

Price Waterhouse LLP
Chartered Accountants
252, Veer Savarkar Marg,
Shivaji Park, Dadar (West),
Mumbai - 400 028

B R Maheswari & Co LLP
Chartered Accountant
M-118, Block M,
Connaught Place, New Delhi
Delhi - 110 001

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors
Hero FinCorp Limited
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi - 110 057

Report on the Audit of the Standalone Financial Results

Opinion

1. We have audited the accompanying standalone annual financial results of Hero FinCorp Limited (hereinafter referred to as the 'Company' or the 'NBFC') for the year ended March 31, 2023, attached herewith, the Standalone Statement of Assets and Liabilities as on that date and the Standalone Statement of Cash Flows for the year ended on that date (the 'Standalone Financial Results') which are included in the accompanying Unaudited/Audited Standalone Financial Results for the quarter and year ended March 31, 2023 (the 'Statement'), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'). We have initialed the Statement for identification purposes only.
2. In our opinion and to the best of our information and according to the explanations given to us, the Standalone Annual Financial Results:
 - (i) are presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and
 - (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the Act), the Reserve Bank of India (RBI) guidelines and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended March 31, 2023, and also the Standalone Statement of Assets and Liabilities as at March 31, 2023 and the Standalone Statement of Cash Flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Results' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Standalone Financial Results, 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.



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To the Board of Directors of Hero FinCorp Limited
Report on the Standalone Financial Results

Emphasis of Matter

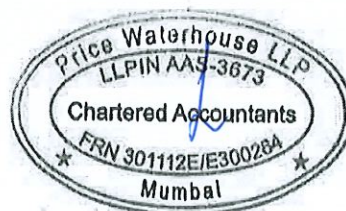
4. We draw attention to note 12 of the Statement, which describes that the Company has reassessed the classification of compulsorily convertible preference shares (CCPS) and now classified the CCPS as a financial liability, as per the Ind AS 32 'Financial Instruments: Presentation' and presented in accordance with Schedule III Division III of the Companies Act, 2013, as against equity in the earlier quarters. Our opinion is not modified in respect of this matter.

Board of Directors' Responsibilities for the Standalone Financial Results

5. These Standalone Financial Results have been compiled from the standalone financial statements. The Company's Board of Directors are responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information, the Standalone Statement of Assets and Liabilities and the Standalone Statement of Cash Flows in accordance with the recognition and measurement principles laid down in Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with relevant rules issued thereunder, guidelines and directions issued by the RBI from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the Standalone Financial Results, the 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.
7. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

8. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results 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 Results.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Hero FinCorp Limited
Report on the Standalone Financial Results

- Identify and assess the risks of material misstatement of the standalone financial results, 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 made by the Board of Directors.
 - Conclude on the appropriateness of the 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 financial results 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 Results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.
11. 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.

Other Matter

12. The Standalone Financial Results includes the results for the quarter ended March 31, 2023 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were neither subject to limited review nor audited by us.



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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Hero FinCorp Limited
Report on the Standalone Financial Results

13. The Standalone Financial Results dealt with by this report have been prepared for the express purpose of filing with the National Stock exchange of India Limited (NSE). These results are based on and should be read with the audited standalone financial statements of the Company for the year ended March 31, 2023 on which we have issued an unmodified audit opinion vide our report dated May 01, 2023.

Our opinion on the Standalone Annual Financial Results is not modified in respect of above matters.

For Price Waterhouse LLP
Chartered Accountants
Firm Registration Number: 301112E/E300264

For B R Maheswari & Co LLP
Chartered Accountants
Firm Registration Number: 001035N/N500050

Smvasant
Sharad Vasant
Partner
Membership Number: 101119

UDIN: 23101119BGXIII2227

Place: New Delhi
Date: May 01, 2023



Sudhir Maheshwari
Sudhir Maheshwari
Partner
Membership Number: 081075

UDIN: 23081075BGQYRC9455

Place: New Delhi
Date: May 01, 2023



Hero FinCorp Limited

Registered office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057

Corporate office: 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057

Fax: 011-49487197, Tel. No: 011-49487150, Website: www.herofincorp.com

CIN: U74899DL1991PLC046774

Statement of Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

₹ in Crore

| Particulars | Quarter ended | | | Year ended | |
|--|-------------------|----------------------|-------------------|-------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) |
| Income | | | | | |
| i Revenue from operations | | | | | |
| Interest income | 1,487.13 | 1,392.71 | 1,075.31 | 5,363.69 | 3,969.85 |
| Dividend income | 0.74 | - | 0.19 | 0.74 | 0.74 |
| Profit on sale of investments (net) | 38.92 | 14.84 | 14.33 | 76.18 | 38.78 |
| Rental income | - | 0.01 | 0.14 | 0.11 | 1.96 |
| Net gain on fair value changes | - | - | - | - | 19.72 |
| Insurance commission | 2.84 | 5.59 | 4.57 | 21.22 | 15.36 |
| Others charges | 132.63 | 135.25 | 121.44 | 541.83 | 394.17 |
| Total revenue from operations | 1,662.26 | 1,548.40 | 1,215.98 | 6,003.77 | 4,440.58 |
| ii Other income | 0.69 | 3.99 | 15.79 | 29.16 | 50.00 |
| iii Total income (i + ii) | 1,662.95 | 1,552.39 | 1,231.77 | 6,032.93 | 4,490.58 |
| iv Expenses | | | | | |
| Finance costs | 555.31 | 512.91 | 390.54 | 1,964.00 | 1,508.88 |
| Net loss on fair value changes | 134.40 | 86.13 | 7.20 | 302.05 | - |
| Impairment on financial instruments | 179.65 | 286.49 | 380.95 | 1,204.79 | 1,834.54 |
| Employee benefits expenses | 129.53 | 118.44 | 75.43 | 448.62 | 280.72 |
| Depreciation and amortization | 7.89 | 7.18 | 6.73 | 29.15 | 27.66 |
| Other expenses | 337.08 | 391.83 | 294.58 | 1,371.72 | 1,094.91 |
| Total expenses | 1,343.86 | 1,402.98 | 1,155.43 | 5,320.33 | 4,746.71 |
| v Profit/ (loss) before tax (iii - iv) | 319.09 | 149.41 | 76.34 | 712.60 | (256.13) |
| vi Tax expense | | | | | |
| Current tax | 60.65 | 47.36 | (20.80) | 197.70 | 27.03 |
| Deferred tax (credit) (net) | 44.11 | 14.27 | 41.45 | 57.57 | (89.16) |
| Total tax expense | 104.76 | 61.63 | 20.65 | 255.27 | (62.13) |
| vii Net profit/ (loss) after tax (v - vi) | 214.33 | 87.78 | 55.69 | 457.33 | (194.00) |
| viii Other comprehensive income/ (loss) | | | | | |
| a) Items that will not be reclassified to profit or loss:- | | | | | |
| Remeasurement of gains / (losses) on defined benefit plans | 0.08 | (0.48) | (0.11) | 1.02 | (0.16) |
| Income tax relating to items that will not be reclassified to profit or loss | (0.02) | 0.12 | 0.03 | (0.26) | 0.04 |
| Sub-total (a) | 0.06 | (0.36) | (0.08) | 0.76 | (0.12) |
| b) Items that may be reclassified to profit or loss:- | | | | | |
| Cash flow hedge reserve | 16.54 | 6.96 | (1.12) | (1.22) | (1.12) |
| Income tax relating to items that may be reclassified to profit or loss | (4.16) | (1.75) | 0.28 | 0.31 | 0.28 |
| Sub-total (b) | 12.38 | 5.21 | (0.84) | (0.91) | (0.84) |
| ix Other comprehensive income/ (loss) for the period/year, net of tax (a+b) | 12.44 | 4.85 | (0.92) | (0.15) | (0.96) |
| x Total comprehensive income/ (loss) for the period/year, net of tax | 226.77 | 92.63 | 54.77 | 457.18 | (194.96) |
| xi Earnings per equity share : | | | | | |
| (a) Basic (in ₹) | 16.84 | 6.90 | 4.37 | 35.92 | (15.24) |
| (b) Diluted (in ₹) | 16.82 | 6.89 | 4.37 | 35.89 | (15.24) |



Hero FinCorp Limited
Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Notes:

- 1) Disclosure of standalone statement of assets and liabilities as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at March 31, 2023:

| Particulars | ₹ in Crore | |
|---|--------------------------------------|--------------------------------------|
| | As at March 31, 2023 (Audited) | As at March 31, 2022 (Audited) |
| Assets | | |
| Financial Assets | | |
| Cash and cash equivalents | 630.62 | 774.03 |
| Bank balance other than cash and cash equivalents | 41.22 | 144.52 |
| Derivative financial instruments | 115.83 | 1.92 |
| Trade receivables | 1.45 | 2.12 |
| Loans | 36,213.00 | 28,651.69 |
| Investments | 2,298.81 | 1,476.82 |
| Other financial assets | 144.37 | 90.66 |
| Non-Financial Assets | | |
| Current tax assets (net) | 146.41 | 114.25 |
| Deferred tax assets (net) | 375.94 | 433.46 |
| Property, plant and equipment | 57.39 | 42.42 |
| Right-of-use assets | 39.52 | 38.64 |
| Intangible assets | 9.35 | 14.23 |
| Other non-financial assets | 56.72 | 53.60 |
| Total Assets | 40,130.63 | 31,838.36 |
| Liabilities and Equity | | |
| Liabilities | | |
| Financial Liabilities | | |
| Trade payables: | | |
| (i) Total outstanding dues of micro enterprises and small enterprises; and | 0.13 | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 475.47 | 289.37 |
| Debt securities | 6,261.51 | 5,570.08 |
| Borrowings (other than debt securities) | 23,930.45 | 20,020.09 |
| Subordinated liabilities | 3,191.72 | 617.60 |
| Lease liabilities | 45.87 | 43.60 |
| Other financial liabilities | 827.86 | 365.03 |
| Non-Financial Liabilities | | |
| Current tax liabilities (net) | 1.03 | - |
| Provisions | 48.31 | 42.38 |
| Other non-financial liabilities | 59.66 | 52.26 |
| Total Liabilities | 34,842.01 | 27,000.41 |
| Equity | | |
| Equity share capital | 127.31 | 127.31 |
| Other equity | 5,161.31 | 4,710.64 |
| Total Equity | 5,288.62 | 4,837.95 |
| Total Liabilities and Equity | 40,130.63 | 31,838.36 |



Hero FinCorp Limited
Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Notes:

- 2) Disclosure of standalone statement of cashflow as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2023:

| ₹ in Crore | | |
|---|--------------------------------------|--------------------------------------|
| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| A. Cash flow from operating activities | | |
| Profit/ (loss) before tax | 712.60 | (256.13) |
| Adjustments for: | | |
| Depreciation and amortization | 29.15 | 27.66 |
| Impairment on financial instruments | 1,204.79 | 1,834.54 |
| Dividend income from investments | (0.74) | (0.74) |
| Discount on commercial paper | 152.69 | 106.99 |
| Employee share based payment expense | 6.65 | 4.21 |
| Net loss on sale of property, plant and equipment | 1.45 | 1.99 |
| Interest income on fixed deposit and investments | (65.72) | (35.00) |
| Interest expense on lease liability | 3.93 | 3.58 |
| Net loss/ (gain) on fair value changes | 302.05 | (19.72) |
| Profit on sale of investments | (76.18) | (38.78) |
| Operating profit before working capital changes | 2,270.67 | 1,628.60 |
| Decrease in trade receivables | 0.67 | 5.86 |
| Increase in loans | (8,766.10) | (6,629.38) |
| (Increase)/ decrease in bank balance other than cash and cash equivalents | 103.30 | (28.39) |
| (Increase)/ decrease in other financial assets | (53.71) | 17.99 |
| Increase in other non financial assets | (0.39) | (26.20) |
| Increase in other financial liabilities | 455.68 | 35.60 |
| Increase in trade payables | 186.23 | 40.48 |
| Increase in other non financial liabilities | 7.40 | 18.37 |
| Increase in provisions | 5.74 | 3.66 |
| Net cash used in operating activities before income tax | (5,790.51) | (4,933.41) |
| Income tax paid (net of refund) | (228.83) | (108.00) |
| Net cash used in operating activities (A) | (6,019.34) | (5,041.41) |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment and other intangible assets | (35.89) | (15.92) |
| Proceeds from sale of property, plant and equipment | 2.29 | 5.04 |
| Dividend received | 0.74 | 0.74 |
| Interest on fixed deposit and investments | 65.72 | 35.00 |
| Purchase of investments | (14,689.67) | (16,246.43) |
| Sale of investments | 14,251.85 | 17,039.46 |
| Investment in subsidiary | (300.00) | - |
| Net cash flow generated / (used in) from investing activities (B) | (704.96) | 817.89 |



Hero FinCorp Limited

Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Notes:

- 2) Disclosure of standalone statement of cashflow as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2023:

₹ in Crore

C. Cash flow from financing activities

| | | |
|---|-----------------|-----------------|
| Proceeds from issue of compulsorily convertible preference shares | 2,000.00 | - |
| Proceeds from issue of debt securities | 5,033.74 | 5,295.65 |
| Repayment of debt securities | (4,495.00) | (4,012.00) |
| Proceeds from issue of borrowings (other than debt securities) | 17,727.12 | 15,598.93 |
| Repayment of borrowings (other than debt securities) | (13,930.66) | (12,740.97) |
| Proceeds from issue of subordinated liabilities | 264.07 | 0.20 |
| Repayment of lease liability | (12.38) | (11.87) |
| Dividend paid | - | (12.73) |
| Share issue expenses paid | (6.00) | - |
| Net cash flow generated from financing activities (C) | 6,580.89 | 4,117.21 |

D. Net decrease in cash and cash equivalents (A+B+C)

| | | |
|--|---------------|---------------|
| Cash and cash equivalents at the beginning of the year | 774.03 | 880.34 |
| Cash and cash equivalents at the end of the year* | 630.62 | 774.03 |

*Components of cash and cash equivalents

| | | |
|---|---------------|---------------|
| Balances with banks (current accounts) | 218.56 | 63.29 |
| Deposit with banks (original maturity less than three months) | 412.06 | 710.74 |
| | 630.62 | 774.03 |



Hero FinCorp Limited
Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Notes:

- 3) The Company is a Non-Banking Finance Company registered with the Reserve Bank of India ('the RBI').
- 4) The standalone financial results for the quarter and year ended March 31, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 01, 2023. The financial results for the year ended March 31, 2023 have been subjected to audit by joint statutory auditors in compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 5) The above financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.
- 6) The secured non-convertible debentures issued by the Company are fully secured by pari-passu charge by way of hypothecation of receivables of the Company, to the extent as stated in the respective information / placement memorandum. Further, the Company has maintained asset cover as stated in the information/ placement memorandum which is sufficient to discharge the principal amount and interest accrued but not due at all times for the secured non-convertible debt securities issued.
- 7) Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, as amended, the Company has listed Commercial Papers on National Stock Exchange (NSE).
- 8) Earnings per equity share for the quarters ended March 31, 2023, December 31, 2022 and March 31, 2022 have not been annualised.
- 9) Effective October 01, 2022, the Company has been categorized as NBFC-ML under the RBI Scale Based Regulations dated October 22, 2021. To the extent applicable, the Company has taken necessary steps in terms of formulating an implementation plan and complied with norms/ changes suggested as and when they become applicable.
- 10) Disclosure pursuant to Reserve Bank of India notification RBI/2020- 21/16 DOR.No.BP.BC/3/21.04.048/2020- 21 dated August 06, 2020 and RBI/2021- 22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 pertaining to Resolution Framework for COVID-19 related stress:

| ₹ in Crores | | | | | |
|--------------------|---|--|---|---|---|
| Type of Borrower | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2022 | Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023 | Of (A) amount written off during the half-year ended March 31, 2023 | Of (A) amount paid by the borrowers during the half-year ended March 31, 2023 | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2023 |
| Personal Loans | 64.88 | 8.64 | 0.00 | 22.27 | 35.37 |
| Corporate persons* | 356.08 | 35.64 | - | 85.50 | 246.85 |
| Of which MSMEs | 287.00 | 34.42 | - | 18.95 | 245.55 |
| Others | 69.08 | 1.22 | - | 66.55 | 1.30 |
| Total | 420.96 | 44.28 | 0.00 | 107.77 | 282.22 |

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

- 11) Disclosure pursuant to Reserve Bank of India Notification RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

- a) Details in respect of loans not in default acquired through assignment during year ended March 31, 2023

| Particulars | Value |
|--|----------------|
| Count of loan accounts acquired | 13,589 |
| Amount of loan accounts acquired (₹ in Crore) | 65.84 |
| Retention of beneficial economic interest (MRR %) | 10% |
| Weighted average maturity (residual maturity in years) | 1.41 |
| Weighted average holding period (in years) | 0.37 |
| Coverage of tangible security coverage | Not applicable |
| Rating-wise distribution of rated loans | Not applicable |

- b) The company has not transferred any Special Mention Account (SMA) and loans not in default.
- c) The Company has not acquired or transferred any stressed loan during the year.



Hero FinCorp Limited
Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

- 12) During the quarter ended June 30, 2022, the Company had allotted 3,63,63,636 Compulsorily Convertible Preference Shares (CCPS) (comprising of 1,70,36,363 Class A CCPS and 1,93,27,273 Class B CCPS) of face value of ₹ 550 each aggregating to ₹ 2,000 crores. As per Section 43 of the Companies Act, 2013, the preference shares are classified as part of Share Capital. However, as per Ind AS 32 'Financial Instruments: Presentation' and terms of conditions of such preference shares, they are required to be classified as a financial liability. Considering the 'rule of construction' which states that the Act would prevail over any subordinate legislations like Companies (India Accounting Standards) Rules, 2015, the Company, in the previous quarters, classified the CCPS as Equity. The impact of such classification and measurement on the Company's quarterly results up to the quarter ended December 31, 2022 was disclosed.

During the quarter ended March 31, 2023, the Company reassessed the classification of these CCPS and has now classified them as a financial liability, as per Ind AS 32 'Financial Instruments: Presentation' and presented it in accordance with Schedule III division III of the Companies Act, 2013 (disclosed under the head of Subordinated liabilities). These CCPS are subsequently measured at fair value through profit or loss as per Ind-AS 109 requirements. Had the Company followed the liability classification since issuance of the CCPS, the impact on the earlier quarter's financial results is given in Annexure 1.

Further, if the CCPS were classified in accordance with section 43 of the Companies Act, 2013 i.e., as equity, profit after tax for the year ended March 31, 2023, would be higher by ₹ 310.05 crores and total equity would be higher by ₹ 2,310.05 crores and subordinated liabilities would be lower by ₹ 2,310.05 crores as at March 31, 2023.

- 13) The Company is a 'Large Corporate' as per criteria under SEBI (Issued and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and the disclosure in terms of the said SEBI circular is attached as annexure.
- 14) Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 is attached as Annexure 2.
- 15) The Company is engaged primarily in the business of financing, and accordingly, there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment. The Company operates in a single geographical segment i.e. domestic.
- 16) The figures for the quarter ended March 31, 2023 and March 31, 2022 are the balancing figures between audited figures in respect of full financial year and year to date figures upto the end of the third quarter of the respective financial years. The figures upto the end of the third quarter ended December 31, 2022 were subjected to Limited Review.
- 17) The board of directors has approved payment of dividend of 3% per Class A & Class B Cumulative Compulsorily Convertible Preference Shares of face value of ₹ 550 each.
- 18) The board of directors has recommended a final dividend of ₹ 81 per equity share of ₹ 10 each (i.e. 81%) subject to shareholders approval in the ensuing Annual General Meeting.
- 19) Previous period/ year figures have been regrouped/ reclassified, wherever found necessary, to conform to current period/ year classification.

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


Abhimanyu Munjal
Jt. Managing Director & CFO
(DIN No. 02822641)

Place: New Delhi
Date: May 01, 2023



Hero FinCorp Limited
Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Annexure I

| Particulars | Quarter ended | | Period ended | | |
|--|----------------------|-----------------------|----------------------|-----------------------|------------------|
| | December 31, 2022 | September 30, 2022 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| a) Net gain/(loss) on fair value changes (₹ in Crore) | | | | | |
| Reported | 9.65 | 15.78 | 39.52 | 29.87 | 14.09 |
| Adjusted | (86.13) | (80.00) | (167.65) | (81.52) | (1.52) |
| b) Profit before tax (₹ in Crore) | | | | | |
| Reported | 245.19 | 209.85 | 600.67 | 355.48 | 145.63 |
| Adjusted | 149.41 | 114.08 | 393.49 | 244.08 | 130.01 |
| c) Profit after tax (₹ in Crore) | | | | | |
| Reported | 183.56 | 157.46 | 450.16 | 266.60 | 109.14 |
| Adjusted | 87.78 | 61.68 | 242.98 | 155.20 | 93.52 |
| d) Earnings per equity share (Basic) (in ₹) | | | | | |
| Reported | 14.42 | 12.37 | 35.36 | 20.94 | 8.57 |
| Adjusted | 6.90 | 4.84 | 19.09 | 12.19 | 7.35 |
| e) Earnings per equity share (Diluted) (in ₹) | | | | | |
| Reported | 11.21 | 9.61 | 29.28 | 17.93 | 8.18 |
| Adjusted | 6.89 | 3.77 | 15.80 | 10.44 | 7.34 |
| f) Financial Liabilities: Subordinated liabilities (₹ in Crore) | | | | | |
| Reported | NA | 718.33 | NA | 718.33 | NA |
| Adjusted | NA | 2,829.73 | NA | 2,829.73 | NA |



Hero FinCorp Limited
Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Annexure 2

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the year ended March 31, 2023

| Particulars | Quarter ended | | | Year ended | |
|--|-------------------|----------------------|-------------------|-------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) |
| a) Debt equity ratio (no. of times) | 6.31 | 6.25 | 5.42 | 6.31 | 5.42 |
| b) Debt service coverage ratio | N.A. | N.A. | N.A. | N.A. | N.A. |
| c) Interest service coverage ratio | N.A. | N.A. | N.A. | N.A. | N.A. |
| d) Outstanding redeemable preference shares (nos.) | - | - | - | - | - |
| e) Outstanding redeemable preference shares (values) | - | - | - | - | - |
| f) Capital redemption reserve / debenture redemption reserve | - | - | - | - | - |
| g) Net worth (₹ in Crore) | 5,288.62 | 5,061.88 | 4,837.95 | 5,288.62 | 4,837.95 |
| h) Current ratio | N.A. | N.A. | N.A. | N.A. | N.A. |
| i) Long term debt to working capital | N.A. | N.A. | N.A. | N.A. | N.A. |
| j) Current liability ratio | N.A. | N.A. | N.A. | N.A. | N.A. |
| k) Total debts to total assets (%) | 83.19 | 83.53 | 82.32 | 83.19 | 82.32 |
| l) Debtors turnover | N.A. | N.A. | N.A. | N.A. | N.A. |
| m) Inventory turnover | N.A. | N.A. | N.A. | N.A. | N.A. |
| n) Operating margin (%) | N.A. | N.A. | N.A. | N.A. | N.A. |
| o) Net profit / (loss) margin (%)* | 12.89 | 5.65 | 4.52 | 7.58 | (4.32) |
| p) Bad debts to account receivable ratio | N.A. | N.A. | N.A. | N.A. | N.A. |
| q) Gross non performing assets (%) | 5.38 | 5.92 | 7.94 | 5.38 | 7.94 |
| r) Net non performing assets (%) | 2.79 | 2.94 | 4.63 | 2.79 | 4.63 |
| s) Provision coverage ratio (%) | 49.60 | 51.96 | 43.76 | 49.60 | 43.76 |

*not annualised for the quarter ended

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- | | | |
|---------------------------------------|---|---|
| (i) Debt equity ratio | : | (Debt securities + borrowings (other than debt securities) + subordinated debts) / (Equity share capital + other equity) |
| (ii) Net worth | : | Equity share capital + other equity |
| (iii) Total debts to total assets (%) | : | (Debt securities + borrowings (other than debt securities) + subordinated debts) / Total assets |
| (iv) Net profit/ (loss) margin (%) | : | Profit/ (loss) after tax / Total income |
| (v) Gross non performing assets (%) | : | Gross stage 3 loans / Gross loans |
| (vi) Net non performing assets (%) | : | (Gross stage 3 loans - impairment loss allowance for stage 3 loans) / (Gross loans - impairment loss allowance for stage 3 loans) |
| (vii) Provision coverage ratio (%) | : | Impairment loss allowance for stage 3 loans / Gross stage 3 loans |



Hero FinCorp Limited
Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Annexure 2.1

If the Company had followed the liability classification since issuance of the CCPS (refer note 12 of the Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023), the impact on the information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 for the earlier quarter's financial results is given in table below.

| Particulars | Quarter ended | | Period ended | | |
|--|-------------------|--------------------|-------------------|--------------------|---------------|
| | December 31, 2022 | September 30, 2022 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| a) Net worth (₹ in Crore) | | | | | |
| Reported | 7,269.06 | 7,079.45 | 7,269.06 | 7,079.45 | 6,901.29 |
| Adjusted | 5,061.88 | 4,968.05 | 5,061.88 | 4,968.05 | 4,885.67 |
| b) Debt equity ratio (no. of times) | | | | | |
| Reported | 4.05 | 4.00 | 4.05 | 4.00 | 3.68 |
| Adjusted | 6.25 | 6.13 | 6.25 | 6.13 | 5.61 |
| c) Total debts to total assets (%) | | | | | |
| Reported | 77.70 | 77.69 | 77.70 | 77.69 | 76.15 |
| Adjusted | 83.53 | 83.48 | 83.53 | 83.48 | 82.19 |
| d) Net profit/ (loss) margin (%)* | | | | | |
| Reported | 11.75 | 10.83 | 10.21 | 9.36 | 7.83 |
| Adjusted | 5.65 | 4.29 | 5.56 | 5.51 | 6.78 |

*not annualised for the quarter ended

Annexure 2.2

If the CCPS were classified in accordance with section 43 of the Companies Act, 2013 i.e., as equity, (refer note 12 of the Unaudited/ Audited Standalone Financial Results for the quarter and year ended March 31, 2023), key ratios would have been as below:

| Particulars | Year ended March 31, 2023 |
|--|---------------------------|
| a) Debt equity ratio (no. of times) | 4.09 |
| b) Net worth (₹ in Crore) | 7,598.67 |
| c) Total debts to total assets (%) | 77.43 |
| d) Net profit margin (%) | 12.70 |



| Sl. No. | Details of the party (listed entity/subsidiary) entering into the transaction | | Details of the counterparty | | Type of related party transaction | Value of the related party transaction as approved by the audit committee (₹ in crore) | Value of the transaction during the reporting period (₹ in crore) | | In case monies are due to either party as a result of the transaction | | In case any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments | | | Details of the loans, inter-corporate deposits, advances or investments | | | | |
|---------|---|-----|-----------------------------------|--|------------------------------------|--|---|-----------------|---|------|---|-------------------|--------|---|---|--|--|--|
| | Name | PAN | Name | Relationship of the counterparty with the listed entity and its subsidiary | | | Opening balance | Closing balance | Nature of indebtedness | Cost | Tenure | Interest Rate (%) | Nature | Secured/ Unsecured | Purpose for which the funds will be utilised by the ultimate recipient of funds (end usage) | | | |
| 1 | Hero FinCorp Limited | | Hero MotoCorp Limited | Promoter | Loan: capital income | 2.00 | 0.01 | 0.10 | | | | | | | | | | |
| | | | | | Subvention income | 10.00 | 2.71 | | | | | | | | | | | |
| | | | | | Dividend income | | | | | | | | | | | | | |
| | | | | | Reimbursement for sale of vehicles | 0.60 | 0.02 | | | | | | | | | | | |
| | | | | | Proceeds from issuance of CCPs | | 700.00 | | | | | | | | | | | |
| 2 | Hero FinCorp Limited | | Bejmohan Lal Om Prakash | Promoter | Proceeds from issuance of CCPs | | 80.00 | | | | | | | | | | | |
| 3 | Hero FinCorp Limited | | Hero Housing Finance Ltd. | Subsidiary | Investment in equity shares | 300.00 | | 0.03 | | | | | | | | | | |
| | | | | | Sourcing commission income | | | | | | | | | | | | | |
| | | | | | Support Services income | 5.00 | 3.44 | | | | | | | | | | | |
| | | | | | ESOP cross charge billing received | 0.35 | 0.07 | | | | | | | | | | | |
| | | | | | ESOP cross charge billing paid | | | | | | | | | | | | | |
| | | | | | Sale of Vehicles | 0.20 | 0.08 | | | | | | | | | | | |
| 4 | Hero FinCorp Limited | | Cosmic Kitchen Pvt. Ltd. | Entity controlled by Director's relative | Staff welfare expense | | 0.92 | | | | | | | | | | | |
| | | | | | Business Promotion Expense | 1.35 | 0.42 | | | | | | | | | | | |
| 5 | Hero FinCorp Limited | | Alhur Energy Pvt. Ltd. | Fellow Associate | Loan given | | 150.00 | 121.25 | | | | | Loans | Secured | Business purpose | | | |
| | | | | | Loan repayment received | | 57.76 | | | | | | | | | | | |
| | | | | | Interest income | | 5.63 | | | | | | | | | | | |
| | | | | | Processing fees income | | 1.88 | | | | | | | | | | | |
| 6 | Hero FinCorp Limited | | Hero Solar Energy Pvt. Ltd. | Entity in which Director's relative is interested | Loan given | | | 100.34 | | | | | Loans | Unsecured | Business purpose | | | |
| | | | | | Loan repayment received | | 50.68 | | | | | | | | | | | |
| | | | | | Interest income | | 5.79 | | | | | | | | | | | |
| 7 | Hero FinCorp Limited | | Motherson Lease Solution Ltd. | Entity in which Director's relative is interested | Loan given | | | 42.53 | | | | | Loans | Unsecured | Business purpose | | | |
| | | | | | Loan repayment received | | 42.57 | | | | | | | | | | | |
| | | | | | Interest income | | 1.65 | | | | | | | | | | | |
| 8 | Hero FinCorp Limited | | Hero Mindware Institute Pvt. Ltd. | Entity in which Director's relative is interested | Employee Training Expense | 0.60 | 0.12 | | | | | | | | | | | |



denotes amount less than ₹ 1 lakh
* appointed w.e.f January-23, 2023

Notes:

- 1 Transaction values are excluding taxes and duties.

- 1 Transaction values are excluding taxes and duties.
- 2 The value of transactions approved, in case, of omnibus approval granted by the Audit Committee, are for the Financial Year 2022-23
- 3 Related parties as defined under clause 9 of the Indian Accounting Standard 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the company.
- 4 Related party transactions reported above are identified based on PAN of the related party available on record.

Price Waterhouse LLP
Chartered Accountants
252, Veer Savarkar Marg,
Shivaji Park, Dadar (West),
Mumbai – 400 028

B R Maheswari & Co LLP
Chartered Accountant
M-118, Block M,
Connaught Place, New Delhi
Delhi – 110 001

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors
Hero FinCorp Limited
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi - 110 057

Report on the Audit of the Consolidated Financial Results

Opinion

1. We have audited the accompanying Consolidated Annual Financial Results 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"), (Refer note 3 to the Statement) for the year ended March 31, 2023, the Consolidated Statement of Assets and Liabilities as at that date and the Consolidated Statement of Cash Flows for the year ended on that date (the "Consolidated Financial Results") which are included in the accompanying Unaudited/Audited Consolidated Financial Results for the quarter and year ended March 31, 2023 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). We have initialed the Statement for identification purposes only.
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditor on separate audited financial results of the subsidiary company, the Statement :
 - a. includes the financial results of the Holding Company and it's subsidiary company namely Hero Housing Finance Limited ;
 - b. is presented in accordance with the requirements of Regulation 52 of the Listing Regulations, and
 - c. gives a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act"), the Reserve Bank of India ("the RBI") guidelines and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group, for the year ended March 31, 2023 and also the Consolidated Statement of Assets and Liabilities as at March 31, 2023 and the Consolidated Statement of Cash Flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the Act) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of



Price Waterhouse LLP
Chartered Accountants
252, Veer Savarkar Marg,
Shivaji Park, Dadar (West),
Mumbai - 400 028

B R Maheswari & Co LLP
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M-118, Block M,
Connaught Place, New Delhi
Delhi - 110 001

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Hero FinCorp Limited
Report on the Consolidated Financial Results

Ethics. We believe that the audit evidence obtained by us and other auditor in terms of their report referred to in sub-paragraph 12 of the "Other Matter" section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to note 11 of the Statement, which describes that the Company has reassessed the classification of compulsorily convertible preference shares (CCPS) and now classified the CCPS as a financial liability, as per the Ind AS 32 'Financial Instruments: Presentation' and presented in accordance with Schedule III Division. III of the Companies Act, 2013, as against equity in the earlier quarters. Our opinion is not modified in respect of this matter.

Board of Directors' Responsibilities for the Consolidated Financial Results

5. These Consolidated Financial Results have been compiled from the annual consolidated financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information, the Consolidated Statement of Assets and Liabilities and the Consolidated Statement of Cash Flows of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder, the relevant provisions of Act, the circulars, guidelines and directions issued by the RBI from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 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 Results 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 Results by the Board of Directors of the Holding Company, as aforesaid.
6. In preparing the Consolidated Financial Results, the respective Board of Directors of the entities included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.
7. The respective Board of Directors of the entities included in the Group are also responsible for overseeing the financial reporting process of the Group.



Price Waterhouse LLP
Chartered Accountants
252, Veer Savarkar Marg,
Shivaji Park, Dadar (West),
Mumbai – 400 028

B R Maheswari & Co LLP
Chartered Accountant
M-118, Block M,
Connaught Place, New Delhi
Delhi – 110 001

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hero FinCorp Limited
Report on the Consolidated Financial Results

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

8. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results 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 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 Results.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Consolidated Financial Results, 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 Companies Act 2013, we are also responsible for expressing our opinion on whether the Group 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 made by the Board of Directors.
 - Conclude on the appropriateness of the 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 ability of the Group 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 consolidated financial results 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 Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entity included in the Consolidated Financial Results, which has been audited by other



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Chartered Accountants
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Shivaji Park, Dadar (West),
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M-118, Block M,
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hero FinCorp Limited
Report on the Consolidated Financial Results

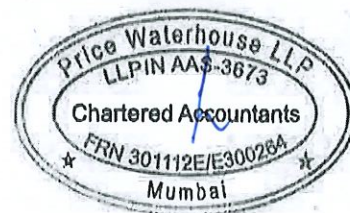
auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

10. We communicate with those charged with governance of the Holding Company 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.
11. We also provide those charged with governance of the Holding Company 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.

Other Matter

12. We did not audit the financial results of a subsidiary company included in the consolidated financial results, whose financial results reflect total assets of Rs. 4,120.65 crore and net assets of Rs. 759.23 crore as at March 31, 2023, total income of Rs. 420.55 crore, total net profit after tax of Rs. 22.63 crore and total comprehensive income of Rs. 23.70 crore for the year ended March 31, 2023, and cash flows (net) of Rs. 18.92 crore for the period from April 01, 2022 to March 31, 2023, as considered in the consolidated financial results. These financial results have been audited by other auditor whose report has been furnished to us by the Holding Company's Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the report of the other auditor who issued their unmodified opinion vide their report dated April 21, 2023 and the procedures performed by us as stated in paragraph 3 above.
13. The Consolidated Financial Results include the results for the quarter ended March 31, 2023 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us. These figures have been furnished by the Management of the Holding Company.

Our opinion on the Consolidated Annual Financial Results is not modified in respect of the above matters.



Price Waterhouse LLP
Chartered Accountants
252, Veer Savarkar Marg,
Shivaji Park, Dadar (West),
Mumbai - 400 028


B R Maheswari & Co LLP
Chartered Accountant
M-118, Block M,
Connaught Place, New Delhi
Delhi - 110 001

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Hero FinCorp Limited
Report on the Consolidated Financial Results

14. The Consolidated Financial Results dealt with by this report have been prepared for the express purpose of filing with the National Stock Exchange of India Limited (NSE). These results are based on and should be read with the audited consolidated financial statements of the group for the year ended March 31, 2023 on which we have issued an unmodified audit opinion vide our report dated May 01, 2023.

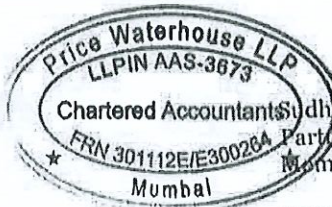
For Price Waterhouse LLP
Chartered Accountants
Firm Registration Number: 301112E/E300264


For B R Maheswari & Co LLP
Chartered Accountants
Firm Registration Number: 001035N/N500050


Sharad Vasant
Partner
Membership Number: 101119

UDIN: 23101119BGXIIJ7470

Place: New Delhi
Date: May 01, 2023




Sudhir Maheshwari
Partner
Membership Number: 081075

UDIN: 23081075BGQYRC9455

Place: New Delhi
Date: May 01, 2023



Hero FinCorp Limited
Registered office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057
Corporate office: 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057
Fax: 011-49487197, Tel. No: 011-49487150, Website: www.herofincorp.com
CIN: U74899DL1991PLC046774

Statement of Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023

₹ in Crore

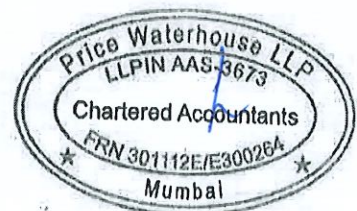
| Particulars | Quarter ended | | | Year ended | |
|---|-------------------|----------------------|-------------------|-------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) |
| Income | | | | | |
| i Revenue from operations | | | | | |
| Interest income | 1,587.68 | 1,488.58 | 1,145.66 | 5,719.60 | 4,241.87 |
| Dividend income | 0.74 | - | 0.19 | 0.74 | 0.74 |
| Profit on sale of investments (net) | 43.89 | 16.15 | 16.37 | 85.63 | 43.44 |
| Rental income | - | 0.01 | 0.14 | 0.11 | 1.73 |
| Gain on derecognition of financial instruments under amortised cost category | 2.75 | 4.66 | 15.84 | 23.13 | 15.84 |
| Net gain on fair value changes | - | - | - | - | 21.05 |
| Insurance commission | 2.84 | 5.59 | 4.57 | 21.22 | 15.36 |
| Others charges | 135.97 | 137.57 | 123.31 | 551.17 | 398.63 |
| Total Revenue from operations | 1,773.87 | 1,652.56 | 1,306.08 | 6,401.60 | 4,738.66 |
| ii Other income | 5.67 | 7.86 | 17.50 | 45.95 | 59.00 |
| iii Total income (i + ii) | 1,779.54 | 1,660.42 | 1,323.58 | 6,447.55 | 4,797.66 |
| iv Expenses | | | | | |
| Finance costs | 613.59 | 566.51 | 432.64 | 2,173.95 | 1,678.53 |
| Net loss on fair value changes | 136.21 | 84.90 | 8.01 | 299.71 | - |
| Impairment on financial instruments | 180.96 | 288.53 | 380.29 | 1,212.23 | 1,840.81 |
| Employee benefits expenses | 153.20 | 142.98 | 97.07 | 542.15 | 356.45 |
| Depreciation and amortization | 11.07 | 9.25 | 8.30 | 37.93 | 33.19 |
| Other expenses | 353.37 | 410.51 | 308.20 | 1,446.36 | 1,142.71 |
| Total expenses | 1,448.40 | 1,502.68 | 1,234.51 | 5,712.33 | 5,051.69 |
| v Profit/ (loss) before tax (iii - iv) | 331.14 | 157.74 | 89.07 | 735.22 | (254.03) |
| vi Tax expense | | | | | |
| Current tax | 60.65 | 47.36 | (20.80) | 197.70 | 27.03 |
| Deferred tax (credit) (net) | 44.11 | 14.27 | 41.45 | 57.57 | (89.16) |
| Total tax expense | 104.76 | 61.63 | 20.65 | 255.27 | (62.13) |
| vii Net profit/ (loss) after tax (v - vi) | 226.38 | 96.11 | 68.42 | 479.95 | (191.90) |
| viii Other comprehensive income/ (loss) | | | | | |
| a) Items that will not be reclassified to profit or loss: | | | | | |
| Remeasurement of gains / (losses) on defined benefit plans | 0.16 | (0.48) | (0.27) | 1.63 | 0.01 |
| Income tax relating to items that will not be reclassified to profit or loss | (0.02) | 0.12 | 0.03 | (0.26) | 0.04 |
| Sub-total (a) | 0.14 | (0.36) | (0.24) | 1.37 | 0.05 |
| b) Items that may be reclassified to profit or loss: | | | | | |
| Cash flow hedge reserve | 18.49 | 6.48 | (2.02) | (0.76) | (2.02) |
| Income tax relating to items that may be reclassified to profit or loss | (4.16) | (1.75) | 0.28 | 0.31 | 0.28 |
| Sub-total (b) | 14.33 | 4.73 | (1.74) | (0.45) | (1.74) |
| Other comprehensive income/ (loss) for the period/ year, net of tax (a) + (b) | 14.47 | 4.37 | (1.98) | 0.92 | (1.69) |
| ix Total comprehensive income/ (loss) for the period/ year, net of tax | 240.85 | 100.48 | 66.44 | 480.87 | (193.59) |
| x Profit/ (loss) for the period/ year attributable to | | | | | |
| Owners of the Company | 226.30 | 96.06 | 68.41 | 479.80 | (191.91) |
| Non-controlling interest | 0.08 | 0.05 | 0.01 | 0.15 | 0.01 |
| xi Other comprehensive income/ (loss) for the period/ year, net of tax, attributable to | | | | | |
| Owners of the Company | 14.46 | 4.37 | (1.97) | 0.91 | (1.68) |
| Non-controlling interest | 0.01 | 0.00 | (0.01) | 0.01 | (0.01) |
| xii Total comprehensive income/ (loss) for the period/ year, net of tax, attributable to | | | | | |
| Owners of the Company | 240.76 | 100.43 | 66.43 | 480.71 | (193.60) |
| Non-controlling interest | 0.09 | 0.05 | 0.01 | 0.16 | 0.01 |
| xiii Earnings per equity share: | | | | | |
| (a) Basic (in ₹) | 17.78 | 7.55 | 5.37 | 37.70 | (15.07) |
| (b) Diluted (in ₹) | 17.77 | 7.54 | 5.37 | 37.67 | (15.07) |



| Hero FinCorp Limited | | |
|--|--------------------------------------|--------------------------------------|
| Statement of Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023 | | |
| Notes: | | |
| 1) Disclosure of consolidated statement of assets and liabilities as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at March 31, 2023: | | |
| ₹ in Crore | | |
| Particulars | As at March 31, 2023 (Audited) | As at March 31, 2022 (Audited) |
| Assets | | |
| Financial Assets | | |
| Cash and cash equivalents | 750.01 | 874.49 |
| Bank balance other than cash and cash equivalents | 41.22 | 164.52 |
| Derivative financial instruments | 115.82 | 2.14 |
| Trade receivables | 1.45 | 2.12 |
| Loans | 39,871.27 | 31,341.04 |
| Investments | 1,747.49 | 1,172.98 |
| Other financial assets | 189.61 | 109.87 |
| Non-Financial Assets | | |
| Current tax assets (net) | 147.41 | 116.65 |
| Deferred tax assets (net) | 376.15 | 433.68 |
| Property, plant and equipment | 67.59 | 49.52 |
| Right-of-use assets | 45.55 | 43.07 |
| Intangible assets under development | 2.76 | 0.79 |
| Other intangible assets | 19.15 | 21.41 |
| Other non-financial assets | 75.74 | 66.77 |
| Total Assets | 43,451.22 | 34,399.05 |
| Liabilities and Equity | | |
| Liabilities | | |
| Financial Liabilities | | |
| Trade payables: | | |
| (i) Total outstanding dues of micro enterprises and small enterprises; and | 2.48 | 2.84 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 496.02 | 301.97 |
| Debt securities | 6,747.08 | 5,981.04 |
| Borrowings (other than debt securities) | 26,612.99 | 22,030.67 |
| Subordinated liabilities | 3,267.79 | 668.02 |
| Lease liabilities | 52.40 | 48.48 |
| Other financial liabilities | 893.47 | 482.64 |
| Non-Financial Liabilities | | |
| Current tax liabilities (net) | 1.03 | - |
| Provisions | 54.87 | 48.06 |
| Other non-financial liabilities | 75.26 | 65.35 |
| Total Liabilities | 38,203.39 | 29,629.07 |
| Equity | | |
| Equity share capital | 127.31 | 127.31 |
| Other equity | 5,116.13 | 4,640.21 |
| Non-controlling interests | 4.39 | 2.46 |
| Total Equity | 5,247.83 | 4,769.98 |
| Total Liabilities and Equity | 43,451.22 | 34,399.05 |



| Hero FinCorp Limited | | |
|---|--------------------------------------|--------------------------------------|
| Statement of Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023 | | |
| Notes: | | |
| 2) Disclosure of consolidated statement of cashflow as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2023: | | |
| | ₹ in Crore | |
| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| A. Cash flow from operating activities | | |
| Profit/ (loss) before tax | 735.22 | (254.03) |
| Adjustments for: | | |
| Depreciation and amortization | 37.93 | 33.19 |
| Impairment on financial instruments | 1,212.23 | 1,840.81 |
| Dividend income from investments | (0.74) | (0.74) |
| Discount on commercial paper | 157.60 | 110.09 |
| Employee share based payment expense | 8.32 | 6.21 |
| Net loss on sale of property, plant and equipment | 1.60 | 2.15 |
| Interest income on fixed deposit and investments | (68.72) | (39.58) |
| Interest expense on lease liability | 4.51 | 3.98 |
| Gain on derecognition of financial instruments under amortised cost category | (23.13) | (15.84) |
| Net loss/ (gain) on fair value changes | 299.71 | (21.05) |
| Profit on sale of investments | (85.63) | (43.44) |
| Operating profit before working capital changes | 2,278.90 | 1,621.75 |
| Decrease in trade receivables | 0.67 | 5.86 |
| Increase in loans | (9,742.46) | (6,987.16) |
| (Increase)/ decrease in bank balance other than cash and cash equivalents | 123.30 | (48.39) |
| (Increase)/ decrease in other financial assets | (56.70) | 16.98 |
| Increase in other non financial assets | (6.27) | (31.54) |
| Increase in other financial liabilities | 402.73 | 48.05 |
| Increase in trade payables | 193.72 | 47.13 |
| Increase in other non financial liabilities | 9.90 | 20.36 |
| Increase in provisions | 7.22 | 5.27 |
| Net cash used in operating activities before income tax | (6,788.99) | (5,301.69) |
| Income tax paid (net of refund) | (227.42) | (109.86) |
| Net cash used in operating activities (A) | (7,016.41) | (5,411.55) |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment and other intangible assets | (50.98) | (23.93) |
| Proceeds from sale of property, plant and equipment | 2.71 | 5.27 |
| Dividend received | 0.74 | 0.74 |
| Interest received on fixed deposit and investments | 68.72 | 39.58 |
| Purchase of investments | (17,641.62) | (18,773.49) |
| Sale of investments | 17,163.09 | 19,582.24 |
| Net cash generated from/ (used in) investing activities (B) | (457.34) | 830.41 |



| Hero FinCorp Limited | | |
|---|--------------------------------------|--------------------------------------|
| Statement of Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023 | | |
| Notes: | | |
| 2) Disclosure of consolidated statement of cashflow as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2023: | | |
| | ₹ in Crore | |
| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| C. Cash flow from financing activities | | |
| Proceeds from issue of shares (including securities premium) | 1.81 | 2.46 |
| Proceeds from issue of compulsorily convertible preference shares | 2,000.00 | - |
| Share issue expenses paid | (6.00) | - |
| Proceeds from issue of debt securities | 5,176.12 | 5,533.29 |
| Repayment of debt securities | (4,566.75) | (4,012.00) |
| Proceeds from issue of borrowings (other than debt securities) | 19,026.50 | 15,598.93 |
| Repayment of borrowings (other than debt securities) | (14,556.37) | (12,747.88) |
| Proceeds from issue of subordinated liabilities | 288.97 | 0.25 |
| Repayment of lease liability | (15.01) | (13.56) |
| Dividend paid | - | (12.73) |
| Net cash generated from financing activities (C) | 7,349.27 | 4,348.76 |
| D. Net decrease in cash and cash equivalents (A+B+C) | (124.48) | (232.38) |
| Cash and cash equivalents at the beginning of the year | 874.49 | 1,106.87 |
| Cash and cash equivalents at the end of the year* | 750.01 | 874.49 |
| *Components of cash and cash equivalents | | |
| Balances with banks (current accounts) | 222.68 | 63.49 |
| Deposit with banks (original maturity less than three months) | 527.33 | 811.00 |
| | 750.01 | 874.49 |



Hero FinCorp Limited
Statement of Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023

Notes:

- 3) The consolidated financial results include results of the following:

| Name of the company | % shareholding and voting power of Hero FinCorp Limited | Consolidated as |
|------------------------------|---|-----------------|
| Hero Housing Finance Limited | 99.33% | Subsidiary |

- 4) The consolidated financial results for the quarter and year ended March 31, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 01, 2023. The consolidated financials results for the year ended March 31, 2023 have been subjected to audit by joint statutory auditors in compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 5) The consolidated financial results for the year ended March 31, 2023 have been prepared in accordance with and comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. The consolidated financial statements, used to prepare the consolidated financial results, are based on the notified Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies that are required to comply with Ind AS.
- 6) The secured non-convertible debentures issued by the Group are fully secured by pari-passu charge by way of hypothecation of receivables of the Group, to the extent as stated in the respective information / placement memorandum. Further, the Group has maintained asset cover as stated in the information/ placement memorandum which is sufficient to discharge the principal amount and interest accrued but not due at all times for the secured non-convertible debt securities issued.
- 7) Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, as amended, the Group has listed Commercial Papers on National Stock Exchange (NSE).
- 8) Earnings per equity share for the quarters ended March 31, 2023, December 31, 2022 and March 31, 2022 have not been annualised.
- 9) The Group is engaged primarily in the business of financing, and accordingly, there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment. The Group operates in a single geographical segment i.e. domestic.
- 10) The figures for the quarter ended March 31, 2023 and March 31, 2022 are the balancing figures between audited figures in respect of full financial year and year to date figures upto the end of the third quarter of the respective financial years.
- 11) During the quarter ended June 30, 2022, the Holding Company had allotted 3,63,63,636 Compulsorily Convertible Preference Shares (CCPS) (comprising of 1,70,36,363 Class A CCPS and 1,93,27,273 Class B CCPS) of face value of ₹ 550 each aggregating to ₹ 2,000 crores. As per Section 43 of the Companies Act, 2013, the preference shares are classified as part of Share Capital. However, as per Ind AS 32 'Financial Instruments: Presentation' and terms of conditions of such preference shares, they are required to be classified as a financial liability. Considering the 'rule of construction' which states that the Act would prevail over any subordinate legislations like Companies (India Accounting Standards) Rules, 2015, the Holding Company, in the previous quarters, classified the CCPS as Equity.
- During the quarter ended March 31, 2023, the Holding Company reassessed the classification of these CCPS and has now classified them as a financial liability, as per Ind AS 32 'Financial Instruments: Presentation' and presented it in accordance with Schedule III Division III of the Companies Act, 2013 (disclosed under the head of Subordinated liabilities). These CCPS are subsequently measured at fair value through profit or loss as per Ind-AS 109 requirements.
- Further, if the CCPS were classified in accordance with section 43 of the Companies Act, 2013 i.e., as equity, profit after tax for the year ended March 31, 2023, would be higher by ₹ 310.05 crores and total equity would be higher by ₹ 2,310.05 crores and subordinated liabilities would be lower by ₹ 2,310.05 crores as at March 31, 2023.
- 12) Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 is attached as Annexure 1.
- 13) The board of directors has approved payment of dividend of 3% per Class A & Class B Cumulative Compulsorily Convertible Preference Shares of face value of ₹ 550 each.



Hero FinCorp Limited
Statement of Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023

- 14) The board of directors has recommended a final dividend of ₹ 8.1 per equity share of ₹ 10 each (i.e. 81%) subject to shareholders approval in the ensuing Annual General Meeting
- 15) Previous period/ year figures have been regrouped/ reclassified, wherever found necessary, to conform to current period/ year classification.

For and on behalf of the Board of
Hero FinCorp Limited


Abhimanyu Munjal
Jt. Managing Director & CEO
(DIN No. : 02822641)

Place: New Delhi
Date: May 01, 2023



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Hero FinCorp Limited

Statement of Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the year ended March 31, 2023

| Particulars | For the quarter ended March 31, 2023 | For the year ended March 31, 2023 |
|--|---|--------------------------------------|
| a) Debt equity ratio (no. of times) | 6.98 | 6.98 |
| b) Debt service coverage ratio | N.A. | N.A. |
| c) Interest service coverage ratio | N.A. | N.A. |
| d) Outstanding redeemable preference shares (nos.) | - | - |
| e) Outstanding redeemable preference shares (values) | - | - |
| f) Capital redemption reserve / debenture redemption reserve | - | - |
| g) Net worth (₹ in Crore) | 5,247.83 | 5,247.83 |
| h) Current ratio | N.A. | N.A. |
| i) Long term debt to working capital | N.A. | N.A. |
| j) Current liability ratio | N.A. | N.A. |
| k) Total debts to total assets (%) | 84.30 | 84.30 |
| l) Debtors turnover | N.A. | N.A. |
| m) Inventory turnover | N.A. | N.A. |
| n) Operating margin (%) | N.A. | N.A. |
| o) Net profit margin (%)* | 12.72 | 7.44 |
| p) Bad debts to account receivable ratio | N.A. | N.A. |
| q) Gross non performing assets (%) | 5.11 | 5.11 |
| r) Net non performing assets (%) | 2.69 | 2.69 |
| s) Provision coverage ratio (%) | 48.74 | 48.74 |

*not annualised for the quarter ended

Annexure I.1

Key ratios if CCPs were classified as Equity in holding company in accordance with Companies Act, 2013 (refer note 11 to the Unaudited/ Audited Consolidated Financial Results for the quarter and year ended March 31, 2023):

| Particulars | For the year ended March 31, 2023 |
|-------------------------------------|--------------------------------------|
| a) Debt equity ratio (no. of times) | 4.54 |
| b) Net worth (₹ in Crore) | 7,557.88 |
| c) Total debts to total assets (%) | 78.98 |
| d) Net profit margin (%) | 12.25 |

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- | | | |
|-------|---------------------------------|---|
| (i) | Debt equity ratio | (Debt securities + borrowings (other than debt securities) + subordinated debts) / (Equity share capital + other equity) |
| (ii) | Net worth | Equity share capital + other equity |
| (iii) | Total debts to total assets (%) | (Debt securities + borrowings (other than debt securities) + subordinated debts) / Total assets |
| (iv) | Net profit margin (%) | Profit after tax / Total income |
| (v) | Gross non performing assets (%) | Gross stage 3 loans / Gross loans |
| (vi) | Net non performing assets (%) | (Gross stage 3 loans - impairment loss allowance for stage 3 loans) / (Gross loans - impairment loss allowance for stage 3 loans) |
| (vii) | Provision coverage ratio (%) | Impairment loss allowance for stage 3 loans / Gross stage 3 loans |

