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets for review and adjusted residual life prospectively.

(e) Intangible assets

Initial recognition and measurement

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost of such assets includes purchase price, licensee fee, import duties and other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use. The Company’s other intangible assets mainly include the value of computer software.

Amortization methods, estimated useful lives and residual value

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss.

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

- Computer software – 6 years

Subsequent expenditure is recognized as an increase in the carrying amount of the assets are carried when it is probable that future economic benefit deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

(f) Impairment of non–financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Provisions and contingencies

A provision is recognized if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the year in which the change occurs.

(h) Revenue recognition

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion bases taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fee received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e the gross carrying amount less the allowance for ECLs).

Other financial charges

Penal interest or other overdue charges which are not included in EIR are recognised on receipt basis.

Dividend income

Dividend income is recognized when the right to received income is established. Usually, this is the ex-dividend date of quoted equity securities. This is generally when the shareholders approve the dividend.

Lease rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognized based on contractual terms.

Other Income (Service Income)

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognizes gains/losses on fair value change of financial assets measured as FVTPL and realized gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

(i) Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Benefits such as salaries, wages and bonus etc., are recognized in the Statement of Profit and Loss in the period in which the employee provides the related service.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident Fund: Provident fund is a defined contribution plan. The Company expenses its contributions towards provident fund which are being deposited with the Regional Provident Fund Commissioner.

Superannuation Fund: Contributions are made to a scheme administered by the Life Insurance Corporation of India to discharge superannuating liabilities to the employees, a defined contribution plan, and the same is expensed to the Statement of Profit and Loss. The Company has no liability other than its annual contribution.

Defined benefit plans

The Company's gratuity scheme is an unfunded defined benefit plan. The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The present value of obligations under such defined benefit plans are based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity period approximating to the terms of related obligations.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of actuarial gains and losses are recognized in other comprehensive income:

Other long term employee benefits

Benefits under compensated absences constitute other employee benefits. Employee entitlements to annual leave are recognized when they accrue to the eligible employees. An accrual is made for the estimated liability for annual leave as a result of services provided by the eligible employees up to the Balance Sheet date. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Expenses are recognized immediately in the Statement of Profit and Loss.

Share based payments

The Company recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 - Share-based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount.

Employee Stock Option Scheme

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognized in employee benefits expenses together with a corresponding increase in employee stock option outstanding account in other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Non– market performance conditions are reflected within the grant date fair value.

(j) Leases

Determining whether an arrangement contains a lease

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using incremental borrowing rates. Lease liability and ROU asset have been separately presented in the Balance Sheet.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases and has adopted modified retrospective approach in accordance with the standard, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, refer – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognized based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Transition to Ind AS 116

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor.

(k) Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

Deferred tax

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

(l) Foreign Currency Transactions

Transactions in foreign currency are translated into the functional currency of the Company at the exchange rates prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items are taken to the statement of profit and loss. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/ loss is taken to the Statement of Profit and Loss.

(m) Dividends on ordinary shares

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(n) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs).

All other borrowing costs are expensed in the period in which they occur.

(o) 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 which could have been issued on the conversion of all dilutive potential equity shares, expect where the results are anti-dilutive.

(p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is engaged in the business of financing, leasing and related financial services. Accordingly, the Company's activities/ business is reviewed regularly by the Jt. Managing Director assisted by an executive committee from an overall business perspective, rather than reviewing its products/ services as individual standalone components. Based on the dominant source and nature of risks and returns of the Company, management has identified its business segment as its primary reporting format.

(q) Statement of Cash flows

The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Note 4: Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks (current accounts)	212.20	56.66
Deposit with banks (original maturity less than three months)	2,001.03	50.00
Total	**2,213.23**	**106.66**

Note 5: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Dividend accounts (earmarked accounts)	0.52	0.55
Total	**0.52**	**0.55**

Note 6: Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	7.87	4.34
(iii) Receivables which have significant increase in credit risk	-	-
(iv) Receivables - credit impaired	-	-
	7.87	4.34
Less : Impairment loss allowance	-	-
Total	**7.87**	**4.34**

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Refer note 37 for receivables from related parties

Note 7: Loans

Particulars	As at March 31, 2020	As at March 31, 2019
A. Loans - Amortised cost		
Loans other than bill purchased and bill discounted	22,660.58	19,068.05
Bills purchased and bills discounted	698.59	623.83
Loans to employees	4.27	5.17
Total- Gross (A)	23,363.44	19,697.05
Less : Impairment loss allowance on loans	(880.75)	(481.37)
Total - Net (A)	**22,482.69**	**19,215.68**
B. Secured/ Unsecured		
(a) Secured by tangible assets	17,735.59	15,004.65
(b) Secured by other assets	2,075.85	1,236.04

(c) Unsecured	3,552.00	3,456.36
Total - Gross (B)	23,363.44	19,697.05
Less : Impairment loss allowance on loans	(880.75)	(481.37)
Total - Net (B)	**22,482.69**	**19,215.68**
C. Loans in India		
(a) Public sector	-	-
(b) Others	23,363.44	19,697.05
Total - Gross (C)	23,363.44	19,697.05
Less : Impairment loss allowance on loans	(880.75)	(481.37)
Total - Net (C)	**22,482.69**	**19,215.68**

Loans includes Rs. 342.78 (March 31, 2019: Rs. 233.40) receivable from private companies in which a director is a director or a member (also refer note 37).

Note 8: Investments

Particulars	As at March 31, 2020	As at March 31, 2019
A) In India		
At fair value through profit and loss account		
Equity instruments (quoted)		
1,370 (March 31, 2019: 1,370) shares of Rs. 2 each fully paid up in Hero MotoCorp Ltd	0.22	0.35
Equity instruments (unquoted)		
7,482,251 (March 31, 2019: 7,482,251) shares of Rs. 10 each fully paid up in Forum I Aviation Ltd	6.98	6.98
Preference instruments(quoted)		
18,000,000 (March 31, 2019: 18,000,000) preference shares of Rs. 5 each fully paid in 8% Kotak Mahindra Bank Limited	9.00	9.00
Alternative investment Fund (unquoted)		
542,626 (March 31, 2019: 824,430) units of Rs. 1,000 KKR India Debt Opportunity Fund II	35.63	91.57
Mutual funds (unquoted)		
Nil (March 31, 2019: 458,032.44) units of face value Rs. 1,000 each of Reliance Money Market Fund - Direct Plan - Growth	-	130.05
Nil (March 31, 2019: 486,173.47) units of face value Rs. 1,000 fully paid up of Kotak Money Market Scheme - Direct Plan - Growth	-	150.06
Nil (March 31, 2019: 26,872,473.99) units of face value Rs. 10 each of DSP Saving fund - Direct Plan - Growth	-	100.05
Nil (March 31, 2019: 359,902.41) units of face value Rs. 1,000 each of SBI Magnum Ultra Short Duration Fund - Direct Plan - Growth	-	150.05

Commercial paper (unquoted)		
Nil (March 31, 2019: 1500) units of Rs. 500,000 fully paid up of Axis Finance Limited	-	73.76
Others (Refer note 8.1 below)		
Equity instruments (unquoted) (at cost)		
250,000,000 (March 31, 2019: 250,000,000) shares of Rs. 10 each fully paid up in subsidiary (Hero Housing Finance Limited)	250.00	250.00
208,333,333 (March 31, 2019: Nil) shares of face value of Rs. 10 each Rs. 6 paid up in subsidiary (Hero Housing Finance Limited)	150.00	-
Total- Gross	451.83	961.87
Less: Allowance for impairment	-	-
Total- Net	**451.83**	**961.87**
Aggregate amount of quoted investments	9.22	9.35
Aggregate amount of unquoted investments	442.61	952.52
Aggregate book value of quoted investments	9.22	9.35

8.1 The Company has elected to account for investment in subsidiary at cost in accordance with Ind AS 27.

Note 9: Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, consider good unless otherwise stated		
Security deposits (at amortised cost)	3.80	3.81
Receivable from collection agency	2.71	46.80
Other receivable	23.77	0.83
Total	**30.28**	**51.44**

Note 10: Current tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax [net of provision for tax Rs. 599.30 (March 31, 2019: Rs. 401.42)]	40.26	16.25
Total	**40.26**	**16.25**

Note 11: Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax (a)		
Current year	248.48	198.05
Tax adjustment relating to earlier year	(0.12)	-
Deferred tax (b)		
Attributable to–		
Origination and reversal of temporary differences	(77.60)	(52.76)
Tax expense recognised in Statement of profit and loss	**170.76**	**145.29**

B. Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Deferred tax expense/ (benefit)	Net of tax	Before tax	Deferred tax expense/ (benefit)	Net of tax
Remeasurements of defined benefit liability	(1.27)	0.32	(0.95)	(2.08)	0.73	(1.35)

C. Reconciliation of effective tax expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**480.93**	**413.66**
Other comprehensive income/ (loss) for the year	(1.27)	(2.08)
Tax using the Company's domestic tax rate	120.72	143.82
Effect of:		
Opening due to change in rates	49.35	-
Non-deductible expenses and exempt income	0.75	0.90

Others	(0.38)	(0.16)
Effective tax expense	**170.44**	**144.56**

D. Recognised deferred tax assets/ (liabilities)

Deferred tax assets/ (liabilities) are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/ (liabilities)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provisions for employee benefit	8.18	8.13	-	-	8.18	8.13
Depreciation*	0.73	-	-	0.28	0.73	(0.28)
Impairment allowance on loans	208.41	140.28	-	-	208.41	140.28
Effect of EIR on interest income	31.56	31.15	-	-	31.56	31.15
Other temporary differences	13.42	7.55	7.97	10.42	5.45	(2.87)
Net deferred tax (assets)/ liabilities	**262.30**	**187.11**	**7.97**	**10.70**	**254.33**	**176.41**

E. Movement in deferred tax on temporary differences

	Balance as at April 1, 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	Balance as at March 31, 2019	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Balance as at March 31, 2020
Provisions for employee benefit	5.45	1.95	0.73	8.13	(0.27)	0.32	8.18
Depreciation*	(1.00)	0.72	-	(0.28)	1.01	-	0.73
Impairment allowance on loans	96.24	44.04	-	140.28	68.13	-	208.41
Effect of EIR on interest income	22.14	9.01	-	31.15	0.41	-	31.56
Other temporary differences	0.09	(2.96)	-	(2.87)	8.32	-	5.45
Net deferred tax (assets)/ liabilities	**122.92**	**52.76**	**0.73**	**176.41**	**77.60**	**0.32**	**254.33**

* Difference between Written Down Value (WDV) of property, plant and equipment and other intangible assets as per books and under Income Tax Act 1961.

Note 12: Property, plant and equipment

Particulars	Own use						Assets given on operating lease			Total
	Building	Plant and equipment	Furniture and fixtures	Vehicles	Data processing equipment	Office equipment	Plant and equipment	Computers	Vehicles	
Cost										
As at April 1, 2018	**3.58**	**0.97**	**0.63**	**17.15**	**25.52**	**1.31**	**8.27**	**0.07**	**57.01**	**114.51**
Additions during the year	-	-	1.07	4.83	7.64	1.87	-	-	-	15.41
Disposals during the year	-	0.14	0.18	1.94	0.09	0.07	8.27	-	9.08	19.77
As at March 31, 2019	**3.58**	**0.83**	**1.52**	**20.04**	**33.07**	**3.11**	**-**	**0.07**	**47.93**	**110.15**
Additions during the year	-	0.11	0.28	9.95	9.14	0.87	-	-	-	20.35
Disposals during the year	-	-	-	1.51	0.02	0.01	-	0.07	18.31	19.92
As at March 31, 2020	**3.58**	**0.94**	**1.80**	**28.48**	**42.19**	**3.97**	**-**	**-**	**29.62**	**110.58**
Depreciation										
As at April 1, 2018	**0.06**	**0.08**	**0.06**	**2.25**	**5.92**	**0.27**	**2.88**	**-**	**7.98**	**19.50**
Disposals during the year	-	0.02	0.04	0.65	0.04	0.05	4.61	-	2.08	7.49
Depreciation charge for the year	0.06	0.08	0.11	2.57	7.52	0.43	1.73	-	7.33	19.83
As at March 31, 2019	**0.12**	**0.14**	**0.13**	**4.17**	**13.40**	**0.65**	**-**	**-**	**13.23**	**31.84**
Disposals during the year	-	-	-	0.42	0.02	-	-	-	6.61	7.05
Depreciation charge for the year	0.05	0.07	0.17	3.28	8.77	0.71	-	-	5.28	18.33
As at March 31, 2020	**0.17**	**0.21**	**0.30**	**7.03**	**22.15**	**1.36**	**-**	**-**	**11.90**	**43.12**
Net carrying amount										
As at March 31, 2019	**3.46**	**0.69**	**1.39**	**15.87**	**19.67**	**2.46**	**-**	**0.07**	**34.70**	**78.31**
As at March 31, 2020	**3.41**	**0.73**	**1.50**	**21.45**	**20.04**	**2.61**	**-**	**-**	**17.72**	**67.46**

12.1. Right-of-use assets

Particulars	Building
Cost	
As at March 31, 2019	**-**
Reclassified on account of adoption of Ind AS 116	49.96
Additions during the year	9.78
Disposals during the year	0.16
As at March 31, 2020	**59.58**
Accumulated amortization	
As at March 31, 2019	**-**
Disposals during the year	0.01
Amortization charge for the year	9.61
As at March 31, 2020	**9.60**
Net carrying amount	
As at March 31, 2019	-
As at March 31, 2020	**49.98**

12.2. Intangible assets

Particulars	Computer software
Cost	
As at April 1, 2018	**19.93**
Additions during the year	6.34
Disposals during the year	-
As at March 31, 2019	**26.27**
Additions during the year	2.22
Disposals during the year	-
As at March 31, 2020	**28.49**
Accumulated amortization/ impairment	
As at April 1, 2018	**5.44**
Disposals during the year	-
Amortization charge for the year	4.22
As at March 31, 2019	**9.66**
Disposals during the year	-
Amortization charge for the year	5.07
As at March 31, 2020	**14.73**
Net carrying amount	
As at March 31, 2019	**16.61**
As at March 31, 2020	**13.76**

Note 13: Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, consider good unless otherwise stated		
Capital advances	4.31	6.02
Prepaid expenses	15.38	14.84

Others	4.51	2.87
Total	**24.20**	**23.73**

Note 14: Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	0.91	0.02
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	160.63	116.17
Total	**161.54**	**116.19**

14.1 Disclosures relating to Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.91	0.02
(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	-	-
Total	**0.91**	**0.02**

14.2 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 15: Debt securities

Particulars	As at March 31, 2020	As at March 31, 2019
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 15.1, 15.2, 15.3 and 15.4 below)	2,381.34	2,790.19
Unsecured		
Commercial papers (refer note 15.5 and 15.6 below)	2,850.64	3,991.06
Total	**5,231.98**	**6,781.25**

15.1 22,170 (March 31, 2019: 26,410) privately placed secured redeemable fully paid non-convertible debentures of Rs. 1,000,000 each aggregating Rs. 2,217.00 (March 31, 2019: Rs 2,641.00) carry interest rate ranging from 7.60% p.a. to 9.60% p.a. (March 31, 2019: 7.60% p.a. to 9.60%). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

15.2 1,000 (March 31, 2019: 1,000) privately placed secured redeemable fully paid non-convertible debentures of Rs. 6,50,000 each aggregating Rs. 65.00 (March 31, 2019: Rs. 100.00 [Face Value - Rs. 1,000,000]) carry interest rate of 9.23% p.a. (March 31, 2019: 9.23%). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

15.3 2,500 (March 31, 2019: 2,500) privately placed secured redeemable partly paid non-convertible debentures of Rs. 1,000,000 each paid up to the extent of Rs. 4,00,000 aggregating Rs. 100.00 (March 31, 2019: paid up to the extent of Rs. 2,00,000 aggregating Rs. 50.00) carry interest rate of 9.55% p.a. (March 31, 2019: 9.55% p.a.). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

15.4 Terms of privately placed secured redeemable non convertible debentures.

Tenor from the date of balance sheet	Periodicity	As at March 31, 2020	As at March 31, 2019
>60 months	Bullet payment	100.00	50.00
>36 < = 48 months	Bullet payment	-	85.00
>24 < = 36 months	Bullet payment	295.00	232.00
>24 < = 36 months	Annual	-	30.00
>12 < = 24 months	Bullet payment	232.00	1,690.00
>12 < = 24 months	Annual	30.00	35.00
Up to 12 months	Bullet payment	1,690.00	634.00
Up to 12 months	Annual	35.00	35.00
Less: Adjustments towards EIR		(0.66)	(0.81)
Total		**2,381.34**	**2,790.19**

15.5 Commercial papers are repayable within 12 months and issued at a discount rate ranging from 5.70% p.a. to 8.15% p.a. (March 31, 2019: 7.60% p.a. to 9.32% p.a.)

15.6 Pursuant to SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, the Company has listed all the Commercial Papers on National Stock Exchange (NSE) outstanding as on January 1, 2020, within the timelines as given in the circular.

15.7 No non-convertible debentures and commercial papers is guaranteed by directors and / or others.

15.8 During the period presented there were no defaults in the repayment of principal and interest.

Note 16: Borrowings (other than debt securities)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Term loan from banks (Secured) (refer note 16.1)	12,176.36	7,431.67
External commercial borrowing (Secured) (refer note 16.3)	200.00	200.00

Loan repayable on demand from banks		
- Cash credit (Secured) (refer note 16.2)	833.75	1,070.85
- Working capital demand loans (Secured) (refer note 16.2)	1,325.00	390.00
- Working capital demand loans (Unsecured) (refer note 16.2)	75.00	25.00
Total	**14,610.11**	**9,117.52**
Borrowing in India	14,410.11	8,917.52
Borrowing outside India	200.00	200.00
Total	**14,610.11**	**9,117.52**

16.1 Secured term loans from banks aggregating Rs. 12,180.83 (March 31, 2019: Rs. 7,431.67) carrying interest rate ranging from 7.80% p.a. to 9.50% p.a (March 31, 2019: 8.30% p.a. to 10.00% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

Tenor from the date of balance sheet	Periodicity	As at March 31, 2020	As at March 31, 2019
> 60 months	Semi annually	-	40.00
>48 < = 60 months	Bullet	100.00	-
>48 < = 60 months	Annual	165.00	60.00
>48 < = 60 months	Semi annually	442.78	686.25
>48 < = 60 months	Quarterly	211.11	80.00
>48 < = 60 months	Monthly	105.26	-
>36 < = 48 months	Bullet	190.00	-
>36 < = 48 months	Annual	225.00	60.00
>36 < = 48 months	Semi annually	1,040.69	1,251.25
>36 < = 48 months	Quarterly	438.89	267.50
>36 < = 48 months	Monthly	105.26	-
>24 < = 36 months	Bullet	430.00	300.00
>24 < = 36 months	Annual	225.00	10.00
>24 < = 36 months	Semi annually	1,265.69	1,363.75
>24 < = 36 months	Quarterly	930.56	475.83
>24 < = 36 months	Monthly	105.26	-
>12 < = 24 months	Bullet	580.00	300.00
>12 < = 24 months	Annual	175.00	60.00
>12 < = 24 months	Semi annually	1,311.53	991.25
>12 < = 24 months	Quarterly	1,218.06	459.17
>12 < = 24 months	Monthly	105.26	-
Up to 12 months	Bullet	400.00	250.00
Up to 12 months	Annual	100.00	60.00
Up to 12 months	Semi annually	1,046.81	457.50
Up to 12 months	Quarterly	1,184.72	259.17
Up to 12 months	Monthly	78.95	-
Less: Adjustments towards EIR		(4.47)	-
Total		**12,176.36**	**7,431.67**

16.2 The cash credit facilities are repayable on demand and carry interest rates ranging from 7.50% p.a. to 9.75% p.a. (March 31, 2019: 8.30% p.a. to 11.05% p.a). Working capital demand loans are repayable on demand and carrying interest rates ranging from 7.00% p.a. to 8.75% p.a. (March 31, 2019: 8.25% p.a to 8.80%). 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. The secured facilities are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

16.3 External commercial borrowings carry interest rate of 8.71% p.a.(March 31, 2019: 8.71% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

Tenor from the date of balance sheet	Periodicity	As at March 31, 2020	As at March 31, 2019
>24 < = 36 months	Bullet	-	200.00
>12 < = 24 month	Bullet	200.00	-

16.4 No term loans, cash credit, working capital demand from banks and any other borrowing is guaranteed by directors and / or others.

16.5 During the periods presented, there were no defaults in the repayment of principal and interest.

Note 17: Subordinated liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Subordinated liabilities (unsecured) in India		
Redeemable non-convertible debentures-Tier II (refer note 17.1 and 17.2 below)	548.35	424.10
Total	**548.35**	**424.10**

17.1 Terms of privately placed unsecured redeemable non-convertible debentures-Tier II .

Tenor from the date of balance sheet	As at March 31, 2020	As at March 31, 2019
>60 months#	550.00	425.00
Less: Adjustments towards EIR	(1.65)	(0.90)
Total	**548.35**	**424.10**

Term of repayment is bullet

17.2 5,500 (March 31, 2019: 4,250) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 1,000,000 each aggregating Rs. 550.00 (March 31, 2019: Rs. 425.00) carrying interest ranging from 8.49% p.a. to 9.81% p.a. (March 31, 2019: 8.52% p.a. to 9.81% p.a.) and are subordinated in nature of claim.

17.3 No subordinate debts is guaranteed by directors and /or others.

17.4 During the period presented there were no defaults in the repayment of principal and interest.

Note 18: Lease liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities (Refer note 40)	51.99	-
Total	**51.99**	**-**

Note 19: Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on :		
- Debt securities	219.97	216.00
- Borrowings	17.81	14.13
- Subordinated liabilities	23.13	21.53
Unclaimed dividend (refer note 19.1 below)	0.52	0.55
Book overdrafts	1.01	53.02
Other payables		
Payable on purchase of property, plant and equipment and other intangible assets	1.07	1.95
Salaries and wages payable	35.94	30.96
Security deposits	0.30	0.42
Loans pending disbursement	14.48	63.08
Margin money from customers	25.08	24.12
Others	37.29	32.07
Total	**376.60**	**457.83**

19.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2020 and March 31, 2019 which are required to be credited to the Investor Education and Protection Fund.

Note 20: Current tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for income tax [net of advance tax Rs. 188.34 (March 31, 2019: Rs.164.46)]	60.14	33.53
Total	**60.14**	**33.53**

Note 21: Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Provision for gratuity (refer note 33.2)	17.00	12.09
- Provision for compensated absences (refer note 33.3)	15.14	11.00
Total	**32.14**	**23.09**

Note 22: Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Unamortised interest on margin money deposits	11.02	12.72
Statutory dues payable	25.07	19.11
Total	**36.09**	**31.83**

Note 23: Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs. 10 each	150,000,000	150.00	150,000,000	150.00
	150,000,000	**150.00**	**150,000,000**	**150.00**
Issued				
Equity shares of Rs. 10 each	127,306,674	127.31	114,196,921	114.20
	127,306,674	**127.31**	**114,196,921**	**114.20**
Subscribed				
Equity shares of Rs. 10 each (fully paid up)	114,195,126	114.20	114,098,182	114.15
Equity shares of Rs. 10 each (partly paid up: Rs. 5 each)*	1,795	0.00	98,739	-
Equity shares of Rs. 10 each (partly paid up: Rs. 5.60 each)	13,109,753	7.34	-	-
Total	**127,306,674**	**121.54**	**114,196,921**	**114.15**

* Absolute amount of Rs. 8,975 received towards partly paid up shares

23.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of Rs. 10 each (Fully Paid up)				
Opening balance	114,098,182	114.10	98,445,621	98.45
Issued during the year Rs. 10 each (fully paid up)	-	-	15,652,561	15.65
Converted into fully paid up during the year (fully paid up)	96,944	0.10	-	-
Equity shares of Rs. 10 each (partly paid up: Rs. 5 each)				
Opening balance	98,739	0.05	-	-
Converted into fully paid up share during the year Rs. 10 each	(96,944)	(0.05)	98,739	0.05

Equity shares of Rs. 10 each (partly paid up: Rs. 5.60 each)				
Opening balance	-	-	-	-
Issued during the year Rs.10 each (partly paid up: Rs. 5.60 each)	13,109,753	7.34	-	-
Outstanding at the end of the year	**127,306,674**	**121.54**	**114,196,921**	**114.15**

23.2 During the current year, the Company has issued 13,109,753 partly paid up equity share, of face value of Rs. 10 each at a premium of Rs. 810 per equity share, with Rs. 460 paid up issue of shares (including a premium of Rs. 454.40 per partly paid up equity share) on private placement basis.

During the previous year, the Company had made a rights issue of 15,751,300 equity share of Rs. 10 each at a premium of Rs. 740 per share in the ratio of four equity shares for every twenty five equity shares held on the record date.

23.3 Terms/ rights, preference and restriction attached to equity shares of Rs. 10 each

(i) The Company has only one class of equity share having face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share held.

(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 after distribution of all preferential amount, in proportion to capital paid upon such equity share.

23.4 Detail of shareholder holding more than 5% shares in the Company:

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Equity shares				
Hero MotoCorp Ltd.	52,431,893	41.19	47,032,574	41.18
Bahadur Chand Investment Pvt. Ltd.	25,896,764	20.34	23,213,837	20.33
Otter Limited	12,882,170	10.12	12,057,765	10.56
Dr. Pawan Munjal (refer note 23.5 below)	3,608,812	2.83	3,608,812	3.16
Ms. Renu Munjal (refer note 23.5 below)	4,094,737	3.22	4,094,737	3.59
Ms. Santosh Munjal (refer note 23.5 below)	323,600	0.25	323,600	0.28
Mr. Suman Kant Munjal (refer note 23.5 below)	4,094,737	3.22	4,094,737	3.59
Total Brijmohan Lall Om Parkash (Partnership firm)	**12,121,886**	**9.53**	**12,121,886**	**10.62**

23.5 Holding shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

23.6 There are no shares issued by way of bonus shares or issued for consideration other than cash and no shares were bought back during the period of 5 years immediately preceding the reporting date.

23.7 Employee stock options

Terms attached to stock options granted to employees are described in Note-45 regarding share-based payments.

Note 24: Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium		
Opening balance as at reporting date	**2,883.72**	**1,723.36**
Add: Additions during the year	599.32	1,161.92
Less: Share issue expenses	(1.08)	(1.56)
Closing balance as at reporting date	**3,481.96**	**2,883.72**
Statutory reserve		
Opening balance as at reporting date	**189.20**	**135.52**
Add: Transferred from retained earnings	62.03	53.68
Closing balance as at reporting date	**251.23**	**189.20**
Stock options outstanding account		
Opening balance as at reporting date	**14.39**	6.95
Add: Charge during the year	4.62	7.44
Closing balance as at reporting date	**19.01**	**14.39**
General reserve		
Opening balance as at reporting date	**92.94**	**66.10**
Add: Transfer from retained earning	31.02	26.84
Closing balance as at reporting date	**123.96**	**92.94**
Other comprehensive income/ (loss)		
Opening balance as at reporting date	**-**	**-**
Add: Other comprehensive income/ (loss) for the year	(0.95)	(1.35)
Less: Transferred to retained earnings	0.95	1.35
Closing balance as at reporting date	**-**	**-**
Share application money pending allotment		
Opening balance as at reporting date	-	-
Add: Amount received during the year *	0.00	-
Closing balance as at reporting date	**0.00**	**-**
Retained earnings		
Opening balance as at reporting date	**372.11**	**221.50**
Add: Profit for the year	310.17	268.37
Add: Other comprehensive income/ (loss) for the year	(0.95)	(1.35)
Less: Dividend paid on equity shares	(48.53)	(29.77)
Less: Dividend distribution tax	(9.98)	(6.12)
Less: Transfers to general reserves	(31.02)	(26.84)
Less: Transfers to statutory reserve	(62.03)	(53.68)
Closing balance as at reporting date	**529.77**	**372.11**
Total	**4,405.93**	**3,552.36**

* Absolute amount of Rs. 40,475 received towards partly paid up shares

Nature of other equity:

Securities premium:

Securities premium is used to record the premium on issuance of shares. The securities premium can be utilised as per the provision of the Companies Act, 2013.

Statutory reserve:

Statutory reserve is used to record reserve in accordance with section 45-IC of the Reserve Bank of India Act, 1934. The statutory reserves can be utilised for the purpose as specified by the RBI from time to time.

Stock options outstanding account:

Stock option outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the company for employees of the group. The reserve is used to recognise the fair value of the options issued to employees under Company's employee stock option plan. Refer note 45 for further detail of this plan.

General reserve:

Free reserve to be utilized as per provision of the Companies Act, 2013.

Share application money pending allotment:

Share application money pending allotment represents application money received on account of right issue.

Retained earnings:

Retained earnings is used to record profit for the year. This amount is utilised as per the provision of Companies Act, 2013.

Note 25: Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on:		
- Loans (at amortised cost)	3,280.63	2,228.29
- Fixed deposit and alternative investment fund	5.93	1.61
- Commercial paper	1.24	-
Dividend income	0.74	0.50
Profit on sale of investments	53.06	39.07
Rental income	12.03	17.48
Net gain on fair value changes	-	2.52
Insurance commission	11.09	0.48
Others charges	298.48	202.57
Total	**3,663.20**	**2,492.52**

Note 26: Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Fees on value added services	39.42	-
Total	**39.42**	**-**

Note 27: Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	493.05	543.47
- Interest on borrowings (other than debt securities)	1,000.78	545.71
- Interest on subordinated liabilities	40.88	30.78
- Interest on lease liabilities	4.64	-
- Others	0.49	-
Total	**1,539.84**	**1,119.96**

Note 28: Impairment allowance on loans

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment allowance on loans	449.31	136.90
Settlement loss and bad debts written off	189.13	36.17
Total	**638.44**	**173.07**

Note 29: Employee benefits expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	225.43	181.20
Contribution to provident and other funds [refer note 33.1]	11.17	8.67
Employee share based payment expense (refer note 45)	5.06	8.80
Gratuity expense [refer note 33.2]	3.85	2.53
Staff welfare expenses	6.43	6.98
Total	**251.94**	**208.18**

Note 30: Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	4.86	14.55
Rates and taxes	0.21	1.14
Insurance	7.38	5.69
Repairs and maintenance		
-Building	3.47	3.61
-Vehicle	0.22	0.33
Contractual staff cost	105.08	72.59
Recruitment and training	7.61	7.88
Loan processing fee	7.57	5.95

Communication	13.46	9.98
Printing and stationery	7.31	6.42
Bank charges	39.59	24.44
Travelling and conveyance	27.82	22.89
Loss on sale of property, plant and equipment (net)	4.19	3.14
Advertisement and marketing	4.20	4.31
Information technology	51.54	52.40
Loan collection charges	406.92	280.72
Legal and professional (refer note 30.1 below for auditor's remuneration)	15.27	15.55
Net loss on fair value changes	12.66	-
Expenditure towards corporate social responsibility (CSR) (refer note 30.2 below)	15.52	5.05
Miscellaneous	23.57	16.96
Total	**758.45**	**553.60**

30.1: Auditor's remuneration

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fee	0.49	0.42
Limited review	0.14	0.12
Tax audit fee	0.06	0.05
Certification fees	0.07	0.05
Others	0.17	0.03
Out of pocket expenses	0.02	0.01
Total	**0.95**	**0.68**

30.2: Details of corporate social responsibility expenditure

a) Gross amount required to be spent by the Company		**5.43**
b) Amount spent during the year ending March 31, 2020 :	**In Cash**	**Yet to be paid**
i) Construction/acquisition of any assets	**-**	**-**
ii) On purpose other than (i) above	15.52	-
a) Gross amount required to be spent by the Company		**3.79**
b) Amount spent during the year ending March 31, 2019 :	**In Cash**	**Yet to be paid**
i) Construction/acquisition of any assets	-	**-**
ii) On purpose other than (i) above	5.05	**-**

Note 31: Earnings per equity share

The basic earnings per share is computed by dividing the net profit attributable to Equity Shareholders for the year by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of Equity

Shares and also the weighted average number of Equity Shares that could have been issued on the conversion of all dilutive potential Equity Shares. The dilutive potential Equity Shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

The following table shows the income and share data used in the basic and diluted EPS calculations:

Particulars	As at March 31, 2020	As at March 31, 2019
Net profit for the year **(A)**	310.17	268.37
Calculation of weighted average number of equity shares		
Number of equity shares outstanding at the beginning of the year	114,196,921	98,445,621
Number of equity shares issued during the year	13,109,753	15,751,300
Number of equity shares outstanding at the end of the year	127,306,674	114,196,921
Nominal value of equity share (in Rs.)	10	10
Weighted average number of equity shares outstanding during the year **(B)**	114,972,472	103,342,816
Basic earnings per share of face value of Rs. 10 each **(A) / (B)**	26.98	25.97
Weighted average number of potential dilutive equity shares **(C)**	115,790,562	103,555,556
Dilutive earnings per share of face value of Rs. 10 each **(A) / (B+C)**	26.79	25.92
Weighted average number of equity shares (diluted)		
Weighted average number of equity shares outstanding during the year	114,972,472	103,342,816
Add: Number of potential equity share in respect of employee stock option scheme and partly paid up shares	818,090	212,740
Weighted average number of potential dilutive equity shares	115,790,562	103,555,556

Note 32: Operating segment

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is engaged in the business of financing, leasing and related financial services. Accordingly, the Company's activities/ business is regularly reviewed by the Company's Jt. Managing Director assisted by an executive committee from an overall business perspective, rather than reviewing its product/ services as individual standalone components. Thus, the Company has only one operating segment, and no reportable segments in accordance with Ind AS 108 Operating Segments.

a) The Entity wide disclosures as required by Ind AS 108 are as follows:

Information about products and services:

The Company provides a wide portfolio of financial products including two-wheeler loan, pre-owned car loan, loyalty personal loan, inventory funding, loan against property, loans to small, medium and emerging corporates etc.

b) Revenue from external customers

The entire income of the Company is generated from customers who are domiciled in India.

c) Revenue from external customer

The Company does not derives revenues, from any single customer, amounting to ten per cent or more of Company's revenues.

Note 33: Retirement benefit plan

33.1 Defined contribution plans

The Company makes periodic contribution towards provident fund, superannuation fund and national pension scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as expense towards such contribution are as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's contribution to provident fund	10.10	7.86
Employer's contribution to superannuation fund	0.67	0.56
Employer's contribution to national pension scheme	0.40	0.25

33.2 Defined benefit plan

The Company operates an unfunded gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death, whichever is earlier. The benefit vests after five year of continuous service. The benefit to employees is as per the plan rules or as per the Payment of Gratuity Act, 1972, whichever is earlier.

i) Reconciliation of the net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	12.09	7.74
Included in statement of profit and loss account:		
Current service cost	2.96	1.94
Interest expense	0.89	0.60
Benefits paid	(0.21)	(0.27)
	15.73	**10.01**
Remeasurement gains/(losses) in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from:		
- demographic assumptions	(0.51)	(0.80)
- financial assumptions	0.67	2.73
- experience adjustment	1.11	0.15
	1.27	**2.08**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**17.00**	**12.09**
Current liability	**7.84**	**5.79**
Non-current liability	**9.16**	**6.30**
	17.00	**12.09**

Since the liability is not funded, Therefore information with regards to the plan assets has not been furnished.

ii) Expense recognised in statement of profit and loss account :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	2.96	1.93
Net interest expense/ (income)	0.89	0.60
Total	**3.85**	**2.53**

iii) Expense recognised in Other comprehensive income/ (loss):

Particulars	As at March 31, 2020	As at March 31, 2019
Remeasurement gains/(losses)		
Actuarial loss (gain)/arising from :		
- demographic assumptions	(0.51)	(0.80)
- financial assumptions	0.67	2.73
- experience adjustment	1.11	0.15
Total	**1.27**	**2.08**

iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.05%	7.35%
Withdrawal rate		
Up to 30 years	24.00%	20.00%
31 - 44 years	22.00%	15.00%
Above 44 years	2.00%	5.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2006-08
Retirement age (years)	58	58
Future salary growth*	7-12%	7-12%

*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 etc.

v) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at March 31, 2020		As at March 31, 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (- / + 1%)	16.18	17.92	11.52	12.73
Salary growth rate (- / + 1%)	17.90	16.18	12.71	11.52
Attrition rate (- / + 50%)	16.13	18.21	11.65	12.55
Mortality rate (- / + 10%)	16.99	17.00	12.09	12.09

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

vi) Expected contribution during the next annual reporting period

Since the scheme is managed on unfunded basis, the next year contribution is taken as Nil (March 31, 2019: Nil)

vii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

Duration (years)	As at March 31, 2020	As at March 31, 2019
within the next 12 months	7.84	5.79
Between 2 to 5 years	4.23	2.95
Above 5 years	12.64	10.64

As at March 31, 2020, the weighted-average duration of the defined benefit obligation was 5 years (March 31, 2019: 5 years)

33.3 Other long term employee benefit plan

Other long term employee benefit plans comprises compensated absences. The Company operates compensated absences plan (earned leaves), where in every employee is entitled to the benefit equivalent to 13 days salary for every completed year of service which is subject to maximum of 90 days accumulation of leaves. The same is payable during early retirement, withdrawal of scheme, resignation by employee and upon death of employee. The Company also recognises sick leave provision, where in every employee is entitled to the benefit equivalent to 6 days salary for every completed year of service which is subject to maximum of 20 days accumulation of leaves. The salary for calculation of earned leave and sick leaves are last drawn basic salary. The amount of the provision is Rs. 15.14 (March 31, 2019: Rs. 11.00) as per the actuarial report.

Note 34: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans is net of impairment loss allowance on loans considering realizability, the amount recoverable from Stage 3 assets is classified under after 12 months.

	As at March 31, 2020			As at March 31, 2019		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Cash and cash equivalents	2,213.23	-	2,213.23	106.66	-	106.66
Bank balance other than cash and cash equivalents	0.52	-	0.52	0.55	-	0.55
Trade receivables	7.87	-	7.87	4.34	-	4.34
Loans	11,246.93	11,235.76	22,482.69	9,815.34	9,400.34	19,215.68
Investments	-	451.83	451.83	603.97	357.90	961.87
Other financial assets	27.29	2.99	30.28	49.07	2.37	51.44

Non-financial assets						
Current tax assets (net)	-	40.26	40.26	-	16.25	16.25
Deferred tax assets (net)	-	254.33	254.33	-	176.41	176.41
Property, plant and equipment	-	67.46	67.46	-	78.31	78.31
Right-of-use assets	-	49.98	49.98	-	-	-
Intangible assets	-	13.76	13.76	-	16.61	16.61
Other non-financial assets	19.76	4.44	24.20	14.05	9.68	23.73
Total assets	**13,515.60**	**12,120.81**	**25,636.41**	**10,593.98**	**10,057.87**	**20,651.85**

Liabilities	As at March 31, 2020 Within 12 months	After 12 months	Total	As at March 31, 2019 Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	0.91	-	0.91	0.02	-	0.02
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	160.63	-	160.63	116.17	-	116.17
Debt securities	4,575.51	656.47	5,231.98	4,660.04	2,121.21	6,781.25
Borrowing (other than debt securities)	5,043.63	9,566.48	14,610.11	2,513.32	6,604.20	9,117.52
Subordinated liabilities	-	548.35	548.35	-	424.10	424.10
Lease Liabilities	8.36	43.63	51.99	-	-	-
Other financial liabilities	325.67	50.93	376.60	390.74	67.09	457.83
Non-financial liabilities						
Current tax liabilities (net)	60.14	-	60.14	33.53	-	33.53
Provisions	13.65	18.49	32.14	10.05	13.04	23.09
Other non - financial liabilities	28.06	8.03	36.09	22.30	9.53	31.83
Total liabilities	**10,216.56**	**10,892.38**	**21,108.94**	**7,746.17**	**9,239.17**	**16,985.34**
Net	**3,299.04**	**1,228.43**	**4,527.47**	**2,847.81**	**818.70**	**3,666.51**

Note 35: Change in liabilities arising from financing activities

Particulars	April 01, 2019	Cash flows	Others*	March 31, 2020
Debt securities	6,781.25	(1,826.01)	276.74	5,231.98
Borrowings other than debt securities	9,117.52	5,492.59	-	14,610.11
Subordinated liabilities	424.10	124.25	-	548.35
Total liabilities from financing activities	**16,322.87**	**3,790.83**	**276.74**	**20,390.44**

Particulars	April 01, 2018	Cash flows	Others*	March 31, 2019
Debt securities	5,672.09	802.70	306.46	6,781.25
Borrowings other than debt securities	4,813.65	4,303.87	-	9,117.52
Subordinated liabilities	300.00	124.10	-	424.10
Total liabilities from financing activities	**10,785.74**	**5,230.67**	**306.46**	**16,322.87**

*Represent discount on commercial paper amortised during the year.

Note 36: Contingent liabilities, commitments and leasing arrangements

36.1 Capital commitment

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid amounting to Rs. 4.31 (March 31, 2019: Rs. 6.02)	4.32	6.35
(ii) Undrawn committed credit lines	183.95	93.00
Total	**188.27**	**99.35**

36.2 Contingent liability

(i) The Company's pending tax litigations comprises claims against the Company pertaining to proceedings pending with income tax authorities and Sales tax/ VAT authorities amounting to Rs. 214.09 (March 31, 2019: Rs. 11.22). The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(ii) The Hon'ble Supreme Court of India, vide their ruling dated 28 February 2019, set out the principles based on which certain allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed by a third party and is pending before the Supreme court for disposal. In view of the management, pending decision on the subject review petition and directions from the EPFO, the management has a view that the applicability of the decisions is prospective. Further, the impact for the past period, if any, is not practically ascertainable in view of various interpretation issues.

36.3 The Company has made provisions as required under the applicable laws or accounting standards for material foreseeable losses, if any, long term contracts.

Note 37: Related party transactions

List of Related parties:

(a) Subsidiary of the Company

Hero Housing Finance Limited

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

Hero MotoCorp Limited
Bahadur Chand Investment Pvt. Ltd. (Effective August 23, 2018)

c) Key managerial personnel (KMP):

Dr. Pawan Munjal – Chairman
Ms. Renu Munjal – Managing Director
Mr. Abhimanyu Munjal – Joint Managing Director & Chief Executive Officer
Mr. D.N Davar - Non-Executive Director (Upto September 6, 2019)
Mr. Pradeep Dinodia - Non-Executive Director
Mr. Sanjay Kukreja - Non-Executive Director
Mr. Vivek Chand Sehgal - Non-Executive Director (Effective December 6, 2019)
Mr. Rahul Munjal – relative of Renu Munjal
Mr. Vikas Gupta – Company Secretary (Upto September 21, 2018)
Mr. Shivendra Suman – Company Secretary (Effective September 21, 2018)
Mr. Jayesh Jain – Chief Financial Officer

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

Hero Future Energies Limited (Merged with Clean Solar Power (Hiriyur) Private Limited)
Hero Investcorp Private Limited
Hero Solar Energy Private Limited
Brijmohan Lall Om Parkash (Partnership Firm)
Munjal Acme Packaging Systems Private Limited
Cosmic Kitchen Private Limited
A.G. Industries Private Limited
Raman Kant Munjal Foundation (RKMF)
Ather Energy Private Limited
Tessolve Semiconductor Private Limited
Hero Wind Energy Private Limited
Clean Solar Power (Jaipur) Private Limited
Clean Wind Power (Anantapur) Private Limited
Clean Wind Power (Jaisalmer) Private Limited
Clean Wind Power (Bhavnagar) Private Limited
SR Dinodia & Co. LLP
Hero Mind Mine Institute Private Limited
Motherson Auto Limited (Effective December 6, 2019)
Spirited Auto Cars (I) Limited (Effective December 6, 2019)
BML Munjal University

Transactions with related parties during the year:

	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Transaction with subsidiary		
Hero Housing Finance Limited		
Investment in equity shares	150.00	200.00
Reimbursement of expenses (received)	0.04	-
Interest income	-	0.32
Rental income	1.14	0.17
Loan given	-	50.00
Loan repaid	-	50.00

(b) Transaction with parties in respect of which the Company is an Associate

	For the year ended March 31, 2020	For the year ended March 31, 2019
Hero MotoCorp Limited		
Dividend received	0.01	0.01
Dividend paid	19.99	12.24
Lease rental received	11.02	17.63
Repair and maintenance expense	-	0.04
Reimbursement of Insurance expense	-	0.56
Proceeds against share issued (including share premium)	248.37	498.30
Rent paid	0.07	0.07
Subvention income	3.94	1.74
Sale of property, plant and equipment	7.84	7.93
Bahadur Chand Investment Pvt. Ltd.		
Dividend paid	9.87	5.74
Proceeds against share issued (including share premium)	123.41	408.89
Loan given	920.00	-
Loan repaid	920.00	-
Interest received/accrued	8.92	-
Processing fees received	6.87	-

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Hero Future Energies Private Limited (Merged with Clean Solar Power (Hiriyur) Private Limited) (Effective March 30, 2018)		
Loan given	50.00	225.00
Loan repaid	225.00	100.00
Interest received/accrued	4.94	6.16
Processing fees received	0.08	0.42

A.G. Industries Private Limited		
Interest income	0.04	0.81
Loan repaid	8.00	1.00
Cosmic Kitchen Private Limited		
Staff welfare expense and others	1.27	1.12
Interest income	-	0.01
Loan repaid	-	0.24
Hero Solar Energy Private Limited		
Loan given	-	50.00
Loan repaid	50.00	100.00
Interest income	0.36	8.69
Processing fees received	-	0.10
BrijMohan Lall Om Prakash (Partnership firm)		
Loan given	100.00	-
Loan repaid	100.00	-
Interest received/accrued	1.32	-
Dividend Paid	5.15	3.39
Hero Investcorp Private Limited		
Proceeds against share issued (including share premium)	6.73	57.23
Dividend paid	1.40	0.81
Raman Kant Munjal Foundation (RKMF)		
Contribution made for corporate Social Responsibility	5.25	4.93
Business Promotion expense	0.13	0.01
Munjal Acme Packaging Systems Private Limited		
Dividend paid	0.82	0.54
Ather Energy Private Limited		
Loan given	75.00	61.00
Loan repaid	10.56	-
Processing fees received	0.56	0.29
Interest received/accrued	12.21	5.81
Tessolve Semiconductor Private Limited		
Loan given	22.50	-
Loan repaid	7.50	-
Processing fees received	0.30	-
Interest received/accrued	0.57	-
Hero Wind Energy Private Limited		
Loan given	125.00	100.00
Loan repaid	125.00	100.00
Processing fees received	0.19	0.28
Interest received/accrued	3.44	4.75

Clean Solar Power (Jaipur) Private Limited		
Loan given	200.00	-
Loan repaid	200.00	-
Processing fees received	1.00	-
Interest received/accrued	9.13	-
Clean Wind Power (Anantapur) Private Limited		
Loan given	300.00	-
Loan repaid	150.00	-
Processing fees received	1.43	-
Interest received/accrued	11.68	-
Clean Wind Power (Jaisalmer) Private Limited		
Loan given	75.00	-
Loan repaid	75.00	-
Processing fees received	0.75	-
Interest received/accrued	2.16	-
Clean Wind Power (Bhavnagar) Private Limited		
Loan given	150.00	-
Loan repaid	100.00	-
Processing fees received	0.75	-
Interest received/accrued	4.39	-
Motherson Auto Limited		
Interest received/accrued	2.23	-
Hero Mind Mine Institute Private limited		
Employee's training expense	0.08	0.09
SR Dinodia & Co. LLP		
Professional fees	0.04	-
Spirited Auto Cars (I) Limited		
Purchase of vehicles	0.26	-
BML Munjal University		
Employee's training expense	0.15	0.13

(d) Transactions with key management personnel and their relatives:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Short term employee benefits*#	30.60	22.63
Post–employment benefits#	-	-
Other long-term benefits#	-	-
Proceeds against share issued (including share premium)	-	16.55
Dividend paid	1.30	0.79
Director sitting fee/commission	0.50	0.26
Employee share based payment expense	0.85	1.43

* Includes variable pay/ commission on payment basis since accruals are made at the Company level and are subject to requisite approvals.

Does not include gratuity and compensated absences as these are provided based on the Company as a whole.

Outstanding balances at the year end:

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

	As at March 31, 2020	As at March 31, 2019
Hero MotoCorp Limited		
Amount receivable as at year end	7.43	3.00

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

	As at March 31, 2020	As at March 31, 2019
Hero Future Energies Private Limited (Merged with Clean Solar Power (Hiriyur) Private Limited)		
Loan outstanding at the year end (receivable)	-	175.00
A.G. Industries Private Limited		
Loan outstanding at the year end (receivable)	-	8.01
Hero Solar Energy Private Limited		
Loan outstanding at the year end (receivable)	-	50.39
Ather Energy Private Limited		
Loan outstanding at the year end (receivable)	126.70	61.49
Tessolve Semiconductor Private Limited		
Loan outstanding at the year end (receivable)	15.13	-
Clean Wind Power (Anantapur) Private Limited		
Loan outstanding at the year end (receivable)	150.76	-
Clean Wind Power (Bhavnagar) Private Limited		
Loan outstanding at the year end (receivable)	50.19	-
Motherson Auto Limited		
Loan outstanding at the year end (receivable)	79.70	-
Cosmic Kitchen Private Limited		
Amount outstanding at the year end (payable)	0.09	-
Hero Mind Mine Institute Private limited		
Amount outstanding at the year end (payable)	0.04	-
SR Dinodia & Co. LLP		
Amount outstanding at the year end (payable)	0.04	-

(c) Outstanding balance due to key management personnel and their relatives as at year end:

	As at March 31, 2020	As at March 31, 2019
Salary and wages payable*	-	-
Post–employment benefits#	-	-
Other long-term benefits#	-	-

* Does not include amount of variable pay/ commission since accruals are made at the Company level and are subject to requisite approvals.

Does not include gratuity and compensated absences as these are provided based on the Company as a whole.

Note 38: Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. The Company has complied in full with all its externally imposed capital requirements over the reported period.

38.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with regulatory capital requirements. The Company ensures adequate capital at all time and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flow are monitored, borrowing covenants are honoured and ratings are maintained. Regulatory capital- related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed level. In accordance with such norms, Tier I capital of the Company comprises of share capital, share premium, retained earnings, general reserve, statutory reserve, employee stock options outstanding account less deferred revenue expenditure, deferred tax assets and other intangible assets. The other component of regulatory capital is Tier II Capital Instruments, which include subordinate debt and impairment allowance on loans for stage 1 to the extent the same does not exceed 1.25 % of Risk Weight Assets. There were no changes in capital management process during the period presented.

38.2 Regulatory Capital

Refer note no 46.1 for regulatory capital.

Note 39: Events after balance sheet date

There have been no events after the reporting date that requires disclosure in these financial statements.

Note 40: Leases

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

The Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 1, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset of Rs. 49.96 and a lease liability of Rs. 48.70. The effect of this adoption is not material to the profit for the period and earnings per share.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The Company had total cash outflows for leases of Rs. 15.63 for the year ended March 31, 2020 (March 31, 2019: Rs. 14.55) including expense of Rs. 4.86 for the year ended March 31, 2020 relating to short term leases. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

The maturity analysis of lease liabilities are disclosed in Note 34.

Note 41: Financial instruments

(a) Financial instruments by category and fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2020	Carrying amount					Fair value		
	FVTPL	FVTOCI	Amortised Cost	At Cost	Total	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents*	-	-	2,213.23	-	**2,213.23**	-	-	-
Bank balance other than cash and cash equivalents*	-	-	0.52	-	**0.52**	-	-	-
Trade receivables*	-	-	7.87	-	**7.87**	-	-	-
Loans	-	-	22,482.69	-	**22,482.69**	-	-	22,554.33
Investments#	51.83	-	-	400.00	**451.83**	9.22	-	42.61

	FVTPL	FVTOCI	Amortised Cost	At Cost	Total	Level 1	Level 2	Level 3
Other financial assets*	-	-	30.28	-	**30.28**	-	-	-
	51.83	-	**24,734.59**	**400.00**	**25,186.42**	**9.22**	-	**22,596.94**
Financial liabilities								
Trade payable								
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	0.91	-	**0.91**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	160.63	-	**160.63**	-	-	-
Debt securities	-	-	5,231.98	-	**5,231.98**	-	-	5,234.87
Borrowing (other than debt securities)	-	-	14,610.11	-	**14,610.11**	-	-	14,614.59
Subordinated liabilities	-	-	548.35	-	**548.35**	-	-	554.40
Lease Liabilities	-	-	51.99	-	**51.99**	-	-	-
Other financial liabilities*	-	-	376.60	-	**376.60**	-	-	-
	-	-	**20,980.57**	-	**20,980.57**	-	-	**20,403.86**

As at March 31, 2019	Carrying amount					Fair value		
	FVTPL	FVTOCI	Amortised Cost	At Cost	Total	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents*	-	-	106.66	-	**106.66**	-	-	-
Bank balance other than cash and cash equivalents*	-	-	0.55	-	**0.55**	-	-	-
Trade receivables*	-	-	4.34	-	**4.34**	-	-	-
Loans	-	-	19,215.68	-	**19,215.68**	-	-	19,106.45
Investments#	711.87	-	-	250.00	**961.87**	539.56	-	172.31
Other financial assets*	-	-	51.44	-	**51.44**	-	-	-
	711.87	-	**19,378.67**	**250.00**	**20,340.54**	**539.56**	-	**19,278.76**

Financial liabilities								
Trade payable*								
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	0.02	-	**0.02**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	116.17	-	**116.17**	-	-	-
Debt securities	-	-	6,781.25	-	**6,781.25**	-	-	6,763.07
Borrowing (other than debt securities)	-	-	9,117.52	-	**9,117.52**	-	-	9,117.52
Subordinated liabilities	-	-	424.10	-	**424.10**	-	-	424.98
Other financial liabilities*	-	-	457.83	-	**457.83**	-	-	-
	-	**-**	**16,896.89**	**-**	**16,896.89**	**-**	**-**	**16,305.57**

*The carrying amount of cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables other financial assets, trade payable and other financial liabilities approximates the fair value, due to their short-term nature except for security deposit, margin money received from customer for which fair value was calculated based on the discounted EIR.

The fair values disclosed are only in respect of investment carried at FVTPL.

(b) Valuation framework

The finance department of the Company includes personnel that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

The Company uses suitable valuation models to determine the fair value of common and simple financial instruments, that use only observable market data and require little management judgement and estimation.

Loans

The fair value of loan and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represent the discounted value of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans. Fair value is then reduced by the impairment loss allowance on loans which is already calculated incorporating probability of default and loss given defaults.

Debt securities, borrowings (other than debt securities) and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the company's own credit risk or based on market-observable data such as secondary market prices for its traded debt. Further, for floating rate interest bearing borrowings, the carrying amount of borrowings represent fair market value of borrowings.

Investments

Investment in alternate investment fund is recorded at fair value determined by third party using discounted cash flow method. However, in case of stressed, fair value is determined using expected recovery method. Investment in mutual fund are fair valued using NAV at reporting date. For rest of the investments, based on the information available from external sources, management believes that the carrying value of the investments approximates the fair value.

There were no transfers between levels during the year.

Note 42: Risk management framework

42.1 *Risk profile and risk mitigation*

(a) Risk management structure and Company's risk profile

The Company's Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the Risk Management Advisory Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

42.2 *Credit risk*

Credit risk arises from loans, cash and cash equivalents, bank balance other than cash and cash equivalents, investments and other financial assets. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance and trade receivables from customers; loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Company on terms that the Company would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Portfolio review is performed every quarter and is reviewed by the management on quarterly basis.

(b) Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant changes in expected performance and behaviour of the borrower including changes in payment status of borrowers.

(c) Probability of default (PD)

Day past dues (DPD) analysis is the preliminary inputs in the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product and borrowers as well as by DPD. The Company analyses the data collected and generates estimates of the PD of exposures and how these are expected to change as result of passage of time.

In the previous year, to determine PD's the Company had used static data for the two period. However, in the current year, the month-on-month outstanding balances in each DPD bucket are assessed to estimate the historic probability of default for each bucket; this probability is then combined with a macro-economic overlay to compute the final PD estimate. Based on the management assessment, the impact of change is not practical quantifiable. However, change in estimate is not expected to be significant.

(d) Exposure at default

The exposure at default (EAD) represents the gross carrying amount (in addition to the interest to be earned during the next year) of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

(e) Loss given default

Loss given default (LGD) represent estimated financial loss the Company is likely to suffer in the event of default and it is used to calculate provision requirement on EAD along with probability of default. LGD values are assessed, reviewed and approved by the Company. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

(f) Significant increase in credit risk

The Company continuously monitor all the assets subject to ECL in order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative methods for triggering a significant increase in credit risk for an asset, such as moving customer/ facilities to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than one month overdue, the credit risk is deemed to have increase significantly since initial recognition. The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

g) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, date of initial recognition, remaining term to maturity, collateral type, and other relevant factors. For the assessment, each financial asset (after segmentation based on the nature), is then clubbed into the following DPD cohorts:

- Current (0 DPD)
- 1-30 DPD
- 31-60 DPD
- 61-90 DPD
- >90 DPD

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days but less than 90 days are classified under Stage 2. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the statistical models and other historical data.

42.2.1 *Inputs, assumptions and estimation techniques used to determine expected credit loss*

The Company's loan loss provision are made on the basis of the Company's historical loss experience and future expected credit loss, after factoring in various macro-economic parameters such as Domestic Credit Growth (% change YoY), Real GDP Growth (% change YoY), G-Sec interest rate and change in bank credits (YoY). he selection of these variables was made purely based on business sense.

The macro- economic variables were regressed using a regression model against the log-odds of the weighted average PD's to forecast the forward-looking PD's with macro-economic overlay incorporated. Best, base and worst scenarios were created for all the variables and default rates were estimated for all the scenarios. These default rates were then used with the same LGD and EAD to arrive at the expected credit loss for all three cases. The three cases were then assigned weights and a final probability-weighted expected credit loss estimate was computed.

In the previous year, the macro- economic variables were regressed using a regression against systematic default ratio out of the impact of macro-economic variables on the system wide default rates. Best, base, moderate, worst and current scenarios were created for all variables and default rates were estimated for all scenarios. The differential default rates between the current and best, base, moderate, worst scenarios are then found out. This was arrived using the Kalpan Meier technique, thereby creating five probability of default term structure for the four scenarios. Based on the management assessment, the impact of change in not practical quantifiable. However, change in estimate is not expected to be significant.

Macro economic indicator	Scenario	2020	2021	2022	2023	2024
Domestic Credit Growth (% change)	Base	6.3	8.6	10.4	10.9	10.8
	Best	6.93	9.46	11.44	11.99	11.88
	Worst	4.41	6.02	7.28	7.63	7.56
Inflation	Base	5.7	3.7	4.3	4.2	3.4
	Best	5.13	3.33	3.87	3.78	3.06
	Worst	7.41	4.81	5.59	5.46	4.42
GDP growth	Base	2.1	5.1	6.5	6.1	6
	Best	2.31	5.61	7.15	6.71	6.6
	Worst	1.47	3.57	4.55	4.27	4.2

42.2.2 *Analysis of risk concentration*

The Company's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any individual client or counterparty was Rs. 364.23 and Rs. 282.20 as at March 31, 2020 and March 31, 2019 respectively.

42.2.3 Analysis of portfolio

An analysis of changes in gross carrying amount in relation to Loan portfolio is as follows:

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	17,997.71	819.46	879.88	19,697.05	12,437.20	492.39	550.49	13,480.08
New assets originated (refer note 1and 2 below)	13,213.88	302.96	140.34	13,657.18	13,816.91	373.55	46.43	14,236.89
Assets repaid (excluding write offs) (refer note 2 below)	(9,115.19)	(420.78)	(380.61)	(9,916.58)	(7,713.38)	(209.74)	(96.80)	(8,019.92)
Transfers from Stage 1	(1,467.67)	897.25	570.42	-	(624.71)	393.16	231.55	-
Transfers from Stage 2	120.34	(526.52)	406.18	-	71.24	(233.94)	162.70	-
Transfers from Stage 3	16.71	1.39	(18.10)	-	10.45	4.04	(14.49)	-
Amounts written off	-	-	(74.21)	(74.21)	-	-	0.00	-
Gross carrying amount closing balance	**20,765.78**	**1,073.76**	**1,523.90**	**23,363.44**	**17,997.71**	**819.46**	**879.88**	**19,697.05**

Reconciliation of Impairment loss allowance in relation to Loan portfolio is as follows:

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance- opening balance	92.22	90.83	298.32	481.37	93.23	43.22	185.57	322.02
New assets originated (refer note 1 and 2 below)	74.38	54.75	57.78	186.91	68.18	35.01	56.43	159.62
Effect of change in estimate/repayment	(51.98)	76.23	188.22	212.47	42.46	6.15	(48.88)	(0.27)
Transfers from Stage 1	(8.84)	5.05	3.79	-	(111.94)	46.27	65.67	-
Transfers from Stage 2	12.52	(57.87)	45.35	-	0.24	(40.40)	40.16	-
Transfers from Stage 3	5.38	0.61	(5.99)	-	0.05	0.58	(0.63)	-
Impairment allowance- Closing balance	**123.68**	**169.60**	**587.47**	**880.75**	**92.22**	**90.83**	**298.32**	**481.37**

An analysis of Expected credit loss rate:

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate*	0.60%	15.80%	38.55%	3.77%	0.51%	11.08%	33.90%	2.44%

* Expected credit loss rate is computed ECL divided by EAD

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage1, 2,3 is based on year end staging.

Note 2 : Assets originated and repaid during the year have not been disclosed in the movement of gross carrying amount.

Note 3: The contractual amount of financial assets that has been written off by the Company during the year ended March 31, 2020 and that were still subject to enforcement activity was Rs. 74.21 (March 31, 2019 Rs. Nil)

Note 4 : The Company recognize expected credit loss (ECL) on collective basis that takes into account comprehensive credit risk information.

Expected credit loss (ECL) has increased from Rs. 322.02 to Rs. 481.37 as at March 31, 2019. Further, the same has been increased to Rs. 880.75 by March 31, 2020. Primarily reason for increase is increase in Exposure at Default. EAD has been increased by 46.12% by the year ended March 31, 2019 as compared to year ended March 31, 2018 and the same has been increased by 18.61% by the year ended March 31, 2020 as compared to year ended March 31, 2019.

In addition to EAD, ECL is also increase due to increase in stage III assets as compared to previous year and change in mix of stage I and II assets. Other changes which have contributed increase in ECL is increase in the % of probability of default in current as compared to previous year because of significant change in macro-economic overlays due to COVID-19, increase in Loss given default on account of increase in losses determined based on historical trend, collateral valuation etc.

During the year ended March 31, 2020, overall expected loss rate in stage III is increased to 38.55% as compared to 33.90% during the year ended March 31, 2019 whereas in Stage I and II expected loss rate percentage is has also been increased as compared to previous year.

Impact of COVID-19

The "Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across India and there is an unprecedented level of disruption on socioeconomic front across the country. Globally, countries and businesses are under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and is now extended till May 31, 2020. There is a high level of uncertainty about the duration of the lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the Company's operations and financial results is dependent on the future developments, which are highly uncertain.

Further, in accordance with the RBI Circulars dated March 27, 2020 and April 17, 2020 with regard to providing relief to borrowers on account of COVID-19 pandemic, the Company has offered a moratorium to eligible borrowers in accordance with its Board approved policy. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering stage 2 or stage 3 classification criteria.

Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including economic forecasts up to the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Further, given the uncertainty over the potential macro-economic impact, the Company's management has considered economic forecasts upto the date of approval of these financial statements. Accordingly, the provision for expected credit loss on financial assets as at March 31, 2020 aggregates Rs. 880.75 (as at March 31, 2019, Rs. 481.37) which includes potential impact on account of the pandemic. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

42.2.4 *Collateral and other credit enhancements*

The loan portfolio of the Company has both secured and unsecured loans and they vary with the type of funding. Products like loan against property, machinery term loan, medical equipment financing, corporate loan, two wheeler loan and pre owned car loan are all secured loans whereas products like business loan and loyalty program generally do not carry any collateral security.

For loan against property, properties (residential, commercial, industrial, mixed use, etc.) are generally acceptable collateral. Machinery term loan and medical equipment financing are given against the collateral of the equipment being funded. For corporate loan there is usually a collateral basket comprising of properties, rated securities, current assets (including stock and book debts), plant and machinery, and deposits. For two wheeler loan and pre owned car loan, the respective vehicle against which the loan been offered is taken as a collateral security.

The Company has a pre-defined loan to value norms in the policy and the same is disbursed to control the risk of the Company. For loan against property, the loan to value ('LTV') is in the range of 50 to 75%. For machinery term loan the loan to value range is between 65 to 80%. For corporate loan, the funding is secured by way of a collateral basket – the overall security cover is generally maintained in the range of 1.1 times to 3 times and above. For loan against shares, a minimum cover of 2 times is maintained.

For pre-owned car and two wheeler loan, the Company maintains a loan to value range of 75 to 90% depending upon tenure and model.

Valuation of the collateral, wherever applicable, is done by empanelled valuers who carry the necessary experience and expertise in the area. The guidelines governing these valuation have been clearly laid out for each collateral class. For two wheeler loan since the asset is new no valuation is has been carried out by the Company. Valuation of the collateral for pre-owned car is done by empanelled valuers who carry the necessary experience and expertise in the area. Valuation of the credit impaired assets (stage 3 assets) are carried out by our empanelled valuers and for all assessment /provisioning purposes, distress value is considered. The Company has an in-house team of technical managers who manage property valuation activity.

42.3 *Liquidity risk*

Liquidity risk arises as Company has contractual financial liabilities that is required to be serviced and redeemed as per committed timelines and in the business of lending where money is required for the disbursement and creation of financial assets to address the going concern of Company. Liquidity risk management is imperative to Company as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with their operations. The Company with the help of ALCO committee, ALM policy and Liquidity Desk, monitors the Liquidity risk and uses structural, dynamic liquidity statements and cash flow statements as a mechanism to address this.

The Company aims to maintain the level of its cash equivalents, un-utilized borrowing lines and cash inflow at an amount in excess of expected cash outflows on financial liabilities over the next one year. At March 31, 2020, the net of expected cash inflows and outflows within 12 months are Rs. 3,448.21 (March 31, 2019: Rs. 3,567.69).

42.3.1 *Contractual maturities of financial instruments*

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at reporting date.

As at March 31, 2020	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	212.20	2,001.03	-	-	2,213.23
Bank balance other than cash and cash equivalents	-	0.52	-	-	0.52
Trade receivables	-	7.87	-	-	7.87
Loans*	-	11,507.41	9,408.37	2,573.06	23,488.84
Investments	-	-	-	451.83	451.83
Other financial assets	-	27.52	2.37	1.94	31.83
Total undiscounted financial assets	**212.20**	**13,544.35**	**9,410.74**	**3,026.83**	**26,194.12**
Financial liabilities					
Trade payables					
- Total outstanding dues of micro enterprises and small enterprises; and	-	0.91	-	-	0.91
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	160.63	-	-	160.63
Debt securities	-	4,575.63	557.00	100.00	5,232.63
Borrowings (other than debt securities)	-	5,044.23	9,570.35	-	14,614.58
Subordinate liabilities	-	-	-	550.00	550.00
Lease liabilities	-	12.79	38.63	55.69	107.11
Other financial liabilities	-	325.88	55.74	6.61	388.23
Total undiscounted financial liabilities	**-**	**10,120.07**	**10,221.72**	**712.30**	**21,054.09**
Net undiscounted financial assets/ (liabilities)	**212.20**	**3,424.28**	**(810.98)**	**2,314.53**	**5,140.03**
Total Commitments	188.27	**-**	**-**	**-**	188.27

As at March 31, 2019	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	106.66	-	-	-	106.66
Bank balance other than cash and cash equivalents	-	0.55	-	-	0.55
Trade receivables	-	4.34	-	-	4.34
Loans*	-	10,583.66	6,981.48	2,221.05	19,786.19
Investments	-	603.97	-	357.90	961.87
Other financial assets	-	49.07	1.45	2.30	52.82
Total undiscounted financial assets	**106.66**	**11,241.59**	**6,982.93**	**2,581.25**	**20,912.43**

Financial liabilities					
Payables					
- Total outstanding dues of micro enterprises and small enterprises; and	-	0.02	-	-	0.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	116.17	-	-	116.17
Debt securities	-	4,660.75	2,072.00	50.00	6,782.75
Borrowings (other than debt securities)	-	2,513.32	6,564.20	40.00	9,117.52
Subordinate liabilities	-	-	-	425.00	425.00
Other financial liabilities	-	390.96	74.80	5.38	471.14
Total undiscounted financial liabilities	**-**	**7,681.22**	**8,711.00**	**520.38**	**16,912.60**
Net undiscounted financial assets/ (liabilities)	**106.66**	**3,560.37**	**(1,728.07)**	**2,060.87**	**3,999.83**
Total Commitments	99.35	**-**	**-**	**-**	99.35

* This represents contractual maturities of loans without expected credit loss and EIR adjustments.

42.4 *Market risk*

Market risk is the risk that the fair value or future cash flow of financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates etc. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. while maximising the return.

Interest rate risk

A major portion of The Company's assets and liabilities are interest bearing - which could be either at a fixed or a floating rate. Interest rate risk is managed by way of regular monitoring of all interest rate bearing assets and liabilities. The same also forms part of the ALCO and ALM policy.

The exposure of Company's financial assets and liabilities to interest rate risk is as follows:

Financial assets	Floating rate instruments	Fixed rate instruments
March 31, 2020	7,968.44	15,395.00
March 31, 2019	7,314.57	12,382.48
Financial liabilities		
March 31, 2020	14,090.13	6,300.32
March 31, 2019	8,692.52	7,630.35

The table below illustrates the impact of a 1.00% movement in interest rates on interest income and interest expense on floating loans and floating borrowings respectively for next one year, assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average loans and borrowings outstanding during the year.

Movement in interest rates	Impact on profit before tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
1.00%	(46.06)	(11.40)
(1.00%)	46.06	11.40

Note 43: Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and conveyance	0.98	1.65
Legal and professional	1.35	0.04
Information technology	9.29	5.34
Recruitment and training	3.02	0.30
Other expenses	1.67	1.74
Total	**16.31**	**9.07**

Note 44: Dividend paid and proposed

Particulars	As at March 31, 2020	As at March 31, 2019
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2019: Rs. 4.25 per share (March 31, 2018: Rs.2.80 per share)	48.53	29.77
Dividend distribution tax on final dividend declared and paid	9.98	6.12
Total dividends paid (including dividend distribution tax)	**58.51**	**35.89**
After the reporting dates the following dividends were proposed by the Board of Directors subject to the approval of the shareholders at Annual General Meeting. Accordingly, the dividends have not been recognised as liabilities.		
Dividend on ordinary shares:		
Proposed for approval at Annual General Meeting March 31, 2020: Rs 2.55# per share (March 31, 2019: Rs 4.25 per share)	30.99	48.53
Dividend distribution tax on above	-	9.98
	30.99	**58.51**

* On April 24, 2019, the Board of Directors has proposed a final dividend on equity shares of Rs. 4.25 per share for the financial year ended March 31, 2019 and the same was approved by the shareholders at the Annual General Meeting held on September 06, 2019.

On May 25, 2020, the Board of Directors has proposed a final dividend on equity shares of Rs.2.55 per share for the financial year ended March 31, 2020 subject to the approval of the shareholders at Annual General Meeting.

Note 45: 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

2,639,703 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	Vesting condition and vesting period	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2017	962,590	July 1, 2017	10% on completion of first year, 20% on completion of second year, 30% on completion of third year and 40% on completion of fourth year	495	240.60
ESOP 2017	25,000	December 1, 2017		495	329.09
ESOP 2017	49,000	December 5, 2017		495	329.21
ESOP 2017	93,215	January 8, 2018		495	327.95
ESOP 2017	30,000	December 6, 2019		780	345.68

Fair value of share options granted

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			
	July 1, 2017	December 1, 2017	December 5, 2017	January 8, 2018	December 6, 2019
Weighted average fair value of option (Rs.)	240.6	329.09	329.21	327.95	345.68
Weighted average share price (Rs.)	616.3	647.4	647.4	647.4	820.7
Exercise price (Rs.)	495	495	495	495	780
Expected volatility**	Nil	38.18	38.22	37.8	38.55
Option life (Years)	4.5	4.5	4.5	4.5	4.5
Dividend yield (%)	0.26	0.82	0.82	0.82	1.75
Risk-free interest rate (%)*	6.58	6.6	6.6	6.6	6.28

*The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

**Expected volatility calculation is based on volatility of similar listed enterprises.

Movement in share options during the year

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	Weighted average fair value of the options at grant date	Number of options	Weighted average fair value of the options at grant date
		(Rs. per share)		(Rs. per share)
(i) Outstanding at the beginning of the year	1,025,890	254.93	1,104,529	254
(ii) Granted during the year	30,000	345.68	-	-
(iii) Forfeited during the year	44,692	290.10	78,639	241
(iv) Exercised during the year	-	-	-	-
(v) Outstanding at the end of the year	1,011,198	256.06	1,025,890	255
(vi) Exercisable at the end of the year	294,359	253.32	102,589	255

Weighted average remaining contractual life of options outstanding as at year end is 8 months (March 31, 2019: 18 months)

During the year ended March 31, 2020, the Company recorded an employee stock compensation expense of Rs.5.06 (March 31, 2019: Rs 8.80) in the statement of profit and loss. (refer note 29)

Note 46:

With effect from April 1, 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies vide notification no. G.S.R 365(E) dated March 30, 2016, for financial reporting purposes, the Company has followed the Accounting Standards as specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS). Accordingly, the information given below is disclosed by the Company based on Ind AS financial statements and other records maintained by the Company for the year ended March 31, 2020. For the purpose of these disclosures "Non-performing assets (NPA) represents Stage 3 loans and "Standard assets" represents "Stage 1" and "Stage 2" as defined in Ind AS financial statements .

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 time to time.

46.1 Capital to risk assets ratio (CRAR)

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR %	19.55	19.24
CRAR – Tier I capital (%)	16.63	16.26
CRAR – Tier II capital (%)	2.92	2.98
Amount of subordinated debts raised as Tier-II Capital	548.35	424.10
Amount raised by issue of perpetual instruments	-	-

46.2 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Value of investments		
Gross value of investments		
(a) In India	451.83	961.87
(b) Outside India	-	-
Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
Net value of investments		
(a) In India	451.83	961.87
(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	-	-

46.3 Disclosure on Un-hedged Foreign Currency Exposure

The Company has no unhedged foreign currency exposure as on March 31, 2020 and March 31, 2019.

46.4 Disclosure on Derivatives (Forward Rate Agreement / Interest Rate Swap/ Exchange Traded Interest Rate (IR) Derivatives)

The Company has not entered into any derivatives contract during the year.

46.5 Securitization/ assignment

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

46.6 Asset Liability Management Maturity pattern of certain items of assets and liabilities

As at March 31, 2020	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities											
Borrowing from banks (excluding book overdrafts)*	15.82	200.01	50.41	134.91	297.14	734.01	3,629.15	6,544.09	3,022.40	-	14,627.94
Market borrowings*	-	-	270.57	1,030.88	1,051.92	588.96	1,848.16	584.80	-	648.13	6,023.42
Assets											
Advances #	197.10	787.10	464.27	1,104.97	1,076.07	2,905.04	4,712.38	6,893.52	2,015.26	2,326.98	22,482.69
Investments			-	-	-	-	-	-	-	451.83	451.83

As at March 31, 2019	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities											
Borrowing from banks (excluding book overdrafts)*	12.60	-	1.53	112.50	49.17	209.17	2,142.48	4,159.20	2,405.00	40.00	9,131.65
Market borrowings*	49.96	481.38	479.03	1,201.39	772.35	793.64	1,040.09	2,066.19	85.00	473.85	7,442.88
Assets											
Advances	853.99	478.32	293.24	2,181.67	1,226.27	1,926.80	2,855.05	5,482.99	1,485.07	2,432.28	19,215.68
Investments			603.97	-	-	-	-	-	-	357.90	961.87

*Includes interest accrued but not due of Rs. 260.91 (March 31, 2019: Rs.251.67)

\# 1. In accordance with the RBI Circulars dated March 27, 2020 and other clarifications given by RBI, the Company has offered a moratorium to eligible borrowers in accordance with its Board approved policy. For the purpose of above disclosure, the Company has considered the impact for the customers to whom Moratorium is given as at March 31, 2020.

2. For roll over facility, impact of future cash flows in given based on contractual maturity only since every roll over is subject to fresh credit appraisal.

46.7 Exposure to real estate sector

Direct exposure	As at March 31, 2020	As at March 31, 2019
(i) Residential mortgages	**818.94**	**921.29**
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	818.94	921.29
(ii) Commercial real estate -	**1,107.08**	**769.18**
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	1,107.08	769.18
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
a) Residential	-	-
b) Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	**1,926.02**	**1,690.47**

Classification of exposures as commercial real estate exposure (cre) is based on circular no DBOD. No. BP. 11021/08.12.015/208-09

46.8 Exposure to capital market

Particulars	As at March 31, 2020	As at March 31, 2019
(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;	451.83	257.33
(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;	2,075.85	1,236.04
(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)	-	-
Total Exposure to Capital Market	**2,527.68**	**1,493.37**

46.8A Since there is no parent company, hence reporting on financing of parent company products is not applicable.

46.8B The Company has not made advances against intangible collaterals of the borrowers, which are classified as "Unsecured" in its financial statements

46.8C Registration obtained from other financial regulators.

The Company is not registered under any other regulator other than Reserve Bank of India and Insurance Regulatory and Development Authority of India(IRDAI).

46.8D No penalty were levied by any authority during the current year and previous year.

46.9 Ratings assigned by credit rating agencies and migration of ratings during the year

Facility	CRISIL	ICRA	Standard & Poor's	Moody's
Secured non-convertible debentures	AA+/Stable	AA+/Stable	-	-
Unsecured sub-ordinated Tier-II non-convertible debentures	AA+/Stable	AA+/Stable	-	-
Bank facilities *	AA+/Stable	AA+/Stable	-	-
Commercial papers	A1+	A1+	-	-
Entity Level	-	-	(BB+) Long term stable (B) Short term stable	Baa3 Long term (Under review for downgrade)

* ICRA has assigned short term rating of A1+ for bank facilities amounting to Rs. 150 crores.

46.10 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Provision for depreciation on investments	-	-
(ii) Provision towards NPA	339.08	90.26
(iii) Provision made towards income tax (including deferred tax assets)	170.44	144.56
(iv) Provision for leave encashment	5.35	4.71
(v) Provision for gratuity (including OCI)	5.12	4.61
(vi) Other provision and contingencies	-	-
(vii) Provision for standard assets	110.23	46.64

46.10A The Company has made no draw down from existing reserves.

46.11 Concentration of advances

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Total advances to twenty largest borrowers/ customers	3,363.15	3,005.14
(ii) Percentage of advances to twenty largest borrowers/ customers to total advances	14.39%	15.26%

46.12 Concentration of exposure (including off-balance sheet exposure)*

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Total exposure to twenty largest borrowers/ customers	3,412.56	3,005.14
(ii) Percentage of exposure to twenty largest borrowers/ customers to total exposure	14.49%	15.26%

* Represents outstanding amount as per contract with borrowers.

46.13 Concentration of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to top four NPA accounts	213.64	111.67

46.14 Sector-wise NPAs

Sector	Percentage of Stage 3 assets to total advances in that sector	
	As at March 31, 2020	As at March 31, 2019
(i) Agriculture & allied activities	-	-
(ii) MSME	-	-
(iii) Corporate borrowers	8.23%	5.14%
(iv) Services	-	-
(v) Unsecured personal loans	2.41%	0.87%
(vi) Auto loans	5.24%	3.79%
(vii) Other personal loans	-	-

46.15 Movement of NPAs

Particulars	For the year March 31, 2020	For the year March 31, 2019
(i) Net NPAs to net advances (%)	4.11%	2.97%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	879.88	550.49
(b) Additions during the year	1,116.94	440.68
(c) Reductions during the year	472.92	111.29
(d) Closing balance	1,523.90	879.88
(iii) Movement of Net NPAs		
(a) Opening balance	581.56	364.92
(b) Additions during the year	821.80	278.42
(c) Reductions during the year	466.93	61.78
(d) Closing balance	936.43	581.56

(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	298.32	185.57
(b) Provisions made during the year	295.14	162.26
(c) Write-off / write-back of excess provisions	5.99	49.51
(d) Closing balance	587.47	298.32

46.16 Customer Complaints

Particulars	For the year March 31, 2020	For the year March 31, 2019
(a) No. of complaints pending at the beginning of the year	160	70
(b) No. of complaints received during the year	4,076	3,261
(c) No. of complaints redressed during the year	4,022	3,171
(d) No. of complaints pending at the end of the year	214	160

46.17 There are no NPA assets purchased / sold during the year.

46.18 Disclosures on frauds pursuant to RBI Master direction

No fraud have been identified during the Current year and previous year.

46.19 Details of Single Borrower Limits (SBL)/Group Borrower Limits (GBL) exceeded

The Company has not exceeded the single borrower limits/group borrower limits as set by Reserve Bank of India.

46.20 Overseas Assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

46.21 Off-balance sheet SPVs sponsored

The are no off balance sheet SPVs sponsored Company.

46.22 Prior period items

There are no prior period items.

46.23 Revenue recognition

Refer note 3(h) under summary of significant accounting policies.

46.24 Consolidated financial statements

The Company prepares consolidated financial statements

46.25 Restructure of Accounts

There are no restructure made during the current year and previous year.

46.26 Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 (as required in terms of Appendix to RBI Circular RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 applicable on Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies.

Asset Classification as per RBI Norms	**Asset classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowances (Provisions) as required under Ind AS 109**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
(1)	**(2)**	**(3)**	**(4)**	**(5)= (3)-(4)**	**(6)**	**(7)= (4)-(6)**
Performing Assets						
Standard	Stage 1	20,765.78	123.68	20,642.11	83.06	40.61
	Stage 2	1,073.76	169.60	904.16	14.53	155.07
Subtotal						
Non-Performing Assets (NPA)						
Substandard	Stage 3	924.68	341.31	583.37	92.47	248.84
Doubtful - up to 1 year	Stage 3	293.70	113.94	179.76	88.91	25.03
1 to 3 years	Stage 3	273.81	114.59	159.22	120.27	(5.68)
More than 3 years	Stage 3	31.71	17.63	14.08	18.07	(0.44)
Subtotal for doubtful		599.22	246.16	353.06	227.25	18.91
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,523.90	587.47	936.43	319.72	267.75
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	183.95	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		183.95	-	-	-	-
Total	**Stage 1**	20,949.74	123.68	20,642.11	83.06	40.61
	Stage 2	1,073.76	169.60	904.16	14.53	155.07
	Stage 3	1,523.90	587.47	936.43	319.72	267.75
	Total	**23,547.40**	**880.75**	**22,482.70**	**417.31**	**463.44**

46.27 Disclosure as per RBI Circular Number RBI/2019-20/220/DOR.No.BP. BC.63/21.04.048/2020-21 dated April 17, 2020.

Particulars	As at March 31, 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended (Refer note 1)	1013.43
(ii) Respective amount where asset classification benefits is extended (refer note 1 & 2)	222.41
(iii) Provisions made during the Q4 FY 2020 (refer note 3)	-
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N.A.

Note 1: Amounts represents accounts in default but standard where moratorium benefit is extended by the Company including the loans included in (ii) where asset classification benefit is also extended as per IRAC norms.

Note 2: Represents accounts where moratorium benefit is extended and asset classification benefit as IRAC norms is extended.

Note 3: The Company is carrying provision more than 5% as at March 31, 2020 on the loans wherein asset classification benefit as per IRAC norms is extended, hence no additional provision is required to be created by the company.

46.28 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial company (as required in terms of Annex II as amended from time to time of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

	Particulars	As at March 31, 2020		As at March 31, 2019	
S. No.	Liabilities side:	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
1	**Loans and advances availed by the non-banking financials company inclusive of interest accrued there on but not paid**				
	(a) Debentures:				
	Secured	2,601.32	-	3,006.19	-
	Unsecured	571.48	-	445.62	-
	(other than falling within the meaning of public deposits)				
	(b) Deferred credits	-	-	-	-
	(c) Term loans	12,194.17	-	7,445.65	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial paper	2,850.64	-	3,991.06	-
	(f) Public deposits	-	-	-	-
	(g) Others:				
	External commercial borrowing	200.00	-	200.00	-

Secured Cash Credit from bank (excluding book overdrafts)	833.75	-	1,070.85	-
Other loan from banks	-	-	-	
Secured- working capital demand loan	1,325.00	-	390.14	-
Unsecured – working capital demand loan and cash credit	75.00	-	25.01	-

	Assets side:	As at March 31, 2020	As at March 31, 2019
2	**Break-up of loans and advances including bills receivables [other than those included in (4) below] (Net off provision on NPA)**		
	(a) Secured	19,266.97	15,980.36
	(b) Unsecured	3,509.00	3,418.38
3	**Break up of leased assets and stock on hire and hypothecation loans counting towards Asset Finance Company (AFC) activities**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	-	-
	(b) Operating lease	0.98	3.42
	(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	-	-
4	**Break-up of Investments:**		
	Current Investments :		
	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	-	530.21
(iv) Government Securities	-	
(v) Others: Commercial paper	-	73.76
Long Term investments :		
1. Quoted :		
(i) Shares :		
(a) Equity	0.22	0.35
(b) Preference	9.00	9.00
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares :		
(a) Equity	406.98	256.98
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (alternative investment fund)	35.63	91.57

5 Borrower group-wise classification of assets financed as in (2) and (3) above (net of provisions):

	Category	As at March 31, 2020			As at March 31, 2019		
		Secured	Unsecured	Total	Secured	Unsecured	Total
5.1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	357.16	65.32	422.47	-	233.40	233.40
5.2	Other than related parties	18,909.82	3,443.68	22,353.50	15,980.36	3,184.98	19,165.34
	Total*	**19,266.97**	**3,509.00**	**22,775.97**	**15,980.36**	**3,418.38**	**19,398.74**

*Net off provision on NPA assets

6 Investor group-wise classification of all investments (current and long term) in shares and securities both (quoted and unquoted):

	Category	As at March 31, 2020		As at March 31, 2019	
		Market value / break up or fair value or NAV	**Book value (net of provisions)**	**Market value / break up or fair value or NAV**	**Book value (net of provisions)**
6.1	Related Parties				
	(a) Subsidiaries	400.00	400.00	250.00	250.00
	(b) Companies in the same Group	0.22	0.22	0.35	0.01
	(c) Other related parties				
6.2	Other than related parties	51.61	51.61	711.52	708.86
	Total	**451.83**	**451.83**	**961.87**	**958.87**

7 Other Information

	Particulars	As at March 31, 2020	As at March 31, 2019
7.1	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	1,523.90	879.88
7.2	Net non-performing assets		
	(a) Related parties		
	(b) Other than related parties	936.43	581.56
7.3	Assets acquired in satisfaction of debt	-	-

Note 47: There are no loan against gold portfolio as at March 31, 2020 and March 31, 2019.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta
Partner
Mem. No: 095037

Pawan Munjal
Chairman
(DIN: 00004223)

Renu Munjal
Managing Director
(DIN: 00012870)

Abhimanyu Munjal
Jt.Managing Director & CEO
(DIN: 02822641)

Pradeep Dinodia
Director
(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

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

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hero FinCorp Limited (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, the consolidated statement of profit and loss (including other comprehensive income/ (loss)), consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income/ (loss), consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

As described in Note 43.2.3 to the consolidated financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

The Key audit matter	How the matter was addressed in our audit

Impairment allowance on loans to customers

Charge: Rs. 460.73 Crores for year ended 31 March 2020

Provision: Rs. 893.41 Crores at 31 March 2020

Refer to the accounting policies in "Note 3 to the consolidated financial statements: Impairment of financial assets", "Note 2.5 to the consolidated financial statements: use of estimates and judgements" and "Note 7 to the consolidated financial statements: Loans"

Subjective estimate

Recognition and measurement of impairment of loans and advances involve significant judgement by the respective companies within the Group.

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Respective managements exercise judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:

- Segmentation of loan book
- Determination of exposure at default
- Loan staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors

The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

Impact of COVID-19

On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:

Our key audit procedures included:

- Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109 and our business understanding
- Understood processes, systems and controls implemented in relation to impairment allowance process particularly in view of COVID-19 regulatory package.
- Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.
- Tested key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations in respect of the changes made to give effect to moratorium benefits policy approved by the respective companies.
- Involved our modeling specialist to understand the model methodology and reasonableness of the assumptions used, including management overlays.
- Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
- Tested the accuracy of key inputs used in the calculation and evaluating the reasonableness of the assumptions made.
- Changed to the modelling assumptions were assessed to confirm these were appropriate.
- Considered the adequacy of the Group's disclosure on impairment loss and key assumptions.
- Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.

- Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;
- impact of the pandemic on the Group's customers and their ability to repay dues; and
- application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.

Respective managements have conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.

IT Systems and Controls

The Group's key financial accounting and reporting processes are highly dependent on the information systems including automated controls in system, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.

We have identified "IT systems and controls" as key audit matter because of high level of automation, significant number of systems being used by the respective management's and complexity of the IT systems.

Our key audit procedures included:

- We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.
- We have also tested design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, completeness and accuracy of reports. Further, tested key control over user access management around various IT automated controls.
- Other areas that were independently assessed included password policies, security configurations, controls over changes to applications and databases and other business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income/ (loss), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and 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 each company. 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 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 Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

A. 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 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 and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income/ (loss)), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and subsidiary company, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 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 with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. 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, 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 as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 37.2 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020. Further, there are no amount which is required to be transferred to Investor Education and Protection Fund by subsidiary company during the year ended 31 March 2020; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16): In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to directors by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. Further, the subsidiary company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/ W-100022)

Manish Gupta
Partner
(Membership No. 095037)
UDIN: 20095037AAAABC6726

Place: New Delhi
Date: 25 May 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Hero FinCorp Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph [A(f)] under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Hero FinCorp Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and a Company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls 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").

Management's and Board of Director' Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective Companies considering the essential components of internal control stated in 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements 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 Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/ W-100022)

Manish Gupta
Partner
(Membership No. 095037)
UDIN: 20095037AAAABC6726

Place: New Delhi
Date: 25 May 2020

Consolidated Balance Sheet as at March 31, 2020
(All amounts are in Rupees Crore except share data and unless otherwise stated)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Assets			
Financial assets			
Cash and cash equivalents	4	2,343.94	106.68
Bank balance other than cash and cash equivalents	5	0.52	0.55
Trade receivables	6	7.87	4.34
Loans	7	24,263.09	19,771.20
Investments	8	78.84	811.98
Other financial assets	9	32.74	51.62
Non-financial assets			
Current tax assets (net)	10	40.84	16.39
Deferred tax assets (net)	11	254.55	176.63
Property, plant and equipment	12	72.27	82.08
Right-of-use assets	12.1	56.90	-
Capital work-in-progress	12.2	0.04	-
Intangible assets	12.3	19.32	21.69
Intangible assets under development	12.3	0.61	0.16
Other non-financial assets	13	27.60	25.41
Total assets		**27,199.13**	**21,068.73**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables	14		
- Total outstanding dues of micro enterprises and small enterprises; and		1.30	0.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises		167.36	119.58
Debt securities	15	5,253.94	6,852.95
Borrowings (other than debt securities)	16	16,130.76	9,344.69
Subordinated liabilities	17	573.06	448.78
Lease liabilities	18	59.02	-
Other financial liabilities	19	405.62	569.42
Non-financial liabilities			
Current tax liabilities (net)	20	60.14	33.53
Provisions	21	34.31	24.05
Other non-financial liabilities	22	42.28	33.85
Total liabilities		**22,727.79**	**17,426.87**
Equity			
Equity share capital	23	121.54	114.15
Other equity	24	4,349.80	3,527.71
Total equity		**4,471.34**	**3,641.86**
Total liabilities and equity		**27,199.13**	**21,068.73**

Significant accounting policies	**3**
Notes to the consolidated financial statements	**1 to 46**

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta	**Pawan Munjal**	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Partner	Chairman	Managing Director	Jt.Managing Director & CEO	Director
Mem. No: 095037	(DIN: 00004223)	(DIN: 00012870)	(DIN: 02822641)	(DIN: 00027995)

Jayesh Jain	**Shivendra Suman**
Chief Financial Officer	Company Secretary
(FCA: 110412)	(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020
(All amounts are in Rupees Crore except share data and unless otherwise stated)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from operations	25		
Interest income		3,417.56	2,247.51
Dividend income		0.74	0.50
Profit on sale of investments		58.16	47.28
Rental income		10.89	17.48
Net gain on fair value changes		-	2.63
Insurance commission		11.09	0.48
Others charges		301.42	202.59
Total revenue from operations		**3,799.86**	**2,518.47**
Other income	26	55.32	-
Total income		**3,855.18**	**2,518.47**
Expenses			
Finance costs	27	1,629.22	1,124.71
Impairment allowance on loans	28	649.86	174.30
Employee benefits expenses	29	302.76	237.35
Depreciation and amortization	12	36.33	24.88
Other expenses	30	788.22	566.19
Total expenses		**3,406.39**	**2,127.43**
Profit before tax		**448.79**	**391.04**
Tax expense:	11		
(i) Current tax		248.48	198.05
(ii) Tax adjustment relating to earlier year		(0.12)	-
(iii) Deferred tax (credit) (net)		(77.60)	(52.76)
Total tax expense		**170.76**	**145.29**
Profit after tax		**278.03**	**245.75**
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of (losses) on defined benefit plans		(1.05)	(2.09)
Income tax impact on above		0.32	0.73
Other comprehensive income/ (loss) for the year, net of tax		**(0.73)**	**(1.36)**
Total comprehensive income/ (loss) for the year, net of tax		**277.30**	**244.39**

Profit for the year attributable to			
Equity shareholder of the parent		278.03	245.75
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax			
Equity shareholder of the parent		277.30	244.39
Non-controlling interest		-	-
Earning per equity share	31		
Equity shareholder of parent for the year:			
Basic (Rs.)		24.18	23.78
Diluted (Rs.)		24.01	23.73
Significant accounting policies	**3**		
Notes to the consolidated financial statements	**1 to 46**		

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta
Partner
Mem. No: 095037

Pawan Munjal
Chairman
(DIN: 00004223)

Renu Munjal
Managing Director
(DIN: 00012870)

Abhimanyu Munjal
Jt.Managing Director & CEO
(DIN: 02822641)

Pradeep Dinodia
Director
(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Consolidated Statement of Changes in Equity for the year ended March 31, 2020
(All amounts are in Rupees Crore except share data and unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
Equity share of Rs. 10 each, issued, subscribed and fully paid		
As at April 1, 2018	**98,445,621**	**98.45**
Issued during the year	15,652,561	15.65
As at March 31, 2019	**114,098,182**	**114.10**
Converted into fully paid up shares	96,944	0.10
As at March 31, 2020	**114,195,126**	**114.20**
Equity share of Rs. 10 each, issued, subscribed and partly paid (Rs. 5 each called up and paid up)		
As at April 1, 2018	**-**	**-**
Issued during the year	98,739	0.05
As at March 31, 2019	**98,739**	**0.05**
Issued during the year	-	-
Converted into fully paid up shares	96,944	0.05
As at March 31, 2020*	**1,795**	**0.00**
Equity share of Rs. 10 each, issued, subscribed and partly paid (Rs. 5.60 each called up and paid up)		
As at April 1, 2018	**-**	**-**
Issued during the year	-	-
As at March 31, 2019	**-**	**-**
Issued during the year	13,109,753	7.34
Converted into fully paid up shares	-	-
As at March 31, 2020	**13,109,753**	**7.34**
As at March 31, 2020	**127,306,674**	**121.54**

* Absolute amount of Rs. 8,975 received towards partly paid up shares.

Consolidated Statement of Changes in Equity for the year ended March 31, 2020
(All amounts are in Rupees Crore except share data and unless otherwise stated)

B. Other Equity

Particulars	Reserves and surplus				Other comprehensive income/ (loss)	Stock options outstanding account	Share application money pending allotment*	Total attributable to equity shareholder of the parent	Total non - controlling interest	Total
	Statutory reserve	Securities premium	General reserve	Retained earnings	Remeasurments of defined benefit plans					
As at April 1, 2018	**135.52**	**1,723.36**	**66.10**	**218.07**	**-**	**6.95**	**-**	**2,150.00**	**-**	**2,150.00**
Profit for the year	-	-	-	245.75	-	-	-	245.75	-	245.75
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(1.36)	-	-	(1.36)	-	(1.36)
Transfer to retained earnings	-	-	-	(1.36)	1.36	-	-	-	-	-
Total comprehensive income/ (loss)	135.52	1,723.36	66.10	462.46	-	6.95	-	2,394.39	-	2,394.39
Dividend paid on equity shares	-	-	-	(29.77)	-	-	-	(29.77)	-	(29.77)
Dividend distribution tax	-	-	-	(6.12)	-	-	-	(6.12)	-	(6.12)
Transfer from retained earnings to statutory/ general reserve	53.68	-	26.84	(80.52)	-	-	-	-	-	-
Share issue expenses	-	(1.56)	-	-	-	-	-	(1.56)	-	(1.56)
Securities premium received	-	1,161.92	-	-	-	-	-	1,161.92	-	1,161.92
Share based payment charge	-	-	-	-	-	8.85	-	8.85	-	8.85
As at March 31, 2019	**189.20**	**2,883.72**	**92.94**	**346.05**	**-**	**15.80**	**-**	**3,527.71**	-	**3,527.71**
Profit for the year	-	-	-	278.03	-	-	-	278.03	-	278.03
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(0.73)	-	-	(0.73)	-	(0.73)
Transfer to retained earnings	-	-	-	(0.73)	0.73	-	-	-	-	-
Total comprehensive income/ (loss) for the year	189.20	2883.72	92.94	623.35	-	15.80	-	3,805.01	-	3,805.01

Dividend paid on equity shares	-	-	-	(48.53)	-	-	-	(48.53)	-	(48.53)
Dividend distribution tax	-	-	-	(9.98)	-	-	-	(9.98)	-	(9.98)
Transfer from retained earnings to statutory/ general reserve	62.03	-	31.02	(93.05)	-	-	-	-	-	-
Share issue expenses	-	(1.08)	-	-	-	-	-	(1.08)	-	(1.08)
Share application money received	-	-	-	-	-	-	0.00	0.00	-	0.00
Securities premium received	-	599.32	-	-	-	-	-	599.32	-	599.32
Share based payment charge	-	-	-	-	-	5.06	-	5.06	-	5.06
As at March 31, 2020	**251.23**	**3,481.96**	**123.96**	**471.79**	**-**	**20.86**	**0.00**	**4,349.80**	**-**	**4,349.80**

* Absolute amount of Rs. 40,475 received towards partly paid up shares.

Significant accounting policies	**3**
Notes to the consolidated financial statements	**1 to 46**

The notes referred to above form an integral part of the consolidated financial statements

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

Manish Gupta
Partner
Mem. No: 095037

Place: New Delhi
Date: May 25, 2020

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Pawan Munjal
Chairman
(DIN: 00004223)

Renu Munjal
Managing Director
(DIN: 00012870)

Abhimanyu Munjal
Jt.Managing Director & CEO
(DIN: 02822641)

Pradeep Dinodia
Director
(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Consolidated Statement of Cash Flow for the year ended March 31, 2020
(All amounts are in Rupees Crore except share data and unless otherwise stated)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash flow from operating activities**		
	Profit before tax	**448.79**	**391.04**
	Adjustment for:		
	Depreciation and amortization	36.33	24.88
	Impairment allowance on loans	460.73	138.13
	Dividend income from investments	(0.74)	(0.50)
	Discount on commercial paper	276.74	306.22
	Settlement loss and bad debts written off	189.13	36.17
	Employee share based payment expense	5.50	10.21
	Impact of assets recognize pursuant to adoption of Ind AS 116	0.00	-
	Net loss on sale of property, plant and equipment	4.33	3.14
	Interest on fixed deposit and alternative investment fund	(5.97)	(1.61)
	Interest on lease liability	5.15	-
	Net loss/ (gain) on fair value changes	12.65	(2.63)
	Profit on sale of investments	(58.16)	(47.28)
	Operating profit before working capital changes	**1,374.48**	**857.77**
	(Increase)/ decrease in trade receivables	(3.53)	1.44
	(Increase) in loans	(5,141.77)	(6,787.43)
	(Increase)/ decrease in bank balance other than cash and cash equivalents	0.03	(0.07)
	(Increase)/ decrease in other financial assets	18.74	(10.42)
	(Increase) in other non financial assets	(5.47)	(6.14)
	Increase/ (decrease) in other financial liabilities	(163.34)	206.59
	Increase in trade payables	49.06	46.73
	Increase in other non financial liabilities	8.43	7.62
	Increase in provisions	9.19	7.07
	Net cash flow (used in) operating activities before income tax	**(3,854.18)**	**(5,676.84)**
	Income tax paid	(246.19)	(185.66)
	Net cash flow (used in) operating activities (A)	**(4,100.37)**	**(5,862.50)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and other intangible assets	(26.69)	(29.03)
	Proceeds from sale of property, plant and equipment	9.11	9.14
	Dividend received	0.74	0.50
	Interest on fixed deposit and alternative investment fund	5.97	1.61
	Purchase of investments	(36,330.48)	(15,074.75)

	Sale of investments	37,109.13	14,366.40
	Net cash flow (used in) from investing activities (B)	**767.78**	**(726.13)**
C.	**Cash flow from financing activities**		
	Proceeds from shares issue (including securities premium)	605.63	1,176.06
	Proceeds from debt securities	12,477.99	14,918.71
	Repayment of debt securities	(14,353.74)	(14,044.08)
	Proceeds from borrowings (other than debt securities)	13,408.27	6,516.05
	Repayment of borrowings (other than debt securities)	(6,622.19)	(1,985.01)
	Proceeds from subordinated liabilities	124.28	148.78
	Repayment of lease liability	(11.88)	-
	Dividend paid	(48.53)	(29.77)
	Dividend distribution tax	(9.98)	(6.12)
	Net cash flow from financing activities (C)	**5,569.85**	**6,694.62**
D.	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**2,237.26**	**105.99**
	Cash and cash equivalents at the beginning of the year	106.68	0.69
	Cash and cash equivalents at the end of the year*	**2,343.94**	**106.68**
	*Components of cash and cash equivalents		
	Balances with banks (current accounts)	217.91	56.68
	Deposit with banks (original maturity less than three months)	2,126.03	50.00
		2,343.94	**106.68**

(i) The Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder. The borrowing from cash credit is revolving in nature and is disclosed on net basis under financing activities.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta	**Pawan Munjal**	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Partner	Chairman	Managing Director	Jt.Managing Director & CEO	Director
Mem. No: 095037	(DIN: 00004223)	(DIN: 00012870)	(DIN: 02822641)	(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Notes Forming Part of the Consolidated Financial Statements

(All amounts are in Rupees Crore except share data and unless otherwise stated)

Note 1: Corporate information

Hero FinCorp Limited ("the Holding Company" or "the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 16 December 1991. The Holding Company is registered as a Non-Banking financial (Non deposit accepting) Company, engaged in the business of financing, leasing, bill discounting and related financial services, with the Reserve Bank of India (Registration No. 14.00266). The address of the Holding Company's registered office is 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057, India.

Note 2: Basis of preparation

2.1 Statement of Compliance

These consolidated financial statements (herein after referred to as "consolidated financial statements" or "financial statements") of Hero FinCorp Limited and its subsidiary ("the Group") have been prepared in accordance with the Indian Accounting Standard (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act and Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI.

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on May 25, 2020.

2.2 Basis of measurement and presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as Net defined (asset)/ liability present value of defined benefit obligations, investments carried at fair value through profit or loss and share-based payments. The method used to measured fair value are discussed further in notes to consolidated financial statements.

The Consolidated Balance Sheet, the Consolidated Statement of Change in Equity and the Consolidated Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs") that are required to comply with Ind AS. The Consolidated Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

2.3 Basis of consolidation

The Company is able to exercise control over the operating decisions of the investee company, resulting in variable returns to the Company, and accordingly, the same has been classified as investment in subsidiary and line by line by consolidation has been carried under the principles of consolidation. The Consolidated financial statements of the Group have been prepared on the following basis:

a) The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the Holding Company i.e. March 31, 2020.

b) The Financial statements of the Holding Company and its subsidiary have been combined on a line-by-line basis by adding together like items of asset, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profit or losses, unless cost cannot be recovered.

c) Non-controlling interest (NCI) in the net assets of the subsidiary consist of the amount of equity attributable to the minority shareholders at the date on which investment in the subsidiary were made and further movement in their share in the equity, subsequent to the dates of investments. Net profit/ loss for the year of subsidiary attributable to NCI is identified and adjusted against the profit after tax of the Group to arrive at the profit attributable to shareholders of the Group.

d) Following subsidiary company has been considered in the presentation of the consolidated financial statements:

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of shareholding
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 prepared to the extent possible, for all significant matters in the same manner as the Company's separate financial statements.

2.4 Functional and presentation currency

These consolidated financial statements are prepared in Indian Rupees (INR), which is the Group functional currency. All financial information presented in INR has been rounded to the nearest crores and two decimals thereof, except as stated otherwise.

2.5 Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements, assumptions and estimation uncertainties

In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which have a significant impact on the carrying amount of assets and liabilities at each balance sheet date:

Business model assessment

Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Impairment of financial assets: The Group establishes criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is carried out in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment of financial instruments

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience (to the extent available) and credit assessment and including forward looking information.

Effective Interest Rate (EIR) method

The Group EIR methodology, recognizes interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

Measurement of defined benefit obligations: key actuarial assumptions.

The measurement of obligations related to defined benefit plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases, withdrawal rate, mortality rates etc. The management has used the past trends and future expectations in determining the assumptions which are used in measurements of obligations.

Recognition of deferred tax assets: The Holding Company has recognized deferred tax assets/ (liabilities) and concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the experience and future projections. The Company is expected to generate adequate taxable income for liquidating these assets in due course of time.

The Subsidiary Company while determining whether deferred tax assets should be recognized the Company do the assessment based on the taxable projections whether future taxable income will be available against which unused tax losses and tax credits will be used. Considering existence of unused tax losses / credits, the Subsidiary Company has done the assessment and recognized deferred tax assets / (liabilities) only to the extent it is probable that future taxable profits will be made available against unused tax losses and credits can be used.

Recognition and measurement of provisions and contingencies: The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Group business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

2.6 Measurement of fair value

The Group's accounting policies and disclosures require/ may require measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group measures financial instruments, such as, investments, at fair value at each reporting date. Also, fair value of financial instruments measured at amortized cost and FVTPL is disclosed in Note 39.

Note 3: Significant accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets - Classification

On initial recognition, a financial asset is classified as measured at either of:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset being 'debt instrument' is measured at the amortized cost, only if both of the following conditions are met and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met and is not designated as at FVTPL:

- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realized in a way that is different from the original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group claim to cash flows from specified assets (e.g. non- recourse features)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated Statement of Profit and Loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognized in the consolidated Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated Statement of Profit and Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the consolidated Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in the consolidated Statement of Profit and Loss. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Derecognition

Financial asset – Derecognition due to substantial modification of terms and conditions

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial asset – Derecognition other than due to substantial modification

A financial asset, such as a loan to a customer, is derecognized only when:

- the Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Derecognition - Financial liability

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the consolidated Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its certain foreign currency risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated Statement of profit or loss.

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and financial assets measured at FVOCI- debt investments. At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired 'when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- breach of contract such as a default or being past due.

The Group applies the ECL model in accordance with Ind AS 109 for recognizing impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been significant increase in credit risk. When determining whether the risk of default on the financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Group historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Group categories financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Impaired assets, i.e. more than 90 days past due

LGD estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrower will default on their obligation in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group.

The Group incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Group regularly reviews its models in the context of actual loss experience and make adjustments when such differences are significantly material.

The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss,

After initial recognition, trade receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. The Group follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognized at each reporting date, right from initial recognition of the receivables.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the Consolidated Statement of Profit and Loss and is recognized in OCI.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(c) Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the cash management.

(d) Property, plant and equipment

Initial recognition and measurement

The cost of an item of Property, plant and equipment is recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

Gains or losses arising from the retirement or disposal of a property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Consolidated Statement of Profit and Loss.

The cost of fixed assets not ready for their intended use is recorded as capital work-in-progress before such date. Cost of construction that relate directly to specific fixed assets and that are attributable to construction activity in general and can be allocated to specific fixed assets are included in capital work-in-progress

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method as per useful life prescribed in Schedule II of the Act, and is generally recognized in the statement of profit and loss. Depreciation/ amortization is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale.

Based on technical evaluation and assessment of useful lives, the management believes that its estimate of useful lives represent the period over which management expects to use these assets.

Depreciation method, assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets for review and adjusted residual life prospectively.

(e) Intangible assets

Initial recognition and measurement

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. The cost of such assets includes purchase price, licensee fee, import duties and other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use. The Group other intangible assets mainly include the value of computer software.

Amortization methods, estimated useful lives and residual value

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the consolidated statement of profit and loss.

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

- Computer software – 6 years

Subsequent expenditure is recognized as an increase in the carrying amount of the assets are carried when it is probable that future economic benefit deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

(f) Impairment of non–financial assets

The Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Provisions and contingencies

A provision is recognized if, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognized in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the year in which the change occurs.

(h) Revenue recognition

Interest income

Interest income on a financial asset at amortized cost is recognized on a time proportion bases taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fee received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Penal interest or other overdue charges which are not included in EIR are recognized on receipt basis.

Dividend income

Dividend income is recognized when the right to received income is established. Usually, this is the ex-dividend date of quoted equity securities. This is generally when the shareholders approve the dividend.

Lease rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the consolidated statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognized based on contractual terms.

Other Income (Service income)

The Group recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Group recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

(i) Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Benefits such as salaries, wages and bonus etc., are recognized in the Statement of Profit and Loss in the period in which the employee provides the related service.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident Fund: Provident fund is a defined contribution plan. The Group expenses its contributions towards provident fund which are being deposited with the Regional Provident Fund Commissioner.

Superannuation Fund: Contributions are made to a scheme administered by the Life Insurance Corporation of India to discharge superannuating liabilities to the employees, a defined contribution plan, and the same is expensed to the Consolidated Statement of Profit and Loss. The Group has no liability other than its annual contribution.

Defined benefit plans

The Group's gratuity scheme is an unfunded defined benefit plan. The Group pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The present value of obligations under such defined benefit plans are based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity period approximating to the terms of related obligations.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of actuarial gains and losses are recognized in other comprehensive income:

Other long term employee benefits

Benefits under compensated absences constitute other employee benefits. Employee entitlements to annual leave are recognized when they accrue to the eligible employees. An accrual is made for the estimated liability for annual leave as a result of services provided by the eligible employees up to the Balance Sheet date. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Expenses are recognized immediately in the Consolidated Statement of Profit and Loss.

Share based payments

The Group recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 - Share-based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount.

Employee Stock Option Scheme

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised in employee benefits expenses together with a corresponding increase in employee stock option outstanding account in other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Non– market performance conditions are reflected within the grant date fair value.

(j) Leases

Determining whether an arrangement contains a lease

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using incremental borrowing rates. Lease liability and ROU asset have been separately presented in the Balance Sheet.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases and has adopted modified retrospective approach in accordance with the standard, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, refer – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Consolidated statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognized based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognize over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Transition to Ind AS 116

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor.

(k) Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognized as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Group:

a) has a legally enforceable right to set off the recognized amounts; and
b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

The Group has elected to exercise the option permitted under Section II5BAA of the income-tax Act, 1961,as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income tax for the year and re-measured its deferred tax assets basis the rate prescribed in the said section. The impact of change in tax rate is spread over the year via an adjustment to the estimated annual effective income tax rate.

Deferred tax

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available.

Therefore, in case of a history of recent losses, the Holding Company and its subsidiary has recognized deferred tax asset only to the extent that they have sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

(l) Foreign Currency Transactions

Transactions in foreign currency are translated into the functional currency of the Group at the exchange rates prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items are taken to the statement of profit and loss. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/ loss is taken to the Consolidated Statement of Profit and Loss.

(m) Dividends on ordinary shares

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(n) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs).

All other borrowing costs are expensed in the period in which they occur.

(o) 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 which could have been issued on the conversion of all dilutive potential equity shares, expect where the results are anti-dilutive.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group other components, and for which discrete financial information is available. The Group is engaged in the business of financing, leasing and related financial services. Based on the dominant source and nature of risks and returns of the Group, management has identified its business segment as its primary reporting format.

(q) Statement of Cash flows

The Consolidated Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Note 4: Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks (current accounts)	217.91	56.68
Deposit with banks (original maturity less than three months)	2,126.03	50.00
	2,343.94	**106.68**

Note 5: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Dividend accounts (earmarked accounts)	0.52	0.55
	0.52	**0.55**

Note 6: Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	7.87	4.34
(iii) Receivables which have significant increase in credit risk	-	-
(iv) Receivables - credit impaired	-	-
	7.87	4.34
Less : Impairment loss allowance	-	-
	7.87	**4.34**

No trade receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Refer note 38 for receivables from related parties.

Note 7: Loans

Particulars	As at March 31, 2020	As at March 31, 2019
A. Loans - Amortised cost		
Loans other than bill purchased and bill discounted	24,453.64	19,624.80
Bills purchased and bills discounted	698.59	623.83
Loans to employees	4.27	5.17
Total- Gross (A)	25,156.50	20,253.80
Less: Impairment loss allowance on loans	(893.41)	(482.60)
Total - Net (A)	**24,263.09**	**19,771.20**
B. Secured/ Unsecured		
(a) Secured by tangible assets	19,523.37	15,561.14
(b) Secured by other assets	2,075.85	1,236.04
(c) Unsecured	3,557.28	3,456.62
Total - Gross (B)	25,156.50	20,253.80
Less: Impairment loss allowance on loans	(893.41)	(482.60)
Total - Net (B)	**24,263.09**	**19,771.20**
C. Loans in India		
(a) Public sector	-	-
(b) Others	25,156.50	20,253.80

Total - Gross (C)	**25,156.50**	**20,253.80**
Less: Impairment loss allowance on loans	(893.41)	(482.60)
Total - Net (C)	**24,263.09**	**19,771.20**

Loans includes Rs. 350.94 (March 31, 2019: Rs. 233.40) receivable from key management personnel or private companies in which a director is a director or a member (also refer note 38).

Note 8: Investments

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
A) In India		
At fair value through profit and loss account		
Mutual funds (unquoted)		
23,054.27 (March 31, 2019: Nil) units of face value Rs. 1,000 each of HDFC Liquid Fund - Direct Plan - Growth Option	9.01	-
28,958.31 (March 31, 2019: Nil) units of face value Rs. 1,000 each of SBI Liquid Fund - Direct Plan - Growth	9.00	-
28,746.64 (March 31, 2019: Nil) units of face value Rs. 1,000 each of Tata Liquid Fund - Direct Plan - Growth	9.00	-
Nil (March 31, 2019: 458,032.44) units of face value Rs. 1,000 each of Reliance Money Market Fund - Direct Plan - Growth	-	130.05
Nil (March 31, 2019: 486,173.47) units of face value Rs. 1,000 fully paid up of Kotak Money Market Scheme - Direct Plan - Growth	-	150.06
Nil (March 31, 2019: 26,872,473.99) units of face value Rs. 10 each of DSP Saving fund - Direct Plan - Growth	-	100.05
Nil (March 31, 2019: 359,902.41) units of face value Rs. 1,000 each of SBI Magnum Ultra Short Duration Fund - Direct Plan - Growth	-	150.05
Nil (March 31, 2019: 833,029.55) units of face value Rs. 100 each of Aditya Birla Sun Life Liquid Fund-Growth-Direct	-	25.03
Nil (March 31, 2019: 1,810,757.71) units of face value Rs. 100 each of ICICI Prudential Liquid Fund - Direct Plan - Growth	-	50.05
Nil (March 31, 2019: 54,859.02) units of face value Rs. 1,000 each of Reliance Liquid Fund-Direct Plan - Growth Plan - Growth Option	-	25.03
Commercial paper (unquoted)		
Nil (March 31, 2019: 1,500) units of Rs. 500,000 fully paid up of Axis Finance Limited	-	73.76
Equity instruments (quoted)		
1,370 (March 31, 2019: 1,370) shares of Rs. 2 each fully paid up in Hero MotoCorp Ltd	0.22	0.35
Equity instruments (unquoted)		
7,482,251 (March 31, 2019: 7,482,251) shares of Rs. 10 each fully paid up in Forum I Aviation Ltd	6.98	6.98
Preference instruments(quoted)		
18,000,000 (March 31, 2019: 18,000,000) preference shares of Rs. 5 each fully paid in 8% Kotak Mahindra Bank Limited	9.00	9.00

Alternative investment Fund (unquoted)		
542,626 (March 31, 2019: 824,430) units of Rs. 1,000 KKR India Debt Opportunity Fund II	35.63	91.57
Total- Gross	78.84	811.98
Less: Allowance for impairment	-	-
Total- Net	**78.84**	**811.98**
Aggregate amount of quoted investments	9.22	9.35
Aggregate amount of unquoted investments	69.62	802.63
Aggregate book value of quoted investments	9.22	9.35

Note 9: Other financial assets

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Unsecured, considered good unless otherwise stated		
Security deposits (at amortised cost)	4.17	3.98
Receivable from collection agency	4.79	46.80
Others	23.78	0.84
Total	**32.74**	**51.62**

Note 10: Current tax assets (net)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Advance income tax [net of provision for tax Rs. 599.30 (March 31, 2019: Rs. 401.42)	40.84	16.39
Total	**40.84**	**16.39**

Note 11: Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Current tax (a)		
Current year	248.48	198.05
Tax adjustment relating to earlier year	(0.12)	-
Deferred tax (b)		
Attributable to–		
Origination and reversal of temporary differences	(77.60)	(52.76)
Tax expense recognised in statement of profit and loss	**170.76**	**145.29**

B. Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Deferred tax expense/ (benefit)	Net of tax	Before tax	Deferred tax expense/ (benefit)	Net of tax
Remeasurements of defined benefit liability	(1.05)	0.32	(0.73)	(2.09)	0.73	(1.36)

C. Reconciliation of effective tax expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**448.79**	**391.04**
Other comprehensive income/ (loss) for the year	(1.05)	(2.09)
Tax using the domestic tax rate	112.43	137.94
Effect of:		
Unrecognized deferred tax assets	8.23	5.83
Non-deductible expenses and exempt income	0.82	0.95
Change in tax rate	49.35	-
Others	(0.38)	(0.16)
Effective tax expense	**170.45**	**144.56**

D. Recognised deferred tax assets and liabilities (Group)

Deferred tax assets and liabilities are attributable to the following in the books of the Holding Company

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset / (liabilities)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provisions for employee benefit	8.18	8.13	-	-	8.18	8.13
Depreciation	0.73	-	-	0.28	0.73	(0.28)
Impairment allowance on loans	208.41	140.28	-	-	208.41	140.28
Effect of EIR on interest income	31.56	31.15	-	-	31.56	31.15
Other temporary differences	13.42	7.55	7.97	10.42	5.45	(2.87)
Net deferred tax (assets)/ liabilities	**262.30**	**187.11**	**7.97**	**10.70**	**254.33**	**176.41**

Deferred tax assets (net) recognized in the books of the Subsidiary Company	0.22	0.22
Total deferred tax assets (net) in the books of Group	**254.55**	**176.63**
Deferred tax assets (net) unrecognized in the books of the Subsidiary Company.	14.27	6.04

Considering future taxable income, the Subsidiary Company has recognized deferred tax assets (net of liabilities) only to the extent it is probable that future taxable income will be available against which unused tax credits / losses will be adjusted.

E. Deferred tax assets/(liabilities) of subsidiary company

	Deferred tax assets		**Deferred tax liabilities**		**Net deferred tax asset / (liabilities)**	
	As at March 31, 2020	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**
Provision for employee benefits	0.69	0.40	-	-	0.69	0.40
Depreciation	-	-	(0.70)	(0.41)	(0.70)	(0.41)
Impairment allowance on loans	3.29	0.32	-	-	3.29	0.32
Unamortized loan origination cost	-	-	(0.55)	(0.12)	(0.55)	(0.12)
Fair valuation of investment	-	-	(0.00)	(0.03)	(0.00)	(0.03)
Unamortized borrowing cost	-	-	(0.90)	(0.31)	(0.90)	(0.31)
Leases	0.08	-	-	-	0.08	-
Unabsorbed losses	12.47	6.25	-	-	12.47	6.25
Temporary difference u/s 35D of the Income Tax Act, 1961	0.11	0.16	-	-	0.11	0.16
Net deferred tax (assets)/ liabilities	**16.64**	**7.13**	**(2.15)**	**(0.87)**	**14.49**	**6.26**
Recognized deferred tax assets (net)					**0.22**	**0.22**
Unrecognized deferred tax assets (net)					**14.27**	**6.04**

F. Movement in deferred tax on temporary differences (recognised)

-In respect of Holding Company

	Balance as at March 31, 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	Balance as at March 31, 2019	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Balance as at March 31, 2020
Provisions for employee benefit	5.45	1.95	0.73	8.13	(0.27)	0.32	8.18
Depreciation	(1.00)	0.72	-	(0.28)	1.01	-	0.73
Impairment allowance on loans	96.24	44.04	-	140.28	68.13	-	208.41
Effect of EIR on interest income	22.14	9.01	-	31.15	0.41	-	31.56
Other temporary differences	0.09	(2.96)	-	(2.87)	8.32	-	5.45
Net deferred tax assets/ (liabilities) - A	**122.92**	**52.76**	**0.73**	**176.41**	**77.60**	**0.32**	**254.33**
-In respect of Subsidiary Company - B	0.22	-	-	0.22	-	-	0.22
Net deferred tax assets/ (liabilities) - (A+B)	**123.14**	**52.76**	**0.73**	**176.63**	**77.60**	**0.32**	**254.55**

Note 12: Property, plant and equipment

Particulars	Own use						Assets given on operating lease			
	Building	Plant and equipment	Furniture and fixtures	Vehicles	Data processing equipment	Office equipment	Plant and equipment	Computers	Vehicles	Total
Cost										
As at April 1, 2018	**3.58**	**0.97**	**0.63**	**18.32**	**25.62**	**1.31**	**8.27**	**0.07**	**57.01**	**115.78**
Additions during the year	-	-	1.14	5.37	10.02	1.88	-	-	-	18.41
Disposals during the year	-	0.14	0.18	1.94	0.09	0.07	8.27	-	9.08	19.77
As at March 31, 2019	**3.58**	**0.83**	**1.59**	**21.75**	**35.55**	**3.12**	**-**	**0.07**	**47.93**	**114.42**
Additions during the year	0.03	0.11	0.36	11.28	10.63	0.91	-	-	-	23.32
Disposals during the year	-	-	-	2.24	0.03	0.02	-	0.07	18.31	20.67
As at March 31, 2020	**3.61**	**0.94**	**1.95**	**30.79**	**46.15**	**4.01**	**-**	**-**	**29.62**	**117.07**
Depreciation										
As at April 1, 2018	**0.06**	**0.08**	**0.06**	**2.27**	**5.92**	**0.27**	**2.88**	**-**	**7.98**	**19.52**
Disposals during the year	-	0.02	0.04	0.65	0.04	0.05	4.61	-	2.08	7.49
Depreciation charge for the year	0.06	0.08	0.11	2.74	7.83	0.43	1.73	-	7.33	20.31
As at March 31, 2019	**0.12**	**0.14**	**0.13**	**4.36**	**13.71**	**0.65**	**-**	**-**	**13.23**	**32.34**
Disposals during the year	-	-	-	0.60	0.02	-	-	-	6.60	7.22

Depreciation charge for the year	0.05	0.07	0.18	3.55	9.82	0.71	-	-	5.30	19.68
As at March 31, 2020	**0.17**	**0.21**	**0.31**	**7.31**	**23.51**	**1.36**	**-**	**-**	**11.93**	**44.80**
Net carrying amount										
As at March 31, 2019	**3.46**	**0.69**	**1.46**	**17.39**	**21.84**	**2.47**	**-**	**0.07**	**34.70**	**82.08**
As at March 31, 2020	**3.44**	**0.73**	**1.64**	**23.48**	**22.64**	**2.65**	**-**	**-**	**17.69**	**72.27**

12.1. Right-of-use assets

Particulars	Building
Cost	
As at March 31, 2019	**-**
Reclassified on account of adoption of Ind AS 116	52.07
Additions during the year	15.63
Disposals during the year	0.30
As at March 31, 2020	**67.40**
Accumulated amortization/ impairment	
As at March 31, 2019	-
Disposals during the year	0.05
Amortization charge for the year	10.55
As at March 31, 2020	**10.50**
Net carrying amount	
As at March 31, 2019	**-**
As at March 31, 2020	**56.90**

12.2. Capital work-in-progress

Particulars	Leasehold Improvements
Cost	
As at March 31, 2019	**-**
Additions during the year	0.04
Capitalized during the year	-
As at March 31, 2020	**0.04**

12.3. Other intangible assets and intangible assets under development

Particulars	Computer software	Intangible assets under development
Cost		
As at April 1, 2018	**19.93**	**-**
Additions during the year	11.77	0.16
Disposals during the year	-	-
As at March 31, 2019	**31.70**	**0.16**
Additions during the year	3.73	0.45
Disposals during the year	-	-
As at March 31, 2020	**35.43**	**0.61**
Accumulated amortization/ impairment		
As at April 1, 2018	**5.44**	**-**
Disposals during the year	-	-
Amortization charge for the year	4.57	-
As at March 31, 2019	**10.01**	**-**
Disposals	-	-

Amortization charge for the year	6.10	-
As at March 31, 2020	**16.11**	**-**
Net carrying amount		
As at March 31, 2019	**21.69**	**0.16**
As at March 31, 2020	**19.32**	**0.61**

Note 13: Other non-financial assets

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Unsecured, considered good unless otherwise stated		
Capital advances	4.31	6.02
Prepaid expenses	16.51	15.79
Balance with government authorities	2.19	0.37
Others	4.59	3.23
Total	**27.60**	**25.41**

Note 14: Trade payables

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	1.30	0.02
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	167.36	119.58
Total	**168.66**	**119.60**

14.1 Disclosures relating to Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1.30	0.02
(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	-	-
Total	**1.30**	**0.02**

14.2 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 15: Debt securities

Particulars	As at March 31, 2020	As at March 31, 2019
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 15.1, 15.2, 15.3 and 15.4 below)	2,403.30	2,812.13
Unsecured		
Commercial papers (refer note 15.5 and 15.6 below)	2,850.64	4,040.82
Total	**5,253.94**	**6,852.95**

15.1 22,390 (March 31, 2019: 26,630) privately placed secured redeemable fully paid non-convertible debentures of Rs. 1,000,000 each aggregating Rs. 2,239.00 (March 31, 2019: Rs. 2,663.00) carry interest rate ranging from 7.60% p.a. to 9.60% p.a. (March 31, 2019: 7.60% p.a. to 9.60%). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

15.2 1,000 (March 31, 2019: 1,000) privately placed secured redeemable fully paid non-convertible debentures of Rs. 6,50,000 each aggregating Rs. 65.00 (March 31, 2019: Rs. 100.00 [Face Value - 10,00,000]) carry interest rate of 9.23% p.a. (March 31, 2019: 9.23%). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

15.3 2,500 (March 31, 2019: 2,500) privately placed secured redeemable partly paid non-convertible debentures of Rs. 1,000,000 each paid up to the extent of Rs. 4,00,000 aggregating Rs. 100.00 (March 31, 2019: Rs. 50.00) carry interest rate of 9.55% p.a. (March 31, 2019: 9.55% p.a.). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

15.4 Terms of privately placed secured redeemable non convertible debentures.

Tenor from the date of Balance Sheet	Periodicity	As at March 31, 2020	As at March 31, 2019
>60 months	Bullet payment	100.00	50.00
>48 < = 60 months	Bullet payment	-	-
>36 < = 48 months	Bullet payment	-	107.00
>24 < = 36 months	Bullet payment	317.00	232.00
>24 < = 36 months	Annual	-	30.00
>12 < = 24 months	Bullet payment	232.00	1,690.00
>12 < = 24 months	Annual	30.00	35.00
Up to 12 months	Bullet payment	1,690.00	634.00
Up to 12 months	Annual	35.00	35.00
Less: Adjustments towards EIR		(0.70)	(0.87)
Total		**2,403.30**	**2,812.13**

15.5 Commercial papers are repayable within 12 months and issued at a discount rate ranging from 5.70% p.a. to 8.15% p.a. (March 31, 2019: 7.60% p.a. to 9.32% p.a.)

15.6 Pursuant to SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, the Company has listed all the Commercial Papers on National Stock Exchange (NSE) outstanding as on January 1, 2020, within the timelines as given in the circular.

15.7 No non-convertible debentures and commercial papers is guaranteed by directors and / or others.

15.8 During the period presented there were no defaults in the repayment of principal and interest.

Note 16: Borrowings (other than debt securities)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Term loan from banks (Secured) (refer note 16.1)	13,697.01	7,655.87
External commercial borrowing (Secured) (refer note 16.3)	200.00	200.00
Loan repayable on demand from banks (refer note 16.2)		
- Cash credit (Secured)	833.75	1,073.82
- Working capital demand loans (Secured)	1,325.00	390.00
- Cash credit (Unsecured)	-	-
- Working capital demand loans (Unsecured)	75.00	25.00
Total	**16,130.76**	**9,344.69**
Borrowing in India	15,930.76	9,144.69
Borrowing outside India	200.00	200.00
Total	**16,130.76**	**9,344.69**

16.1 Secured term loans from banks aggregating Rs. 13,701.48 (March 31, 2019: Rs 7,655.87) carrying interest rate ranging from 7.80% p.a. to 9.55% p.a (March 31, 2019: 8.30% p.a.to 10.00% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

Tenor from the date of balance sheet	Periodicity	As at March 31, 2020	As at March 31, 2019
> 60 months	Semi annually	-	40.00
> 60 months	Quarterly	87.50	-
>48 < = 60 months	Bullet	100.00	-
>48 < = 60 months	Annual	177.50	122.50
>48 < = 60 months	Semi annually	528.85	686.25
>48 < = 60 months	Quarterly	264.87	80.00
>48 < = 60 months	Monthly	105.26	-
>36 < = 48 months	Bullet	190.00	-
>36 < = 48 months	Annual	300.00	122.50
>36 < = 48 months	Semi annually	1,159.27	1,251.25
>36 < = 48 months	Quarterly	497.34	267.50
>36 < = 48 months	Monthly	105.26	-

>24 < = 36 months	Bullet	470.00	400.00
>24 < = 36 months	Annual	287.50	10.00
>24 < = 36 months	Semi annually	1,359.27	1,363.75
>24 < = 36 months	Quarterly	1,265.15	475.83
>24 < = 36 months	Monthly	105.26	-
>12 < = 24 months	Bullet	680.00	300.00
>12 < = 24 months	Annual	175.00	60.00
>12 < = 24 months	Semi annually	1,390.81	991.25
>12 < = 24 months	Quarterly	1,364.42	459.17
>12 < = 24 months	Monthly	105.26	-
Up to 12 months	Bullet	400.00	250.00
Up to 12 months	Annual	100.00	60.00
Up to 12 months	Semi annually	1,099.31	457.50
Up to 12 months	Quarterly	1,307.82	259.17
Up to 12 months	Monthly	78.94	-
Less: Adjustments towards EIR		(7.58)	(0.80)
Total		**13,697.01**	**7,655.87**

16.2 The cash credit facilities are repayable on demand and carry interest rates ranging from 7.50% p.a. to 9.75% p.a (March 31, 2019: 8.30% p.a. to 11.05% p.a). Working capital demand loans are repayable on demand and carrying interest rates ranging from 7.00% p.a. to 8.75% p.a. (March 31, 2019: 8.25% p.a to 8.80%). 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. The secured facilities are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

16.3 External commercial borrowings carry interest rate of 8.71% p.a. (March 31, 2019: 8.71% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

Tenor from the date of balance sheet	Periodicity	As at March 31, 2020	As at March 31, 2019
>24 < = 36 months	Bullet	-	200.00
>12 < = 24 months	Bullet	200.00	-

16.4 No term loans, cash credit, working capital demand from banks and any other borrowing is guaranteed by directors and / or others.

16.5 During the period presented there were no defaults in the repayment of principal and interest.

Note 17: Subordinated liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Subordinated liabilities (unsecured) in India		
Redeemable non-convertible debentures-Tier II (refer note 17.1 and 17.2 below)	573.06	448.78
Total	**573.06**	**448.78**

17.1 Terms of privately placed unsecured redeemable non-convertible debentures-Tier II .

Tenor from the date of balance sheet	As at March 31, 2020	As at March 31, 2019
>60 months*	575.00	450.00
Less: Adjustments towards EIR	(1.94)	(1.22)
Total	**573.06**	**448.78**

* Term of repayment is bullet

17.2 5,750 (March 31, 2019: 4,500) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 1,000,000 each aggregating Rs. 575.00 (March 31, 2019: Rs. 450.00) carrying interest ranging from 8.49% p.a. to 9.81% p.a. (March 31, 2019: 8.52% p.a. to 9.81% p.a.) and are subordinated in nature of claim.

17.3 No subordinate debts is guaranteed by directors and /or others.

17.4 During the period presented there were no defaults in the repayment of principal and interest.

Note 18: Lease liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities (Refer note 41)	59.02	-
Total	**59.02**	**-**

Note 19: Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on:		
- Debt securities	222.35	216.61
- Borrowings	20.31	14.13
- Subordinated liabilities	23.75	21.69
Unclaimed dividend (refer note 19.1 below)	0.52	0.55
Book overdrafts	11.00	155.34
Other payables		
Payable on purchase of property, plant and equipment and other intangible assets	1.07	2.41
Salaries and wages payable	49.14	39.01
Security deposits	0.30	0.42
Loans pending disbursement	14.48	63.08
Margin money from customers	25.08	24.12
Others	37.62	32.06
Total	**405.62**	**569.42**

19.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2020 and March 31, 2019 which are required to be credited to the Investor Education and Protection Fund.

Note 20: Current tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for income tax [net of advance tax Rs. 188.34 (March 31, 2019: Rs.164.46)]	60.14	33.53
Total	**60.14**	**33.53**

Note 21: Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
-Provision for gratuity (refer note 34.2)	17.68	12.39
-Provision for compensated absences (refer note 34.3)	16.63	11.66
Total	**34.31**	**24.05**

Note 22: Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Unamortised interest on margin money deposits	11.02	12.72
Statutory dues payable	27.14	20.32
Advance received from customers	4.12	0.81
Total	**42.28**	**33.85**

Note 23: Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs. 10 each	150,000,000	150.00	150,000,000	150.00
	150,000,000	**150.00**	**150,000,000**	**150.00**
Issued				
Equity shares of Rs. 10 each	127,306,674	127.31	114,196,921	114.20
	127,306,674	**127.31**	**114,196,921**	**114.20**
Subscribed				
Equity shares of Rs. 10 each (fully paid up)	114,195,126	114.20	114,098,182	114.10
Equity shares of Rs. 10 each (partly paid up: Rs. 5 each)*	1,795	0.00	98,739	0.05
Equity shares of Rs. 10 each (partly paid up: Rs. 5.60 each)	13,109,753	7.34	-	-
Total	**127,306,674**	**121.54**	**114,196,921**	**114.15**

* Absolute amount of Rs. 8,975 received towards partly paid up shares.

23.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period.

Particulars	As at March 31, 2020 Number of Shares	As at March 31, 2020 Amount	As at March 31, 2019 Number of Shares	As at March 31, 2019 Amount
Equity shares of Rs. 10 each (Fully Paid up)				
Opening balance	114,098,182	114.10	98,445,621	98.45
Issued during the year Rs. 10 each (fully paid up)	-	-	15,652,561	15.65
Converted into fully paid up during the year (fully paid up)	96,944	0.10	-	-
Equity shares of Rs. 10 each (partly paid up: Rs. 5 each)				
Opening balance	98,739	0.05	-	-
Converted into fully paid up share during the year Rs. 10 each	(96,944)	(0.05)	98,739	0.05
Equity shares of Rs. 10 each (partly paid up: Rs. 5.60 each)				
Opening balance	-	-	-	-
Issued during the year Rs. 10 each (partly paid up: Rs. 5.60 each)	13,109,753	7.34	-	-
Outstanding at the end of the year	**127,306,674**	**121.54**	**114,196,921**	**114.15**

23.2 During the current year, the Holding Company has issued 13,109,753 partly paid up equity share, of face value of Rs. 10 each at a premium of Rs. 810 per equity share, with Rs. 460 paid up issue of shares (including a premium of Rs. 454.40 per partly paid up equity share) on private placement basis.

During the previous year, the Holding Company has made a rights issue of 15,751,300 equity share of Rs. 10 each at a premium of Rs. 740 per share in the ratio of four equity shares for every twenty five equity shares held on the record date.

23.3 Terms/ rights, preference and restriction attached to equity shares of Rs. 10 each

(i) The Holding Company has only one class of equity share having face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share held.

(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 Holding Company after distribution of all preferential amount, in proportion to capital paid upon such equity share.

23.4 Detail of shareholder holding more than 5% shares in the Holding Company:

Name of Shareholder	As at March 31, 2020 Number of Shares held	As at March 31, 2020 % of Holding	As at March 31, 2019 Number of Shares held	As at March 31, 2019 % of Holding
Equity shares				
Hero MotoCorp Ltd.	52,431,893	41.19	47,032,574	41.18
Bahadur Chand Investment Pvt. Ltd.	25,896,764	20.34	23,213,837	20.33
Otter Limited	12,882,170	10.12	12,057,765	10.56
Dr. Pawan Munjal (refer note 23.5 below)	3,608,812	2.83	3,608,812	3.16
Ms. Renu Munjal (refer note 23.5 below)	4,094,737	3.22	4,094,737	3.59
Ms. Santosh Munjal (refer note 23.5 below)	323,600	0.25	323,600	0.28
Mr. Suman Kant Munjal (refer note 23.5 below)	4,094,737	3.22	4,094,737	3.59
Total Brijmohan Lall Om Parkash (Partnership firm)	**12,121,886**	**9.52**	**12,121,886**	**10.62**

23.5 Holding shares on behalf of Brijmohan Lall Om Prakash (partnership firm).

23.6 There are no shares issued by way of bonus shares or issued for consideration other than cash and no shares were bought back during the period of 5 years immediately preceding the reporting date.

23.7 Employee stock options

Terms attached to stock options granted to employees are described in note-44 regarding share-based payments.

Note 24: Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium		
Opening balance as at reporting date	**2,883.72**	**1,723.36**
Add: Additions during the year	599.32	1,161.92
Less: Share issue expenses	(1.08)	(1.56)
Closing balance as at reporting date	**3,481.96**	**2,883.72**
Statutory reserve		
Opening balance as at reporting date	**189.20**	**135.52**
Add: Transferred from retained earnings	62.03	53.68
Closing balance as at reporting date	**251.23**	**189.20**
Stock options outstanding account		
Opening balance as at reporting date	**15.80**	**6.95**
Add: Charge during the year	5.06	8.85
Closing balance as at reporting date	**20.86**	**15.80**

General reserve		
Opening balance as at reporting date	**92.94**	**66.10**
Add: Transfer from retained earning	31.02	26.84
Closing balance as at reporting date	**123.96**	**92.94**
Other comprehensive income/ (loss)		
Opening balance as at reporting date	**-**	**-**
Add: Other comprehensive income/ (loss) for the year	(0.73)	(1.36)
Less: Transferred to retained earnings	0.73	1.36
Closing balance as at reporting date	**-**	**-**
Share application money pending allotment		
Opening balance as at reporting date	**-**	**-**
Add: Amount received during the year*	0.00	-
Closing balance as at reporting date	**0.00**	**-**
Retained earnings		
Opening balance as at reporting date	**346.05**	**218.07**
Add: Profit for the year	278.03	245.75
Add: Other comprehensive income/ (loss) for the year	(0.73)	(1.36)
Less: Dividend paid on equity shares	(48.53)	(29.77)
Less: Dividend distribution tax	(9.98)	(6.12)
Less: Transfers to general reserves	(31.02)	(26.84)
Less: Transfers to statutory reserve	(62.03)	(53.68)
Closing balance as at reporting date	**471.79**	**346.05**
Total	**4,349.80**	**3,527.71**

* Absolute amount of Rs. 40,475 received towards partly paid up shares.

Nature of other equity:

Securities premium:

Securities premium is used to record the premium on issuance of shares. The securities premium can be utilised as per the provisions of the Companies Act, 2013.

Statutory reserve:

Statutory reserve is used to record reserve in accordance with section 45-IC of the Reserve Bank of India Act, 1934. The statutory reserves can be utilised for the purpose as specified by the RBI from time to time.

Stock options outstanding account:

Stock option outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the company for employees of the group. The reserve is used to recognise the fair value of the options issued to employees under Company's employee stock option plan. Refer note 44 for further detail of this plan.

General reserve:

Free reserve to be utilized as per provision of the Companies Act, 2013.

Share application money pending allotment:

Share application money pending allotment represents application money received on account of right issue.

Retained earnings:

Retained earnings is used to record profit for the year. This amount is utilised as per the provision of the Companies Act, 2013.

Note 25: Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on:		
- Loans (at amortised cost)	3,410.35	2,245.90
- Fixed deposit and alternative investment fund	5.97	1.61
- Commercial paper	1.24	-
Dividend income	0.74	0.50
Profit on sale of investments	58.16	47.28
Rental income	10.89	17.48
Net gain on fair value changes	-	2.63
Insurance commission	11.09	0.48
Others charges	301.42	202.59
Total	**3,799.86**	**2,518.47**

Note 26: Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Fees on value added services	39.42	-
Online advertising income	15.88	-
Miscellaneous	0.02	-
Total	**55.32**	**-**

Note 27: Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	499.95	544.80
- Interest on borrowings (other than debt securities)	1,080.34	548.96
- Interest on subordinated liabilities	43.29	30.95
- Interest on lease liability	5.15	-
- Others	0.49	-
Total	**1,629.22**	**1,124.71**

Note 28: Impairment allowance on loans

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment allowance on loans	460.73	138.13
Settlement loss and bad debts written off	189.13	36.17
Total	**649.86**	**174.30**

Note 29: Employee benefits expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	272.33	207.23
Contribution to provident and other funds (refer note 34.1)	12.94	9.60
Employee share based payment expense (refer note 44)	5.50	10.21
Gratuity expense (refer note 34.2)	4.46	2.83
Staff welfare expenses	7.53	7.48
Total	**302.76**	**237.35**

Note 30: Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	5.32	15.09
Rates and taxes	0.70	1.40
Insurance	7.43	5.70
Repairs and maintenance		
-Building	3.52	3.67
-Vehicle	0.22	0.33
Contractual staff cost	117.41	75.72
Recruitment and training	8.24	9.41
Loan processing fee	12.83	7.59
Communication	13.79	10.02
Printing and stationery	8.65	6.72
Bank charges	39.64	24.45
Travelling and conveyance	29.47	23.95
Loss on sale of property, plant and equipment (net)	4.33	3.14
Advertisement and marketing	4.61	4.88
Information technology	55.05	53.98
Loan collection charges	406.92	280.72
Legal and professional (refer note 30.1 below for auditor's remuneration)	17.88	17.21
Net loss on fair value changes	12.65	-
Membership subscription	0.15	0.10
Expenditure towards corporate social responsibility (CSR) (refer note 30.2)	15.52	5.05
Miscellaneous	23.89	17.06
Total	**788.22**	**566.19**

30.1: Auditor's remuneration

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fee	0.65	0.51
Limited review	0.19	0.12
Tax audit fee	0.09	0.07
Certification fees	0.11	0.09
Others	0.17	0.03
Out of pocket expenses	0.03	0.02
Total	**1.24**	**0.84**

30.2: Details of CSR expenditure

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spent by the Group		**5.43**
b) Amount spent during the year ending March 31, 2020:	**In Cash**	**Yet to be paid**
i) Construction/acquisition of any assets	**-**	**-**
ii) On purpose other than (i) above	15.52	**-**
a) Gross amount required to be spent by the Group		**3.79**
b) Amount spent during the year ending March 31, 2019:	**In Cash**	**Yet to be paid**
i) Construction/acquisition of any assets	-	-
ii) On purpose other than (i) above	5.05	-

Note 31: Earning per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

The following table shows the income and share data used in the basic and diluted EPS calculations:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit for the year **(A)**	278.03	245.75
Calculation of weighted average number of equity shares		
Number of equity shares outstanding at the beginning of the year	114,196,921	98,445,621
Number of equity shares issued during the year	13,109,753	15,751,300
Number of equity shares outstanding at the end of the year	127,306,674	114,196,921
Nominal value of equity share (in Rs.)	10	10

Weighted average number of equity shares outstanding during the year **(B)**	114,972,472	103,342,816
Basic earnings per share of face value of Rs. 10 each **(A)/ (B)**	24.18	23.78
Weighted average number of potential dilutive equity shares **(C)**	115,790,562	103,555,556
Dilutive earnings per share of face value of Rs. 10 each **(A)/ (B+C)**	24.01	23.73
Weighted average number of equity shares (diluted)		
Weighted average number of equity shares outstanding during the year	114,972,472	103,342,816
Add: Number of potential equity share in respect of employee stock option scheme and partly paid up shares	818,090	212,740
Weighted average number of potential dilutive equity shares	115,790,562	103,555,556

Note 32: Operating segments

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. The Group is engaged in the business of financing, leasing and related financial services. The Group's activities/ business is reviewed from an overall business perspective, rather than reviewing its product/ services as individual standalone components. Thus, the Group has only one operating segment, and no reportable segments in accordance with Ind AS 108 Operating Segments.

a) Entity wide disclosures

Information about products and services:

The Group provides a wide portfolio of other financial products including two-wheeler loans, pre-owned car loans, loyalty personal loan, inventory funding, loan against property, housing loan, loans to SMEs and emerging corporates etc.

b) Revenue from external customers

The entire income of the Group is generated from customers who are domiciled in India.

c) Revenue from external customer

The Group does not derives revenues, from any single customer, amounting to ten per cent or more of Group's revenues.

Note 33: Investment in subsidiary

The consolidated financial statements include the financial statements of Holding Company and its subsidiary. Group does not have any joint ventures or associates.

	Net assets, i.e. total asset minus total liability			
	As at March 31, 2020		As at March 31, 2019	
	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets
Parent				
Hero FinCorp Limited	4,527.46	101.26%	3,666.51	100.68%
Subsidiary				

Hero Housing Finance Limited	343.88	7.69%	225.35	6.18%
Elimination	(400.00)	(8.95%)	(250.00)	(6.86%)
Total	**4,471.34**	**100.00%**	**3,641.86**	**100.00%**

	Share in profit and loss			
	As at March 31, 2020		**As at March 31, 2019**	
	Amount	**As % of consolidated profit & loss**	**Amount**	**As % of consolidated profit & loss**
Parent				
Hero FinCorp Limited	310.17	111.56%	268.37	109.20%
Subsidiary				
Hero Housing Finance Limited	(32.14)	(11.56%)	(22.62)	(9.20%)
Total	**278.03**	**100.00%**	**245.75**	**100.00%**

	Share in other comprehensive income			
	As at March 31, 2020		**As at March 31, 2019**	
	Amount	**As % of consolidated other comprehensive income**	**Amount**	**As % of consolidated other comprehensive income**
Parent				
Hero FinCorp Limited	(0.95)	130.85%	(1.35)	99.28%
Subsidiary				
Hero Housing Finance Limited	0.22	(30.85%)	(0.01)	0.72%
Total	**(0.73)**	**100.00%**	**(1.36)**	**100.00%**

Note 34: Retirement benefit plan

34.1 Defined contribution plan

The Group makes periodic contribution towards provident fund, superannuation fund and national pension scheme which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the consolidated statement of profit and loss as they accrue. The amount recognized as expense towards such contributions are as follows:

	As at March 31, 2020	As at March 31, 2019
Employer's contribution to provident fund	11.87	8.79
Employer's contribution to superannuation fund	0.67	0.56
Employer's contribution to national pension scheme	0.40	0.25

34.2 Defined benefit plan

The Group operates an unfunded gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death, whichever is earlier. The benefit vests after five year of continuous service. The benefit to employees is as per the plan rules or as per the Payment of Gratuity Act, 1972, whichever is earlier.

i) Reconciliation of the net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	12.39	7.74
Included in statement of profit and loss account :		
Current service cost	3.55	2.23
Interest expense	0.91	0.60
Benefits paid	(0.22)	(0.27)
	16.63	**10.30**
Remeasurement gains/(losses) in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from :		
- demographic assumptions	(0.51)	(0.80)
- financial assumptions	0.50	2.74
- experience adjustment	1.06	0.15
	1.05	**2.09**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**17.68**	**12.39**
Current liability	**7.84**	**5.79**
Non-current liability	**9.84**	**6.60**
	17.68	**12.39**

Since the liability is not funded, therefore information with regards to the plan assets has not been furnished.

ii) Expense recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	3.55	2.23
Net interest expense/(income)	0.91	0.60
Total	**4.46**	**2.83**

iii) Expense recognised in other comprehensive income/(loss):

Particulars	As at March 31, 2020	As at March 31, 2019
Remeasurement gains/(losses)		
Actuarial loss (gain)/arising from :		
- demographic assumptions	(0.51)	(0.80)
- financial assumptions	0.50	2.74
- experience adjustment	1.06	0.15
Total	**1.05**	**2.09**

iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) of Holding Company:

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.05%	7.35%
Withdrawal rate		
Up to 30 years	24.00%	20.00%
31 - 44 years	22.00%	15.00%
Above 44 years	2.00%	5.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2006-08
Retirement age (years)	58	58
Future salary growth*	7-12%	7-12%

*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 etc.

Principal actuarial assumptions at the reporting date (expressed as weighted averages) of Subsidiary Company:

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.55%	7.50%
Withdrawal rate		
Upto 30 years	10.00%	10.00%
31 to 44 years	9.00%	9.00%
Above 44 years	8.00%	8.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2006-08
Retirement age (years)	58 years	58 years
Future salary growth*	7.00%	10.00%

*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 etc.

v) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at March 31, 2020		As at March 31, 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (- / + 1%)	16.79	18.69	11.79	13.07
Salary growth rate (- / + 1%)	18.67	16.80	13.05	11.79

Attrition rate (- / + 50%)	16.72	19.00	11.89	12.92
Mortality rate (- / + 10%)	17.68	17.68	12.39	12.39

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

vi) Expected contribution during the next annual reporting period

Since the scheme is managed on unfunded basis, the next year contribution is taken as Nil (March 31, 2019 : Nil)

vii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

Duration (years)	As at March 31, 2020	As at March 31, 2019
within the next 12 months	7.84	5.79
Between 2 to 5 years	4.40	3.00
Above 5 years	14.02	11.38

As at March 31, 2020, the weighted-average duration of the defined benefit obligation was 5 years (March 31, 2019: 5 years) for the Holding Company, 11 years (March 31, 2019: 12 years) for the Subsidiary Company.

34.3 Other long term employee benefit plan

Other long term employee benefit plans comprises compensated absences. The Group operates compensated absences plan (earned leaves), where in every employee is entitled to the benefit equivalent to certain leaves for every completed year of service subject to maximum as prescribed in the policies. The same is payable during early retirement, withdrawal of scheme, resignation by employee and upon death of employee. The Holding Company also recognises sick leave provision, where in every employee is entitled to the benefit equivalent to 6 days salary for every completed year of service which is subject to maximum of 20 days accumulation of leaves. The salary for calculation of earned leave and sick leaves are last drawn basic salary. The amount of the provision is Rs. 16.63 (March 31, 2019: Rs. 11.66) as per the actuarial report.

Note 35: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. Loans is net of impairment loss allowance on loans considering realisability, the amount recoverable from Stage 3 assets is classified under after 12 months.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	2,343.94	-	2,343.94	106.68	-	106.68
Bank balance other than cash and cash equivalents	0.52	-	0.52	0.55	-	0.55
Trade receivables	7.87	-	7.87	4.34	-	4.34
Loans	11,319.46	12,943.63	24,263.09	9,853.78	9,917.42	19,771.20
Investments	27.01	51.83	78.84	704.08	107.90	811.98
Other financial assets	29.43	3.31	32.74	49.16	2.46	51.62
Non financial assets						
Current tax assets (net)	-	40.84	40.84	-	16.39	16.39
Deferred tax assets (net)	-	254.55	254.55	-	176.63	176.63
Property, plant and equipment	-	72.27	72.27	-	82.08	82.08
Right-of-use assets	-	56.90	56.90	-	-	-
Capital work-in-progress	-	0.04	0.04	-	-	-
Intangible assets	-	19.32	19.32	-	21.69	21.69
Intangible assets under development	-	0.61	0.61	-	0.16	0.16
Other non-financial assets	23.02	4.58	27.60	15.47	9.94	25.41
Total assets	**13,751.25**	**13,447.88**	**27,199.13**	**10,734.06**	**10,334.67**	**21,068.73**
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	1.30	-	1.30	0.02	-	0.02

(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	167.36	-	167.36	119.58	-	119.58
Debt securities	4,575.51	678.43	5,253.94	4,709.81	2,143.14	6,852.95
Borrowing (other than debt securities)	5,218.96	10,911.80	16,130.76	2,516.29	6,828.40	9,344.69
Subordinated liabilities	-	573.06	573.06	-	448.78	448.78
Lease Liabilities	9.45	49.57	59.02			
Other financial liabilities	352.32	53.30	405.62	502.16	67.26	569.42
Non financial liabilities						
Current tax liabilities (net)	60.14	-	60.14	33.53	-	33.53
Provisions	13.90	20.41	34.31	10.09	13.96	24.05
Other non - financial liabilities	34.25	8.03	42.28	24.32	9.53	33.85
Total liabilities	**10,433.19**	**12,294.60**	**22,727.79**	**7,915.80**	**9,511.07**	**17,426.87**
Net	**3,318.06**	**1,153.28**	**4,471.34**	**2,818.26**	**823.60**	**3,641.86**

Note 36: Change in liabilities arising from financing activities

Particulars	As at March 31, 2019	Cash flows	Others*	As at March 31, 2020
Debt securities	6,852.95	(1,876.01)	277.00	5,253.94
Borrowings other than debt securities	9,344.69	6,788.38	(2.31)	16,130.76
Subordinated liabilities	448.78	124.25	0.03	573.06
Total liabilities from financing activities	**16,646.42**	**5,036.62**	**274.72**	**21,957.76**

Particulars	As at March 31, 2018	Cash flows	Others*	As at March 31, 2019
Debt securities	5,672.09	874.64	306.22	6,852.95
Borrowings other than debt securities	4,813.65	4,531.04	-	9,344.69
Subordinated liabilities	300.00	148.78	-	448.78
Total liabilities from financing activities	**10,785.74**	**5,554.46**	**306.22**	**16,646.42**

*Represent discount on commercial paper amortised during the year.

Note 37: Contingent liabilities, commitments and leasing arrangements

Particulars	As at March 31, 2020	As at March 31, 2019
Capital commitment		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid amounting to Rs. 4.31 (previous year Rs. 6.02)	5.24	6.75
(ii) Undrawn committed credit lines	257.42	113.72
Total	**262.66**	**120.47**

37.2 Contingent liability

(i) The Holding Company's pending tax litigations comprises claims against the Holding Company pertaining to proceedings pending with income tax authorities and Sales tax/ VAT authorities amounting to Rs. 214.11 (March 31, 2019: Rs.11.22). The Holding Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Holding Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(ii) The Hon'ble Supreme Court of India, vide their ruling dated 28 February 2019, set out the principles based on which certain allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed by a third party and is pending before the SC for disposal. In view of the management, pending decision on the subject review petition and directions from the EPFO, the management has a view that the applicability of the decisions is prospective. Further, the impact for the past period, if any, is not practically ascertainable in view of various interpretation issues. However, in case of the Subsidiary Company, in view of the fact that the Company has recently commenced its operations, the impact of this, if any, is expected to be insignificant.

37.3 The Group has made provisions as required under the applicable laws or accounting standards for material foreseeable losses, if any, long term contracts.

Note 38: Related party transactions

List of Related parties:

(a) Parties in respect of which the Holding Company is an associate

Hero MotoCorp Limited

Bahadur Chand Investment Pvt. Ltd. (Effective August 23, 2018)

(b) Key managerial personnel (KMP):

Dr. Pawan Munjal – Chairman

Ms. Renu Munjal – Managing Director

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

Mr. D.N Davar - Non-Executive Director (Upto September 6, 2019)

Mr. Pradeep Dinodia - Non-Executive Director

Mr. Sanjay Kukreja - Non-Executive Director

Mr. Vivek Chand Sehgal - Non-Executive Director (Effective December 6, 2019)

Mr. Rahul Munjal – Relative of Renu Munjal

Mr. Vikas Gupta – Company Secretary (Upto September 21, 2018)

Mr. Shivendra Suman – Company Secretary (Effective September 21, 2018)

Mr. Jayesh Jain – Chief Financial Officer

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

Hero Future Energies Limited (merged with Clean Solar Power (Hiriyur) Private Limited)
Hero Investcorp Private Limited
Hero Solar Energy Private Limited
Brijmohan Lall Om Parkash (Partnership Firm)
Munjal Acme Packaging Systems Private Limited
Cosmic Kitchen Private Limited
A.G. Industries Private Limited
Raman Munjal Vidya Mandir (RKMF)
Ather Energy Private Limited
Tessolve Semiconductor Private Limited
Hero Wind Energy Private Limited
Clean Solar Power (Jaipur) Private Limited
Clean Wind Power (Anantapur) Private Limited
Clean Wind Power (Jaisalmer) Private Limited
Clean Wind Power (Bhavnagar) Private Limited
SR Dinodia & Co. LLP
Hero Mind Mine Institute Private limited
Motherson Auto Limited (Effective December 6, 2019)
Spirited Auto Cars (I) Limited (Effective December 6, 2019)
BML Munjal University

Transactions with related parties during the year:

(a) Transaction with parties in respect of which the Holding Company is an Associate

Hero MotoCorp Limited	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Dividend received	0.01	0.01
Dividend paid	19.99	12.24
Lease rental received	11.02	17.39
Repair and maintenance expense	-	0.04
Reimbursement of Insurance expense	-	0.56
Proceeds against share issued (including share premium)	248.37	498.30
Rent paid	0.07	0.07
Subvention income	3.94	1.74
Sale of property, plant and equipment	7.84	7.93
Bahadur Chand Investment Pvt. Ltd.		
Dividend paid	9.87	5.74
Proceeds against share issued (including share premium)	123.41	408.89
Loan given	920.00	-
Loan repaid	920.00	-
Interest received/accrued	8.92	-
Processing fees received	6.87	-

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Hero Future Energies Private Limited (Merged with Clean Solar Power (Hiriyur) Private Limited)		
Loan given	50.00	175.00
Loan repaid	225.00	50.00
Interest received/accrued	4.94	3.61
Processing fees received	0.08	0.26
A.G. Industries Private Limited		
Interest income	0.04	0.81
Loan repaid	8.00	1.00
Cosmic Kitchen Private Limited		
Staff welfare expense and others	1.27	1.12
Interest income	-	0.01
Loan repaid	-	0.24
Hero Solar Energy Private Limited		
Loan given	-	50.00
Loan repaid	50.00	100.00
Interest income	0.36	8.69
Processing fees received	-	0.10
Brijmohan Lall Om Prakash (Partnership firm)		
Loan given	100.00	-
Loan repaid	100.00	-
Interest received/accrued	1.32	-
Dividend paid	5.15	3.39
Hero Investcorp Private Limited		
Proceeds against share issued (including share premium)	6.73	57.23
Dividend paid	1.40	0.81
Raman Munjal Vidya Mandir (RKMF)		
Contribution made for Corporate Social Responsibility	5.25	4.93
Business Promotion expense	0.13	0.01
Munjal Acme Packaging Systems Private Limited		
Dividend paid	0.82	0.54
Ather Energy Private Limited		
Loan given	75.00	61.00
Loan repaid	10.56	-
Processing fees received	0.56	0.29
Interest received/accrued	12.21	0.06
Tessolve Semiconductor Private Limited		
Loan given	22.50	-
Loan repaid	7.50	-

Processing fees received	0.30	-
Interest received/accrued	0.57	-
Hero Wind Energy Private Limited		
Loan given	125.00	100.00
Loan repaid	125.00	100.00
Processing fees received	0.19	0.28
Interest received/accrued	3.44	4.75
Clean Solar Power (Jaipur) Private Limited		
Loan given	200.00	-
Loan repaid	200.00	-
Processing fees received	1.00	-
Interest received/accrued	9.13	-
Clean Wind Power (Anantapur) Private Limited		
Loan given	300.00	-
Loan repaid	150.00	-
Processing fees received	1.43	-
Interest received/accrued	11.68	-
Clean Wind Power (Jaisalmer) Private Limited		
Loan given	75.00	-
Loan repaid	75.00	-
Processing fees received	0.75	-
Interest received/accrued	2.16	-
Clean Wind Power (Bhavnagar) Private Limited		
Loan given	150.00	-
Loan repaid	100.00	-
Processing fees received	0.75	-
Interest received/accrued	4.39	-
Motherson Auto Limited		
Interest received/accrued	2.23	-
Hero Mind Mine Institute Private limited		
Employee's training expense	0.08	-
SR Dinodia & Co. LLP		
Professional fees	0.04	-
Spirited Auto Cars (I) Limited		
Purchase of vehicles	0.26	-
BML Munjal University		
Employee's training expense	0.15	-

(c) Transactions with key management personnel and their relatives:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Short term employee benefits*	30.60	22.63
Post–employment benefits#	-	-
Other long-term benefits#	-	-

Proceeds against share issued (including share premium)	-	16.55
Dividend paid	1.30	0.79
Director sitting fee/commission	0.50	0.26
Employee share based payment expense	0.85	1.43
Loan given	8.11	-
Processing fees received	0.00	-
Interest received/accrued	0.24	-

* Includes variable pay/ commission on payment basis since accruals are made at the Company level and are subject to requisite approvals.

Does not include gratuity and compensated absences as these are provided based on the Group as a whole.

Outstanding balances at the year end :

(a) Parties in respect of which the Holding Company is an Associate

	As at March 31, 2020	As at March 31, 2019
Hero MotoCorp Limited		
Amount receivable as at year end	7.43	3.00

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

	As at March 31, 2020	As at March 31, 2019
Hero Future Energies Private Limited (Merged with Clean Solar Power (Hiriyur) Private Limited)		
Loan outstanding at the year end (receivable)	-	175.00
A.G. Industries Private Limited		
Loan outstanding at the year end (receivable)	-	8.01
Hero Solar Energy Private Limited		
Loan outstanding at the year end (receivable)	-	50.39
Ather Energy Private Limited		
Loan outstanding at the year end (receivable)	126.70	61.49
Tessolve Semiconductor Private Limited		
Loan outstanding at the year end (receivable)	15.13	-
Clean Wind Power (Anantapur) Private Limited		
Loan outstanding at the year end (receivable)	150.76	-
Clean Wind Power (Bhavnagar) Private Limited		
Loan outstanding at the year end (receivable)	50.19	-
Motherson Auto Limited		
Loan outstanding at the year end (receivable)	79.70	-
Cosmic Kitchen Private Limited		
Amount outstanding at the year end (payable)	0.09	-
Hero Mind Mine Institute Private limited		
Amount outstanding at the year end (payable)	0.04	-
SR Dinodia & Co. LLP		
Amount outstanding at the year end (payable)	0.04	-

(c) Outstanding balance due to key management personnel and their relatives as at year end:

	As at March 31, 2020	As at March 31, 2019
Salary and wages payable*	-	-
Post–employment benefits#	-	-
Other long-term benefits#	-	-
Loan outstanding at the year end (receivable)	8.16	-

* Does not include amount of variable pay/ commission since accruals are made at the Company level and are subject to requisite approvals.

Does not include gratuity and compensated absences as these are provided based on the Group as a whole.

Note 39: Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Reserve Bank of India (RBI). The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI. The Group has complied in full with all its externally imposed capital requirements over the reported period.

39.1 Capital management

The primary objectives of Group's capital management policy are to ensure that the Group complies with regulatory capital requirements as prescribed by RBI for Holding Company i.e. 15.00% and NHB for subsidiary company i.e. 13.00%. The Group ensures adequate capital at all time and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flow are monitored, borrowing covenants are honoured and ratings are maintained. Regulatory capital- related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed level. In accordance with such norms, Tier I capital of the Group comprises of share capital, share premium, retained earnings, general reserve, statutory reserve, employee stock options outstanding account less deferred revenue expenditure, deferred tax assets and other intangible assets. The other component of regulatory capital is Tier II Capital Instruments, which include subordinate debt and impairment allowance on loans for stage 1 to the extent the same does not exceed 1.25 % of Risk Weight Assets. There were no changes in capital management process during the period presented.

Note 40: Events after balance sheet date

There have been no events after the reporting date that requires disclosure in these consolidated financial statements.

Note 41: Leases

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

The Group has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 1, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Group is not required to restate the comparative figures.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset of Rs. 52.06 and a lease liability of Rs. 50.75. The effect of this adoption is not material to the profit for the period and earnings per share.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The Group had total cash outflows for leases of Rs. 17.21 for the year ended March 31, 2020 (March 31, 2019: Rs. 15.09) including expense of Rs. 5.32 for the year ended March 31, 2020 relating to short tem leases. The Group does not have any lease restrictions and commitment towards variable rent as per the contract.

The maturity analysis of lease liabilities are disclosed in Note 35.

Note 42: Financial instruments

(a) Financial instruments by category and fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2020	Carrying amount				Fair value		
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents*	-	-	2,343.94	**2,343.94**	-	-	-
Bank balance other than cash and cash equivalents*	-	-	0.52	**0.52**	-	-	-
Trade receivables*	-	-	7.87	**7.87**	-	-	-
Loans	-	-	24,263.09	**24,263.09**	-	-	24,336.95
Investments	78.84	-	-	**78.84**	36.23	-	42.61
Other financial assets*	-	-	32.74	**32.74**	-	-	-
	78.84	**-**	**26,648.16**	**26,727.00**	**36.23**	**-**	**24,379.56**
Financial liabilities							
Trade payable							
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	1.29	**1.29**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	167.36	**167.36**	-	-	-
Debt securities	-	-	5,253.94	**5,253.94**	-	-	5,257.00
Borrowing (other than debt securities)	-	-	16,130.77	**16,130.77**	-	-	16,135.24
Subordinated liabilities	-	-	573.06	**573.06**	-	-	579.26
Lease Liabilities	-	-	59.02	**59.02**	-	-	7.03
Other financial liabilities*	-	-	405.63	**405.63**	-	-	-
	-	**-**	**22,591.07**	**22,591.07**	**-**	**-**	**21,978.53**

As at March 31, 2019	Carrying amount				Fair value		
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents*	-	-	106.68	**106.68**	-	-	-
Bank balance other than cash and cash equivalents*	-	-	0.55	**0.55**	-	-	-
Trade receivables*	-	-	4.34	**4.34**	-	-	-
Loans	-	-	19,771.20	**19,771.20**	-	-	19,661.96
Investments	811.98	-	-	**811.98**	639.67	-	172.31
Other financial assets*	-	-	51.62	**51.62**	-	-	-
	811.98	-	**19,934.39**	**20,746.37**	**639.67**	-	**19,834.27**
Financial liabilities							
Trade payable							
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	0.02	**0.02**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	119.58	**119.58**	-	-	-
Debt securities	-	-	6,852.95	**6,852.95**	-	-	6,834.76
Borrowing (other than debt securities)	-	-	9,344.69	**9,344.69**	-	-	9,344.69
Subordinated liabilities	-	-	448.78	**448.78**	-	-	449.65
Other financial liabilities*	-	-	569.42	**569.42**	-	-	-
	-	-	**17,335.44**	**17,335.44**	-	-	**16,629.10**

*The carrying amount of cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, other financial assets, trade payable and other financial liabilities approximates the fair value, due to their short-term nature except for security deposit, margin money received from customer for which fair value was calculated based on the discounted EIR.

(b) Valuation framework

The finance department of the Group includes personnel that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Group develops Level 3 inputs based on the best information available in the circumstances.

The Group uses suitable valuation models to determine the fair value of common and simple financial instruments, that use only observable market data and require little management judgement and estimation.

Loans

The fair value of loan and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represent the discounted value of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans. Fair value is then reduced by the impairment loss allowance on loans which is already calculated incorporating probability of default and loss given defaults.

Debt securities, borrowings (other than debt securities) and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the company's own credit risk or based on market-observable data such as secondary market prices for its traded debt. Further, for floating rate interest bearing borrowings, the carrying amount of borrowings represent fair market value of borrowings.

Investments

Investment in alternate investment fund is recorded at fair value determined by third party using discounted cash flow method. However, in case of stressed, fair value is determined using expected recovery method. Investment in mutual fund are fair valued using NAV at reporting date. For rest of the investments, based on the information available from external sources, management believes that the carrying value of the investments approximates the fair value.

There were no transfers between levels during the year.

Note 43: Risk management framework

43.1 *Risk profile and risk mitigation*

(a) Risk management structure and Group's risk profile

The respective Company's Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The respective Board of directors has established the Risk Management Advisory Committee, which is responsible for developing and monitoring the risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee of respective Companies oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the respective Companies.

43.2 *Credit risk*

Credit risk arises from loans, cash and cash equivalents, bank balance other than cash and cash equivalents, investments and other financial assets. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's asset on finance and trade receivables from customers; loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

Financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Portfolio review is performed every quarter and is reviewed by the management on quarterly basis.

(b) Definition of default

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Group considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant changes in expected performance and behavior of the borrower including changes in payment status of borrowers.

(c) Probability of default (PD)

Day past dues (DPD) analysis is the preliminary inputs in the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrowers as well as by DPD. The Group analyses the data collected and generates estimates of the PD of exposures and how these are expected to change as result of passage of time.

In the previous year, to determine PD's the Group had used static data for the two period. However, in the current year, the month-on-month outstanding balances in each DPD bucket are assessed to estimate the historic probability of default for each bucket; this probability is then combined with a macro-economic overlay to compute the final PD estimate. Based on the management assessment, the impact of change is not practical quantifiable. However, change in estimate is not expected to be significant.

(d) Exposure at default

The exposure at default (EAD) represents the gross carrying amount (in addition to the interest to be earned during the next year) of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

(e) Loss given default

Loss given default (LGD) represent estimated financial loss the Holding Company is likely to suffer in the event of default and it is used to calculate provision requirement on EAD along with probability of default. LGD values are assessed, reviewed and approved by the Holding Company. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

LGD for the entire portfolio of subsidiary company has been computed using collateral realization approach. The market value of collateral is computed by applying a haircut (assumed) to the latest valuation available. The LGD is computed and compared against the floor given by RBI for mortgage loans. As the LGD across all portfolios falls well below the floor, we have considered a floor LGD in line with the RBI guidelines on LGD for retail mortgage loans.

(f) Significant increase in credit risk

The Group continuously monitor all the assets subject to ECL in order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assesses whether there has been significant increase in credit risk since initial recognition. The Group also applies a secondary qualitative methods for triggering a significant increase in credit risk for an asset, such as moving customer/ facilities to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than one month overdue, the credit risk is deemed to have increase significantly since initial recognition. The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

g) Expected credit loss on loans

The Group assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, date of initial recognition, remaining term to maturity, collateral type, and other relevant factors. For the assessment, each financial asset (after segmentation based on the nature), is then clubbed into the following DPD cohorts:

- Current (0 DPD)
- 1-30 DPD
- 31-60 DPD
- 61-90 DPD
- >90 DPD

The Group considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days but less than 90 days are classified under Stage 2. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the statistical models and other historical data.

43.2.1 *Inputs, assumptions and estimation techniques used to determine expected credit loss*

The Holding Company's loan loss provision are made on the basis of the Holding Company's historical loss experience and future expected credit loss, after factoring in various macro-economic parameters such as Domestic Credit Growth (% change YoY), Real GDP Growth (% change YoY), G-Sec interest rate and change in bank credits (YoY).The selection of these variables was made purely based on business sense.

The macro- economic variables were regressed using a regression model against the log-odds of the weighted average PD's to forecast the forward-looking PD's with macro-economic overlay incorporated.

Best, base and worst scenarios were created for all the variables and default rates were estimated for all the scenarios. These default rates were then used with the same LGD and EAD to arrive at the expected credit loss for all three cases. The three cases were then assigned weights and a final probability-weighted expected credit loss estimate was computed.

In the previous year, the macro- economic variables were regressed using a regression against systematic default ratio out of the impact of macro-economic variables on the system wide default rates. Best, base, moderate, worst and current scenarios were created for all variables and default rates were estimated for all scenarios. The differential default rates between the current and best, base, moderate, worst scenarios are then found out. This was arrived using the Kalpan Meier technique, thereby creating five probability of default term structure for the four scenarios. Based on the management assessment, the impact of change is not practical quantifiable. However, change in estimate is not expected to be significant.

Macro economic indicator	Scenario	2020	2021	2022	2023	2024
	Base	6.3	8.6	10.4	10.9	10.8
Domestic Credit Growth (% change)	Best	6.93	9.46	11.44	11.99	11.88
	Worst	4.41	6.02	7.28	7.63	7.56
	Base	5.7	3.7	4.3	4.2	3.4
Inflation	Best	5.13	3.33	3.87	3.78	3.06
	Worst	7.41	4.81	5.59	5.46	4.42
	Base	2.1	5.1	6.5	6.1	6
GDP growth	Best	2.31	5.61	7.15	6.71	6.6
	Worst	1.47	3.57	4.55	4.27	4.2

43.2.2 *Analysis of risk concentration*

The Group 's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any individual client or counterparty was Rs. 364.23 and Rs. 282.20 as at March 31, 2020 and March 31, 2019 respectively.

43.2.3 *Analysis of portfolio*

An analysis of changes in gross carrying amount in relation to loan portfolio is as follows:

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	18,554.46	819.46	879.88	20,253.80	12,437.20	492.39	550.49	13,480.08
New assets originated (refer note 1and 2 below)	14,591.45	302.96	140.34	15,034.75	14,375.83	373.55	46.43	14,795.81
Assets repaid (excluding write offs) (refer note 2 below)	(9,256.45)	(420.78)	(380.61)	(10,057.84)	(7715.55)	(209.74)	(96.80)	(8,022.09)
Transfers from Stage 1	(1,467.67)	897.25	570.42	-	(624.71)	393.16	231.55	-
Transfers from Stage 2	94.34	(500.52)	406.18	-	71.24	(233.94)	162.70	-
Transfers from Stage 3	15.63	1.39	(17.02)	-	10.45	4.04	(14.49)	-
Amounts written off	-	-	(74.21)	(74.21)	-	-	-	-
Gross carrying amount closing balance	**22,531.76**	**1,099.76**	**1,524.98**	**25,156.50**	**18,554.46**	**819.46**	**879.88**	**20,253.80**

Reconciliation of Impairment loss allowance in relation to loan portfolio is as follows:

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance- opening balance	93.45	90.83	298.32	482.60	93.23	43.22	185.57	322.02
New assets originated (refer note 1, 2 and 3 below)	81.85	54.75	57.78	194.38	69.41	35.01	56.43	160.85
Effect of change in estimate/repayment	(50.96)	79.07	188.32	216.43	42.46	6.15	(48.88)	(0.27)
Transfers from Stage 1	(8.84)	5.05	3.79	-	(111.94)	46.27	65.67	-
Transfers from Stage 2	12.02	(57.37)	45.35	-	0.24	(40.40)	40.16	-
Transfers from Stage 3	5.27	0.61	(5.88)	-	0.05	0.58	(0.63)	-
Impairment allowance- Closing balance	**132.79**	**172.94**	**587.68**	**893.41**	**93.45**	**90.83**	**298.32**	**482.60**

An analysis of Expected credit loss rate:

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate*	0.59%	15.73%	38.54%	3.55%	0.50%	11.08%	33.90%	2.38%

* Expected credit loss rate is computed ECL divided by EAD

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage1, 2,3 is based on year end staging.

Note 2: Assets originated and repaid during the year have not been disclosed in the movement of gross carrying amount.

Note 3: The contractual amount of financial assets that has been written off by the Group during the year ended 31 March 2020 and that were still subject to enforcement activity was Rs. 74.21 (March 31, 2019 Rs. Nil)

Note 4: The Company recognize expected credit loss (ECL) on collective basis that takes into account comprehensive credit risk information.

Expected credit loss (ECL) has increased from Rs. 322.02 to Rs. 482.60 as at March 31, 2019. Further, the same has been increased to Rs. 893.41 by March 31, 2020. Primarily reason for increase is increase in Exposure at Default. EAD has been increased by 50.25% by the year ended March 31, 2019 as compared to year ended March 31, 2018 and the same has been increased by 24.21% by the year ended March 31, 2020 as compared to year ended March 31, 2019.

In addition to EAD, ECL is also increase due to increase in stage III assets as compared to previous year and change in mix of stage I and II assets. Other changes which have contributed increase in ECL is increase in the % of probability of default in current as compared to previous year because of significant change in macro-economic overlays due to COVID-19, increase in Loss given default on account of increase in losses determined based on historical trend, collateral valuation etc.

During the year ended March 31, 2020, overall expected loss rate in stage III is increased to 38.54% as compared to 33.90% during the year ended March 31, 2019 whereas in Stage I and II expected loss rate percentage has also been increased as compared to previous year.

Impact of COVID-19

The "Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across India and there is an unprecedented level of disruption on socioeconomic front across the country. Globally, countries and businesses are under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and is now extended till May 31, 2020. There is a high level of uncertainty about the duration of the lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the Group's operations and financial results is dependent on the future developments, which are highly uncertain.

Further, in accordance with the RBI Circulars dated March 27, 2020 and April 17, 2020 with regard to providing relief to borrowers on account of COVID-19 pandemic, the Group has offered a moratorium to eligible borrowers in accordance with its Board approved policy. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period. Based on an assessment by the Group, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering stage 2 or stage 3 classification criteria.

Given the uncertainty over the potential macro-economic impact, the Group's management has considered internal and external information including economic forecasts up to the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

Given the uncertainty over the potential macro-economic impact, the Group's management has considered economic forecasts upto the date of approval of these financial statements. Accordingly, the provision for expected credit loss on financial assets as at March 31, 2020 aggregates Rs. 893.41 (as at March 31, 2019, Rs. 482.60) which includes potential impact on account of the pandemic. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

43.2.4 *Collateral and other credit enhancements*

The loan portfolio of the Holding Company has both secured and unsecured loans and they vary with the type of funding. Products like loan against property, machinery term loan, medical equipment financing, corporate loan, two wheeler loan and pre owned car loan are all secured loans whereas products like business loan and loyalty program generally do not carry any collateral security.

For loan against property, properties (residential, commercial, industrial, mixed use, etc.) are generally acceptable collateral. Machinery term loan and medical equipment financing are given against the collateral of the equipment being funded. For corporate loan there is usually a collateral basket comprising of properties, rated securities, current assets (including stock and book debts), plant and machinery, and deposits. For two wheeler loan and pre owned car loan, the respective vehicle against which the loan been offered is taken as a collateral security.

The Company has a pre-defined loan to value norms in the policy and the same is disbursed to control the risk of the Holding Company. For loan against property, the loan to value ('LTV') is in the range of 50% to 75%. For machinery term loan the loan to value range is between 65% to 80%. For corporate loan, the funding is secured by way of a collateral basket – the overall security cover is generally maintained in the range of 1.1 times to 3 times and above. For loan against shares, a minimum cover of 2 times is maintained.

For pre-owned car and two wheeler loan, the Holding Company maintains a loan to value range of 75% to 90% depending upon tenure and model.

Valuation of the collateral, wherever applicable, is done by empaneled valuers who carry the necessary experience and expertise in the area. The guidelines governing these valuation have been clearly laid out for each collateral class. For two wheeler loan since the asset is new no valuation is has been carried out by the Holding Company. Valuation of the collateral for pre-owned car is done by empanelled valuers who carry the necessary experience and expertise in the area. Valuation of the credit impaired assets (stage 3 assets) are carried out by our empanelled valuers and for all assessment /provisioning purposes, distress value is considered. The Holding Company has an in-house team of technical managers who manage property valuation activity.

The loan portfolio of the subsidiary company generally comprises housing loan and non-housing loan which are generally secured by land and building such as residential building, commercial building, industrial building, etc. The Subsidiary Company is regulated by National Housing Bank Directions (NHB Directions) , the LTV ratios are in line with the NHB directions and the internal credit policy framework of the Subsidiary company.

43.3 *Liquidity risk*

Liquidity risk arises as Group has contractual financial liabilities that is required to be serviced and redeemed as per committed timelines and in the business of lending where money is required for the disbursement and creation of financial assets to address the going concern of Group. Liquidity risk management is imperative to Group as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with their operations. The Group with the help of ALCO committee, ALM policy and Liquidity Desk, monitors the Liquidity risk and uses structural, dynamic liquidity statements and cash flow statements as a mechanism to address this.

The Companies in the group aim to maintain the level of its cash equivalents, un-utilized borrowing lines and cash inflow at an amount in excess of expected cash outflows on financial liabilities over the next one year. At March 31, 2020, the net of expected cash inflows and outflows within 12 months are Rs. 3,395.21 (March 31, 2019: Rs. 3,517.69).

43.3.1 *Contractual maturities of financial instruments*

The table below summarizes the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at reporting date.

As at March 31, 2020	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	212.20	2,131.74	-	-	2,343.94

Bank balance other than cash and cash equivalents	-	0.52	-	-	0.52
Trade receivables	-	7.87	-	-	7.87
Loans*	-	11,580.03	9,681.19	4,018.56	25,279.78
Investments	-	27.01	-	51.83	78.84
Other financial assets	-	29.66	2.61	2.21	34.48
Total undiscounted financial assets	**212.20**	**13,776.83**	**9,683.80**	**4,072.60**	**27,745.43**
Financial liabilities					
Trade payables					
- Total outstanding dues of micro enterprises and small enterprises; and	-	1.30	-	-	1.30
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	167.36	-	-	167.36
Debt securities	-	4,575.63	579.00	100.00	5,254.63
Borrowings (other than debt securities)	-	5,219.83	10,831.02	87.50	16,138.35
Subordinate liabilities	-	-	-	575.00	575.00
Lease liabilities	-	14.51	44.02	58.04	116.57
Other financial liabilities	-	352.53	58.12	6.60	417.25
Total undiscounted financial liabilities	**-**	**10,331.16**	**11,512.16**	**827.14**	**22,670.46**
Net undiscounted financial assets/ (liabilities)	**212.20**	**3,445.67**	**(1,828.36)**	**3,245.46**	**5,074.97**
Total Commitments	262.66	-	-	-	262.66

As at March 31, 2019	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	106.66	0.02	-	-	106.68
Bank balance other than cash and cash equivalents	-	0.55	-	-	0.55
Trade receivables	-	4.34	-	-	4.34
Loans*	-	10,622.11	7,056.47	2,663.90	20,342.48
Investments	-	704.08	-	107.90	811.98
Other financial assets	-	49.16	1.63	2.30	53.09
Total undiscounted financial assets	**106.66**	**11,380.26**	**7,058.10**	**2,774.10**	**21,319.12**

Financial liabilities					
Payables					
- Total outstanding dues of micro enterprises and small enterprises; and	-	0.02	-	-	0.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	119.58	-	-	119.58
Debt securities	-	4,710.51	2,094.00	50.00	6,854.51
Borrowings (other than debt securities)	2.97	2,513.31	6,789.21	40.00	9,345.49
Subordinate liabilities	-	-	-	450.00	450.00
Other financial liabilities	-	502.37	74.81	5.38	582.56
Total undiscounted financial liabilities	**2.97**	**7,845.79**	**8,958.02**	**545.38**	**17,352.16**
Net undiscounted financial assets/ (liabilities)	**103.69**	**3,534.47**	**(1,899.92)**	**2,228.72**	**3,966.96**
Total Commitments	120.47	**-**	**-**	**-**	120.47

* This represents contractual maturities of loans without expected credit loss and EIR adjustments.

43.4 *Market risk*

Market risk is the risk that the fair value or future cash flow of financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates etc The objective of market risk management is to manage and control market risk exposure within acceptable parameters. while maximising the return.

Interest rate risk

A major portion of the Group's assets and liabilities are interest bearing - which could be either at a fixed or a floating rate. Interest rate risk is managed by way of regular monitoring of all interest rate bearing assets and liabilities. The same also forms part of the ALCO and ALM policy.

The exposure of Group's financial assets and liabilities to interest rate risk is as follows:

Financial assets	**Floating rate instruments**	**Fixed rate instruments**
March 31, 2020	9,733.01	15,423.49
March 31, 2019	7,871.32	12,382.48
Financial liabilities		
March 31, 2020	15,610.78	6,346.99
March 31, 2019	8,919.70	7,726.72

The table below illustrates the impact of a 1.00% movement in interest rates on interest income and interest expense on floating loans and floating borrowings respectively for next one year, assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average loans and borrowings outstanding during the year.

Movement in interest rates	Impact on profit before tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
1.00%	(43.41)	(8.78)
(1.00%)	43.41	8.78

43.5 *Foreign currency risk management*

The Subsidiary Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Subsidiary Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Amount in USD)

Foreign currency exposure	As at 31 March 2020	As at 31 March 2019
Trade Payables	11,811.00	-

Foreign currency sensitivity

The following table details the Subsidiary Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the INR strengthens (+)(-)5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit and the balances below would be positive or negative.

Foreign currency exposure	For the year ended 31 March 2020		For the year ended 31 March 2019	
	5% increase	5% decrease	5% increase	5% decrease
Trade Receivable	-	-	-	-
Trade Payables	0.44	(0.44)	-	-
Forward cover-Bought	-	-	-	-
Impact on profit or loss as at the end of the reporting period	(0.44)	0.44	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

Note 44: Employee Stock Option Scheme

The Employee Stock Options Scheme titled "ESOP Scheme 2017" in respect of holding company and "ESOP Scheme 2018" in respect of subsidiary company or "the Scheme" was approved by the shareholders of the holding Company and subsidiary company through postal ballot on June 09, 2017 and September 21, 2018 respectively. The Scheme covered 2,639,703 options of holding Company and 13,150,000 options of subsidiary company. The Scheme allows the issue of options to employees of the respective companies which are convertible to one equity share of the respective companies. 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 in respect of holding company and in respect of subsidiary company on each anniversary as and when the options get vested or thereafter or occurrence of any liquidity event, whichever is earlier, subject to maximum exercise period of 5 years from the date of vesting of such option. 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	Vesting condition and vesting period	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2017	962,590	July 1, 2017	10% on completion of first year, 20% on completion of second year, 30% on completion of third year and 40% on completion of fourth year	495	240.60
ESOP 2017	25,000	December 1, 2017		495	329.09
ESOP 2017	49,000	December 5, 2017		495	329.21
ESOP 2017	93,215	January 8, 2018		495	327.95
ESOP 2017	30,000	December 6, 2019		780	345.68
ESOP 2018-Tranche 1	1,200,000	September 24, 2018	10% on completion of first year, 25% on completion of second year, 30% on completion of third year and 35% on completion of fourth year	10	56.28
ESOP 2018-Tranche 2	3,000,000	September 24, 2018		10	160.20
ESOP 2018-Tranche 3	3,600,000	September 24, 2018		10	211.32
ESOP 2018-Tranche 4	4,200,000	September 24, 2018		10	265.86

Fair value of share options granted

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 of holding Company

Particulars	ESOP 2017				
	July 1, 2017	December 1, 2017	December 5, 2017	January 8, 2018	December 6, 2019
Weighted average fair value of option (Rs.)	240.6	329.09	329.21	327.95	345.68
Weighted average share price (Rs.)	616.3	647.4	647.4	647.4	820.7
Exercise price (Rs.)	495	495	495	495	780
Expected volatility**	Nil	38.18	38.22	37.80	38.55
Option life (Years)	4.5	4.5	4.5	4.5	4.5
Dividend yield (%)	0.26	0.82	0.82	0.82	1.75
Risk-free interest rate (%)*	6.58	6.60	6.60	6.60	6.28

Inputs in to the pricing model of subsidiary Company

Particulars	ESOP 2018			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted average fair value of option (Rs.)	4.69	5.34	5.87	6.33
Weighted average share price (Rs.)	11.24	11.24	11.24	11.24
Exercise price (Rs.)	10	10	10	10
Expected volatility**	35.61	36.29	36.09	35.69
Option life (Years)	3.50	4.50	5.50	6.50
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	7.94	8.03	8.09	8.13

*The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

**Expected volatility calculation is based on volatility of similar listed enterprises.

Movement in share options during the year of holding Company

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	Weighted average fair value of the options at grant date (Rs. per share)	Number of options	Weighted average fair value of the options at grant date (Rs. per share)
(i) Outstanding at the beginning of the year	1,025,890	254.93	1,104,529	253.91
(ii) Granted during the year	30,000	345.68	-	-
(iii) Forfeited during the year	44,692	290.10	78,639	240.60
(iv) Exercised during the year	-	-	-	-
(v) Outstanding at the end of the year	1,011,198	256.06	1,025,890	254.93
(vi) Exercisable at the end of the year	294,359	253.32	102,589	254.93

Weighted average remaining contractual life of options outstanding as at year end is 8 months (March 31, 2019: 18 months) of holding Company.

Movement in share options during the year of subsidiary Company

Particular	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	Weighted average fair value of the options at grant date (Rs. per share)	Number of options	Weighted average fair value of the options at grant date (Rs. per share)
(i) Outstanding at the beginning of the year	12,000,000	11.24	-	-
(ii) Granted during the year	-	-	12,000,000	11.24
(iii) Forfeited during the year	6,250,000	-	-	-
(iv) Exercised during the year	-	-	-	-
(v) Outstanding at the end of the year	5,750,000	11.24	12,000,000	11.24
(vi) Exercisable at the end of the year	575,000	11.24	-	-

Weighted average remaining contractual life of options outstanding as at year end is 6.4 years (March 31, 2019: 7.4 years) of subsidiary Company.

During the year ended March 31, 2020, the Group has recorded an employee stock compensation expense of Rs. 5.50 (March 31, 2019: Rs. 10.21) in the consolidated statement of profit and loss (refer note 29).

Note 45: Expenditure in foreign currency (on accrual basis)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and conveyance	0.98	1.65
Legal and professional	1.35	0.04
Information technology	10.24	5.49
Recruitment and training	3.02	0.30
Other expenses	1.67	1.74
Total	**17.26**	**9.22**

Note 46: Dividend paid and proposed

	As at March 31, 2020	As at March 31, 2019
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2019: Rs. 4.25* per share (March 31, 2018: Rs. 2.8 per share)	48.53	29.77
Dividend distribution tax on final dividend declared and paid	9.98	6.12
Total dividends paid (including dividend distribution tax)	**58.51**	**35.89**
After the reporting dates the following dividends were proposed by the Board of Directors subject to the approval of the shareholders at Annual General Meeting. Accordingly, the dividends have not been recognised as liabilities.		
Dividend on ordinary shares:		
Proposed for approval at Annual General Meeting March 31, 2020: Rs. 2.55# per share (March 31, 2019: Rs. 4.25 per share)	30.99	48.53
Dividend distribution tax on above	-	9.98

* On April 24, 2019, the Board of Directors has proposed a final dividend on equity shares of Rs. 4.25 per share for the financial year ended March 31, 2019 and the same was approved by the shareholders at the Annual General Meeting held on September 06, 2019.

On May 25, 2020, the Board of Directors has proposed a final dividend on equity shares of Rs. 2.55 per share for the financial year ended March 31, 2020 subject to the approval of the shareholders at Annual General Meeting.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta	**Pawan Munjal**	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Partner	Chairman	Managing Director	Jt.Managing Director & CEO	Director
Mem. No: 095037	(DIN: 00004223)	(DIN: 00012870)	(DIN: 02822641)	(DIN: 00027995)

Jayesh Jain	**Shivendra Suman**
Chief Financial Officer	Company Secretary
(FCA: 110412)	(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Form AOC -1

Salient features of Financial Statements of Subsidiaries / Joint Ventures pusuant 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 Crore)

Sl No.	Particulars	2019-20
1	Name of Subsidiary Company	Hero Housing Finance Limited
2	Reporting period	Year ended March 31, 2020
3	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries	N.A.
4	Share Capital	375.00
5	Reserves & Surplus	(31.13)
6	Total Assets	1,962.72
7	Total Liabilities	1,962.72
8	Investment other than Subsidiaries	27.01
9	Turnover	153.71
10	Profit before Taxation	(32.14)
11	Provision for Taxation	-
12	Profit after Taxation	(32.14)
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 Extend of Holding %	N.A.
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 i. Considered in Consolidation ii. Not Considered in Consolidation	N.A.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number:
101248W/ W-100022

For and on behalf of the Board of Directors of
Hero FinCorp Limited

Manish Gupta
Partner
Mem. No: 095037

Pawan Munjal
Chairman
(DIN: 00004223)

Renu Munjal
Managing Director
(DIN: 00012870)

Abhimanyu Munjal
Jt.Managing Director & CEO
(DIN: 02822641)

Pradeep Dinodia
Director
(DIN: 00027995)

Jayesh Jain
Chief Financial Officer
(FCA: 110412)

Shivendra Suman
Company Secretary
(ACS: 018339)

Place: New Delhi
Date: May 25, 2020

Place: New Delhi
Date: May 25, 2020

Notes

Hero FinCorp Limited

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E-mail: Investors@HeroFinCorp.com
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