Windows of Opportunity

33rd Annual Report 2023-24 | Hero FinCorp Limited

Windows of Opportunity

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New Look for a Rising Bharat!

Hero FinCorp gets a new brand identity synonymous with the dreams & aspirations of the people of a Rising Bharat

Our Tribute

"It is important to change mindsets and look at the world with an entirely fresh perspective."

Dr. Brijmohan Lall Munjal

JULY 01, 1923 - HERO FOREVER

Founder & Chairman Emeritus, Hero Group

KEY HIGHLIGHTS

81% Customers
New to Credit

Number pertains to Two-wheeler Disbursals only

51,821 Cr
AUM

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

11 Million+
Lives Touched

AA+ Rated
CRISIL, ICRA, & CARE

4200+
Touchpoints

Loan Disbursed every
10 Second

2000+
Locations

15000+
Employees

Includes both on roll and off roll employees

Chairman's Message

Dear Shareholders,

Reflecting on the year gone by, I am reminded of a fundamental truth: the essence of life and business is transformation and evolution. In a world driven by rapid advancements in technology and artificial intelligence, businesses must adapt and innovate to stay ahead. This fiscal year has exemplified such transformation, demonstrating that evolution is indeed the language of life.

The past year has been phenomenal for your company. We have embraced a new brand identity, symbolizing the aspirations of a Rising Bharat. Our refreshed brand, with its "Windows of Opportunity" theme, reflects our commitment to enabling dreams that mirror those of the nation, as we collectively work towards a Viksit Bharat by 2047.

In keeping with the theme of national pride, your company proudly partnered with the Delhi Capitals Indian Premier League (IPL) Team, continuing the Hero Group's longstanding association with sports. This partnership underscores our dedication to promoting excellence and fostering a spirit of resilience and teamwork. Just as sports inspire collective effort and resilience, your company channels the same spirit into its endeavors.

Our journey of growth and progress was marked by another significant milestone this year as we moved to our new headquarters in Gurugram, Haryana. This state-of-the-art facility is a testament to our commitment to providing world-class services and fostering innovation. I am also proud to share that your company has been recognized as a **Great Place to Work** for the 7th consecutive year, highlighting our dedication to creating an exceptional culture and valued workplace.

From a financial perspective, our achievements have been nothing short of exceptional. Our assets under management crossed the landmark of INR 50,000 Cr, currently standing at INR 51,821 Cr as of March 31, 2024, having grown 24% from last year. We achieved our highest-ever disbursal of INR 34,463 Cr, up by 24%, further showcasing our financial progress. Furthermore, your company recorded its highest-ever Profit After Tax (PAT) of INR 986 Cr (post Compulsorily Convertible Preference Shares adjustment). We now touch over 11 million lives, reinforcing our mission to serve and support the aspirations of millions across the country. With over 4,500 touchpoints nationwide, we continue to maintain one of the largest distribution networks in the industry, ensuring that our services are accessible to all sections of society.

Looking ahead, we are filled with enthusiasm and optimism. The financial landscape is ever - evolving, and we are poised to leverage technological advancements and market opportunities to drive further growth. Our focus remains on enhancing our digital capabilities, using artificial intelligence, and machine learning to build robust risk management models, expanding our offerings, and strengthening our cross-sell and up-sell capabilities. We are committed to continuing the path of accelerated growth and to deliver value for all our stakeholders.

As Heraclitus wisely said, "The only constant in life is change." This wisdom resonates deeply with our journey. We embrace change as an opportunity to evolve. This commitment to evolution ensures that we stay true to our mission of enabling dreams and enriching lives, consistently meeting and exceeding the expectations of the people of this great country.

In conclusion, I extend my heartfelt gratitude to all our stakeholders – customers, government, regulators, investors, and employees. Your unwavering support and trust have been instrumental in our journey. As we step into the new fiscal year, we are excited about the possibilities ahead and are confident that together, we will soar to even greater heights.

Sincerely

Dr. Pawan Munjal

Chairman, Hero FinCorp

MD & CEO's Message

Dear Shareholders,

As we draw the curtains on another remarkable fiscal year, I extend my warmest greetings to you and your loved ones. Reflecting on the transformative journey we've undertaken, I am filled with immense pride and gratitude for the unwavering support and trust you've placed in Hero FinCorp.

India stands at the cusp of a monumental transformation. The rapid growth across sectors such as Auto, Housing, MSME, Infrastructure, and Consumption Loans signals a promising future. Our nation's economic landscape is evolving at an unprecedented pace, with projections indicating that our economy will double by 2030, effectively creating another India.

This growth will extend affluence beyond metropolitan areas, making digital savviness a hallmark of customers from all walks of life. At Hero FinCorp, we recognize the importance of evolving with these times while staying deeply rooted in our values.

This year, we embraced a new brand identity that resonates with the aspirations of Bharat today and tomorrow. Our refreshed brand, symbolized by the 'Windows of Opportunity' theme, underscores our commitment to empowering dreams and ambitions. We aim to connect more deeply with Indians across diverse backgrounds, reflecting our shared journey towards a Viksit Bharat by 2047.

The past year has been a year of 'the new' for your company—a new identity, new associations, a new office, and a new way of working. We proudly partnered with the Delhi Capitals IPL Team, reinforcing our dedication to excellence and teamwork. Our new headquarters in Gurugram, a state-of-the-art facility, stands as a testament to our commitment to innovation and world-class service.

Our technological advancements have been noteworthy. We launched a Gen AI-powered servicing chatbot, scaled our Hero Instant Personal Loan App with a new UI/UX, and continued to build best-in-class product journeys. These initiatives ensure that we stay ahead in the digital era, providing seamless and efficient services to our customers.

Despite all these new developments, the core of Hero FinCorp remains unchanged. We continue to operate on the value system established by my grandfather and our Chairman Emeritus, who believed in trust, humility, and teamwork. His ethos of putting the customer and our nation first, followed by the Hero Parivaar, and then himself, remains our guiding principle. His dedication to nurturing relationships has laid the foundation for our group's culture and ongoing success. Our principles remind us to stay united in values and action, play to win, own the outcome, and make things happen. These values have propelled us to remarkable achievements this year.

Financially, your company has reached unprecedented milestones. Our Assets Under Management (AUM) crossed the landmark of INR 50,000 Cr, standing at INR 51,821 Cr, reflecting a 24% YoY growth. We recorded an all-time high Profit After Tax (PAT) of INR 986 Cr (post CCPS adjustment), showcasing a 25% YoY increase. Disbursals amounted to INR 34,463 Cr, also growing by 24% YoY. Our Return on Assets (ROA) stands at 2.1%, while our Net Non-Performing Assets (NNPA) stood at their lowest at 2%, showing significant reductions from the previous year.

In terms of product vertical performance, Retail AUM reached INR 33,726 Cr, reflecting a 29% growth, with disbursals at INR 25,400 Cr, showcasing a 26% growth. SME AUM stood at INR 10,780 Cr, marking a 27% growth, with disbursals at INR 4,865 Cr, indicating a 22% growth. Corporate AUM was INR 5,988 Cr, with disbursals amounting to INR 4,198 Cr.

These remarkable achievements have firmly established your company among India's leading NBFCs. With our robust foundation and strategic positioning, we are poised to capture a substantial share of India's burgeoning economic landscape. Our unwavering commitment to innovation, customer-centricity, and operational excellence will enable us to harness the immense opportunities ahead and continue driving significant growth and success.

As we look to the future, we are filled with enthusiasm and optimism. The journey ahead is promising, and we are committed to leveraging technological advancements and market opportunities to drive further growth. Our focus remains on enhancing our digital capabilities, expanding our product offerings, and strengthening our risk management frameworks.

In conclusion, our "Caring for All" philosophy is central to everything we do. We believe true success comes from taking care of all our stakeholders—employees, customers, investors, partners, and the community. Our management team is committed to fostering an environment where everyone's needs and aspirations are valued. This philosophy, coupled with our continued focus on long-term sustainability, will help us create a thriving ecosystem where everyone prospers together. The future is bright, and with your continued support, we'll achieve extraordinary milestones and set new standards of excellence. Thank you for your unwavering support.

Sincerely,

Abhimanyu Munjal
MD & CEO – Hero FinCorp Ltd.

> It's not about ideas.
> It's about making ideas happen.

-Scott Belsky

Our Foundation

PURPOSE

Empowering every Indian's Dream of Upward Mobility!

MISSION

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

VISION

To be a Financier of choice and become a one-stop Financial Services Company, by offering world class products through Innovation & Teamwork.

PRINCIPLES

- United in Values
- United in Action
- Play to Win
- Own the Outcome
- Do It, Move It, Make It Happen.

Board Of Directors

Dr. Pawan Munjal

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

Mrs. Renu Munjal

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

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 and complex transformations.

Mr. Pradeep Dinodia

Mr. Dinodia is a member of the ICAI, and the Chairman & Managing Partner in Delhi based Chartered Accountancy firm M/s. S. R. Dinodia & Co.

Board Of Directors

Mr. Paramdeep Singh

Mr. Paramdeep Singh is a serial entrepreneur best known for co-founding JioSaavn, India's largest and fastest growing music streaming service. Mr. Singh is also a co-founder, and angel investor, and sits on the board of several other institutionally-backed consumer technology ventures across media, sports and education.

Mr. Sanjay Kukreja

Mr. Sanjay Kukreja is a partner and part of the founding team of ChrysCapital, India's leading Private Equity Firm with over $5.5 bn in AUM across nine funds. He is currently the Chief Investment Officer at ChrysCapital, overseeing all the firm's investment activities. Mr. Kukreja currently serves on the Boards of Hero FinCorp, GeBBS Healthcare Solutions, Infogain, Intas Pharmaceuticals, HDFC Credila.

Mr. Amar Raj Singh Bindra

Mr. Amar Raj Singh Bindra is a career banker and has 43 years of rich experience in the banking industry across OECD and Emerging markets. He is a credit risk subject expert in the banking industry, with deep knowledge of the Asia region, having managed client and credit risk strategies over 5 global crises.

Ms. Anuranjita Kumar

Ms. Anuranjita Kumar is a human resource veteran with over 25 years of experience working across the globe managing various assignments, including senior human resource roles in Asia, North America and Europe, through her stints at Citi Bank, Royal Bank of Scotland, and P&G.

CSR Committee Chairperson's Message

Mrs. Renu Munjal

At Hero FinCorp, our commitment to Corporate Social Responsibility goes beyond philanthropy; it is an integral part of our corporate ethos and guides our actions every day. We have been actively engaged in initiatives that make a positive difference in the lives of people around us.

Each program is meticulously woven with a vision of inclusive progress, ensuring that no one is left behind in the journey towards prosperity. Our Flagship initiative, DhanCharcha, continues to resonate deeply, reaching 4.6 lakh individuals in rural areas, empowering them with financial literacy.

Education remains a cornerstone of our initiatives. Building on our legacy, this year saw the fruition of the Raman Kant Munjal Scholarships, benefiting 155 exemplary students from humble backgrounds in pursuing courses in finance and accounts.

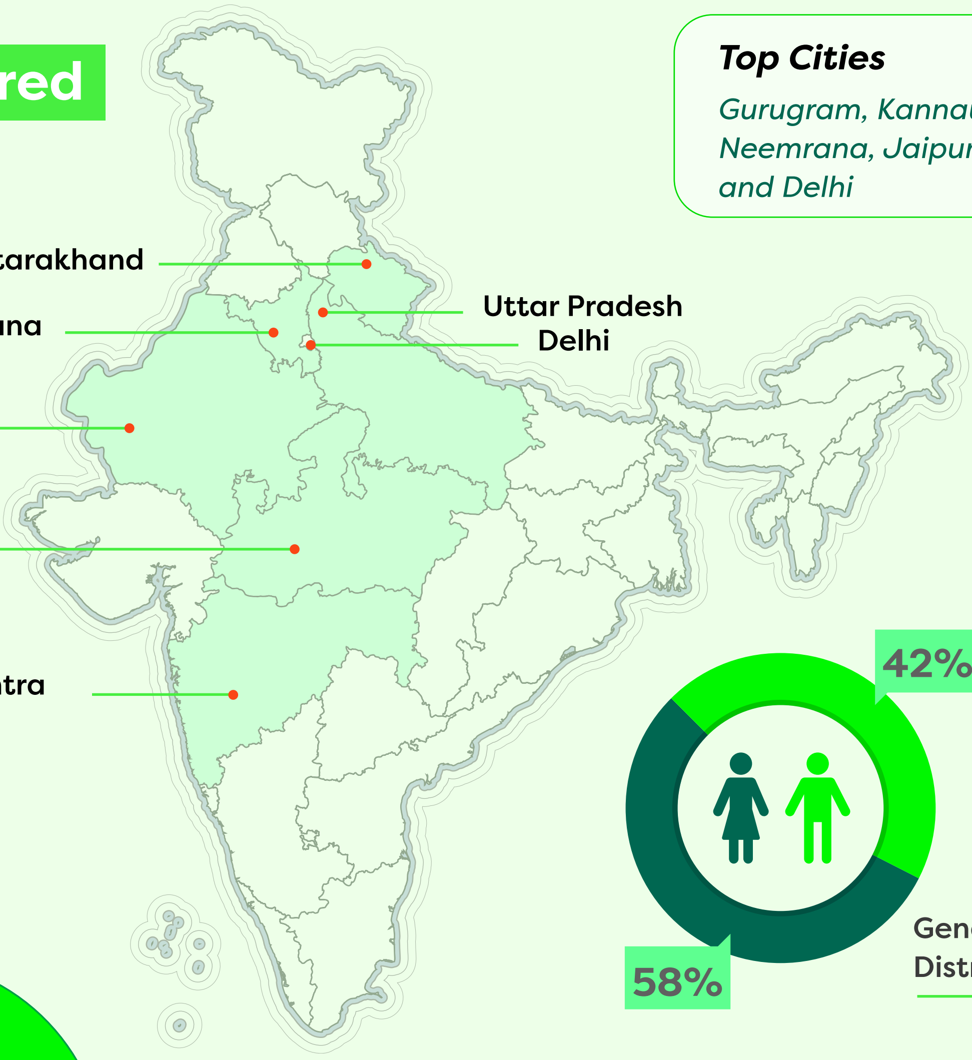
Through Pathakshala, our School Transformation Initiative, we physically and intellectually transformed a government school in Gurugram, Haryana. Our commitment extends to skill development, as evidenced by the "Hunar" initiative, which has equipped underprivileged youth with the expertise needed to thrive in the Banking and Financial services sector.

As we reflect on the past year and look ahead to the future, I am filled with optimism and enthusiasm for the opportunities that lie ahead. Together, we will continue to leverage our resources, expertise, and influence to create positive change and build a more sustainable and inclusive world for generations to come.

I would like to express my sincere gratitude to everyone who has contributed to our CSR initiatives and supported us in our journey towards social responsibility. Your continued support inspires us to strive for excellence and reinforces our belief in the power of collective action to drive meaningful change.

CSR at a Glance

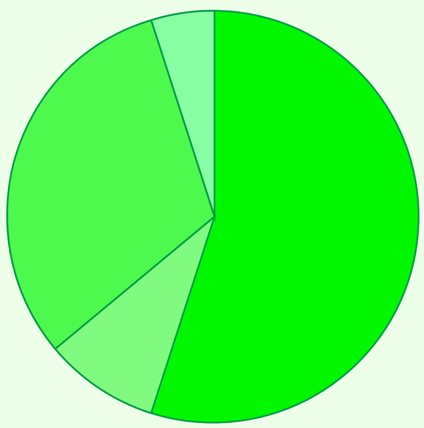
States Covered



Top Cities

Gurugram, Kannauj, Neemrana, Jaipur and Delhi

Gender Distribution



Thematic Area wise Budget Distribution

- **55%** Education
- **31%** Financial Literacy
- **9%** Skill Development
- **5%** Miscellaneous

4.8 Lakh Lives Impacted

Through 5 planned CSR Initiatives

Presence in 7 states

85% budget distributed in Haryana, Rajasthan and Madhya Pradesh

412 Youth Trained

60% placed through courses of Loan Processing Officer, TALLY and Debt Recovery Agent

Focus on Rural Development

4.6 lakh people reached out through Financial Literacy programs, access to government schemes and scholarships

CSR Initiatives FY 2023-24

RKM Scholarships

The Raman Kant Munjal scholarship program is designed to provide financial assistance to meritorious students from humble backgrounds for their higher education in finance, management and economics related courses.

Eligibility Criteria:

- At least 80% marks in class 10th and 12th exams,
- The family income should be less than 4 lakh per annum
- The age of the scholar should be less than 19 years
- Courses such as BBA/BFIA/B.Com (H, E), BMS/IPM

The eligible students then go through a rigorous selection process that includes document verification and two rounds of interviews.

Impact Created:

- **155 students supported through this initiative.** 51 students are currently in their first year and 104 students are in their 2nd and 3rd year of education.
- Our scholars are currently pursuing their education from reputed institutes such as **IIMs, St. Xaviers College, University of Delhi, BML Munjal University, Loyola College etc.**

We also provided scholarship support to underprivileged children who lost their earning parent(s) during the Covid-19 pandemic. This year, 23 students from classes 9th-12th were given 100% school fee support.

CSR Initiatives FY 2023-24

धनचर्चा
वित्तीय साक्षरता अभियान

A Hero FinCorp CSR Initiative

DhanCharcha

“DhanCharcha”, our financial literacy campaign is a term that blends two Hindi words: "dhan" meaning wealth or money, and "charcha" meaning discussion or conversation. It is an innovative project designed to be implemented by rural women for the benefit of the rural communities. DhanCharcha covers a wide range of topics, including budgeting, saving, investing, managing debt, understanding financial products and planning for retirement.

Financial Literacy is imparted using print and digital media and provides livelihood opportunities for rural women who volunteer for the project through door to door awareness generation.

Impact Created:

- Financial Literacy to **4.6 lakh people in 367 villages across 5 states**
- **1.11 lakh beneficiaries** have enrolled into various government schemes such as “Sukanya Samridhhi Yojna”, “Suraksha Bima Yojna” and “Jan Dhan Yojna”
- No. of **female volunteers- 99**
- Beneficiary Ratio- **56% Female, 44% Male**

CSR Initiatives FY 2023-24

HERO FINCORP
HUNAR
BUILDING CAPABLE YOUTH

Hunar

"Hunar" is a program designed to impart essential skills to young individuals interested in various financial job roles, such as Business Correspondent, Debt Recovery Agent, TALLY, and Loan Processing Officer. The centres run in Delhi NCR and Mumbai, Maharashtra. The program's overarching vision is to provide economic security, stability, and comprehensive development opportunities for unskilled youth.

The program cultivates a highly skilled workforce and fosters an entrepreneurial mindset that paves way for successful job placements through the incorporation of soft skills and personality development training.

Impact Created:

- In FY-24, **412 youth** were trained, **60% of them** managed to secure placements in reputed agencies.

CSR Initiatives FY 2023-24

Pathakshala

"Pathakshala", our school transformation initiative, is dedicated to improving the quality of education in government schools. Through this initiative, we provide support for infrastructure development at the identified schools and training program for its teachers, aiming to create conducive learning environment for students.

Impact Created:

- In FY 24, we transformed a government school in Gurugram, Haryana into a "Hero Model School" that has benefitted **1100 students and 35 teachers** from that school. We have also **trained 102 teachers from other government schools and Hero Asha Centres.**

CSR Initiatives FY 2023-24

HERO FINCORP
SAARTHI
BE A GUIDING LIGHT

Saarthi

Saarthi is a career counselling program that guides government school students across India in choosing the right career for themselves. The project is implemented by Raman Kant Munjal Foundation (RKMF) and iDream Career. The career counselling program includes orientation to career planning, psychometric assessment, awareness workshops, one to one counselling and report reading.

Impact Created:

- **20,002 students from 114 schools** across 12 states benefitted from this initiative.

Miscellaneous CSR Initiatives

- Dental equipment provided to Rotary Club of Delhi South
- 12 children undergoing cancer treatment supported through Arpita Cancer Society for Children
- Scholarship and Infrastructure support to RMVM School
- 23 students supported through Covid-19 scholarships

> **“Your success will be determined by your own confidence and fortitude.”**

-Michelle Obama

OUR JOUR

1991-2012

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

2013-14

- Business plan created for the new entity
- Equity infusion of INR 106 Cr.
- Launched Two Wheeler Financing business
- Assets Under Management reaches INR 1,123 Cr.

2015-16

- Launched Corporate Finance Division & Loyalty Loan Program
- First Mass Marketing Campaign 'Karo Khwabon Se Ishq' launched across TV, Radio & Digital Platforms
- Assets Under Management reaches INR 6,407 Cr.

2017-18

- Incorporated Hero Housing Finance
- Launched Used Car Business
- Obtained ISO certification for Operations and related Customer Support
- Assets Under Management reaches INR 13,540 Cr.
- Crossed 2.5 Mn. happy customers

2019

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

NEY

2021

- Assets Under Management reaches INR 25,121 Cr.
- Crossed 6 Mn. happy customers
- Launched Customer Service App
- Launched 'SimplyCash', a digital Loan Product

2023

- Assets Under Management reaches INR 41,752 Cr. in FY23
- Launched EV Financing
- Crossed 10 Mn. Happy Customers
- Recognized as 'Great Place to Work' for 6th year in a row

2020

- India's No.1 Two-Wheeler Financier
- Among Top 3 NBFCs - Pre-Owned Car Loans
- Fund raising agreement of INR 1,075 Cr. from PE Investors & Promoters
- Assets Under Management reaches INR 23,389 Cr.
- Crossed 5 Mn. happy customers

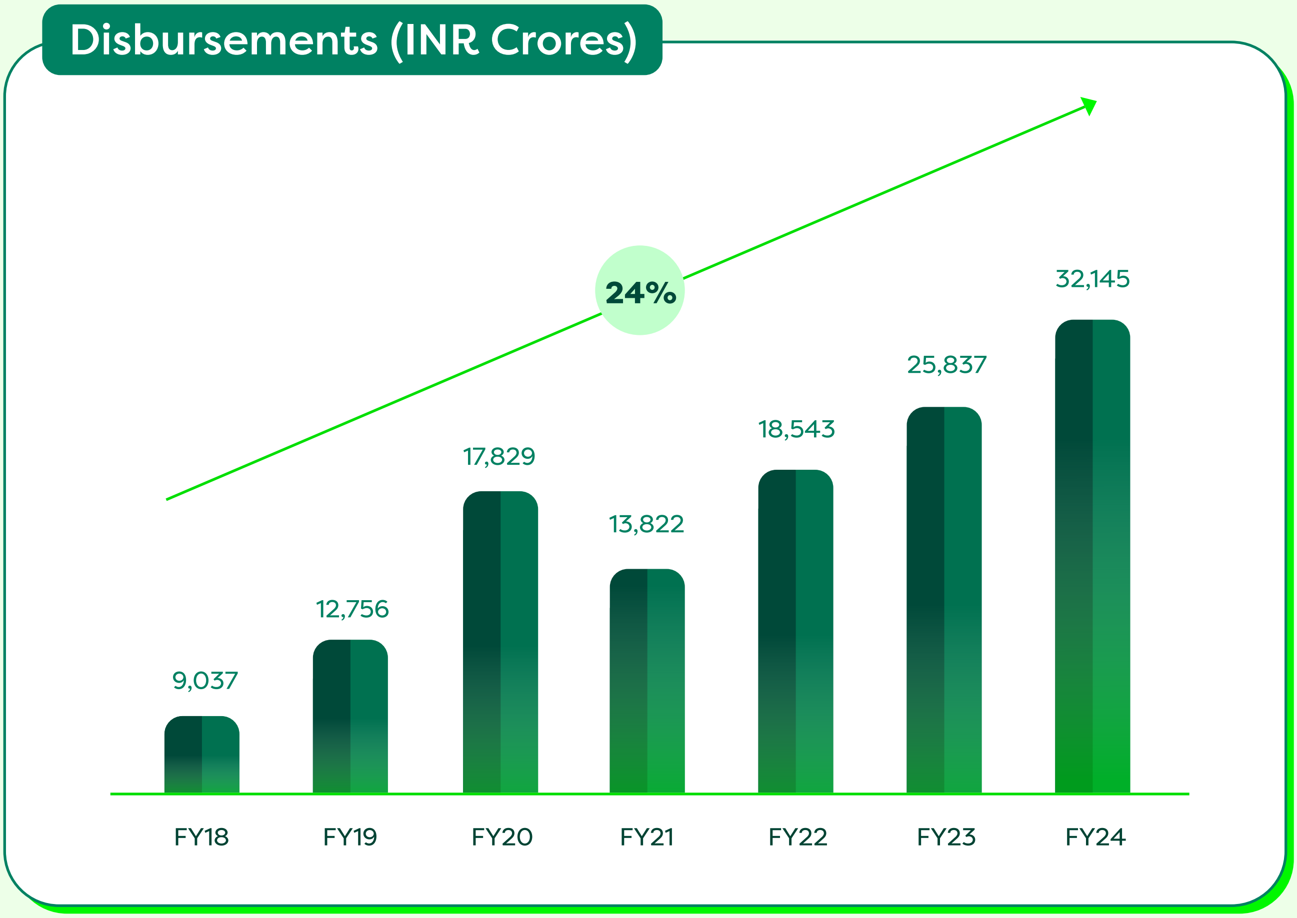
2022

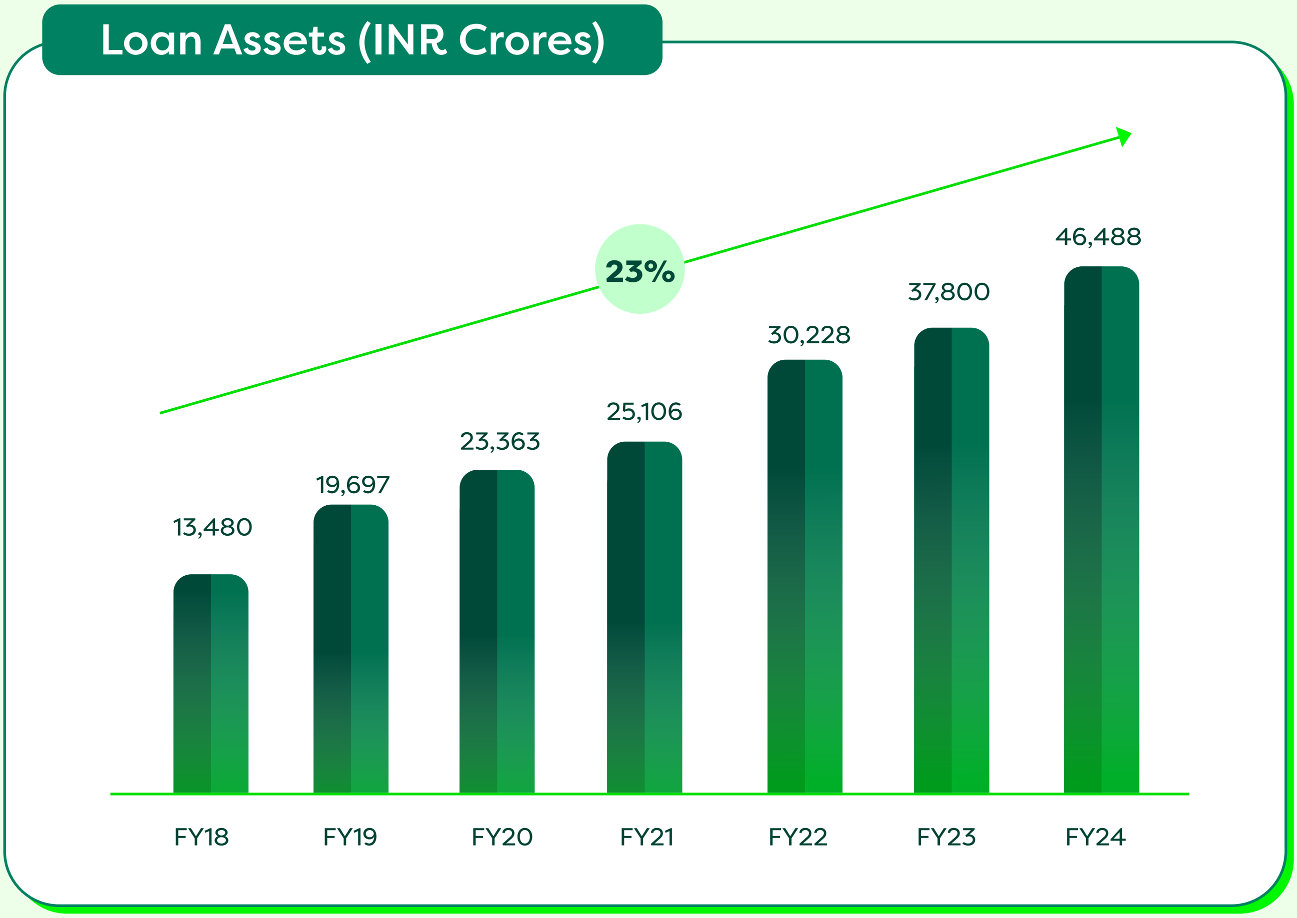
- Assets Under Management reaches INR 33,052 Cr. in FY22
- Launched Partnership Loans & achieved Disbursal of INR 1,900 Cr.+ in first year
- Crossed 7.5 Mn. happy customers

2024

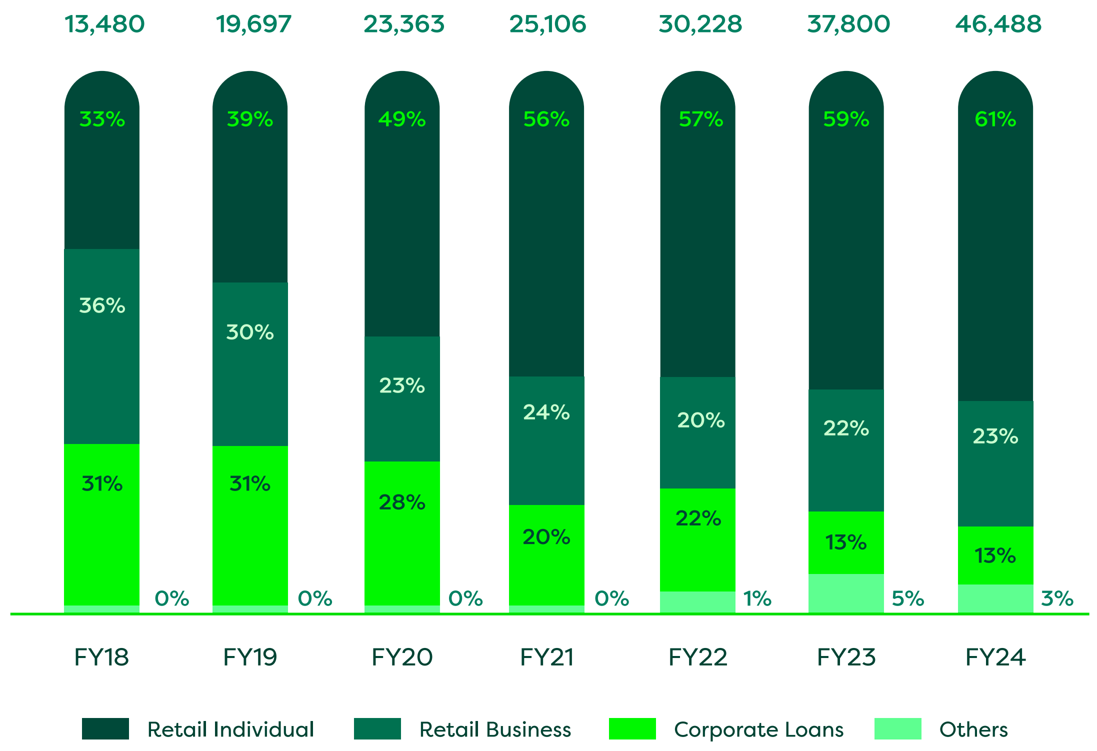
- Assets Under Management reaches INR 51,821 Cr.
- Highest ever Disbursal of INR 34,463 Cr.
- 11 Million+ lives touched
- New Logo & Brand Identity launched
- Partnered with Delhi Capitals IPL Team
- 'Great to Place to Work' certification for 7th consecutive year

Growth at a Glance

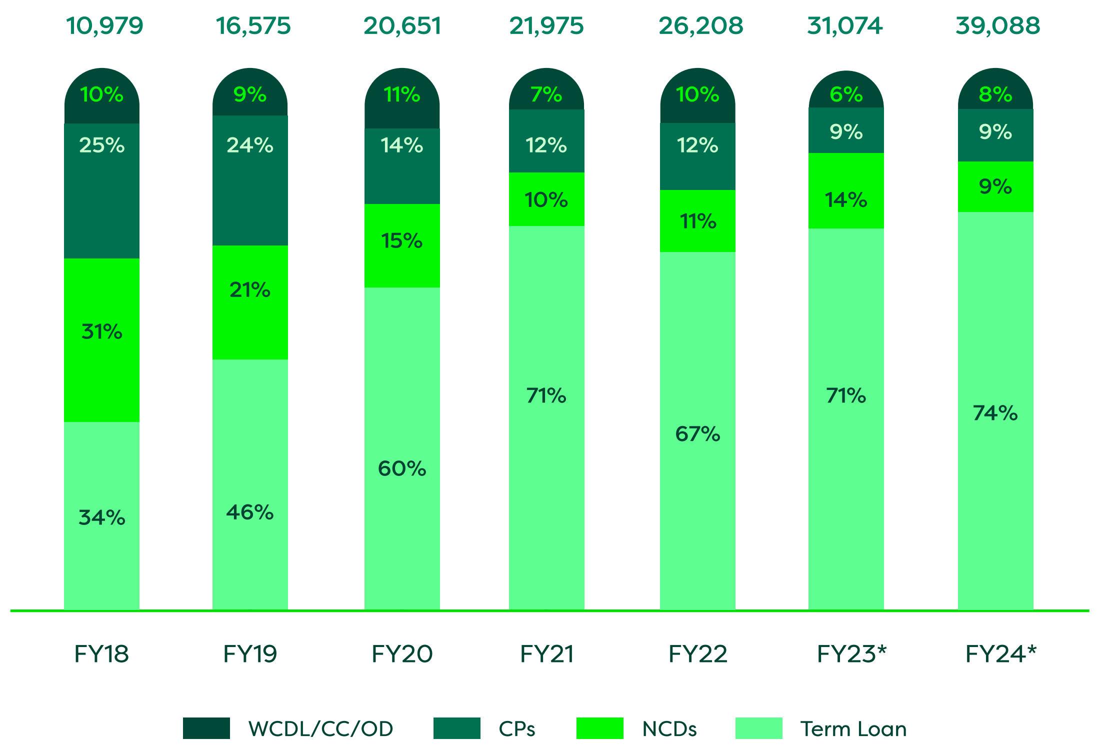




Loan Assets Mix (%, INR Crores)

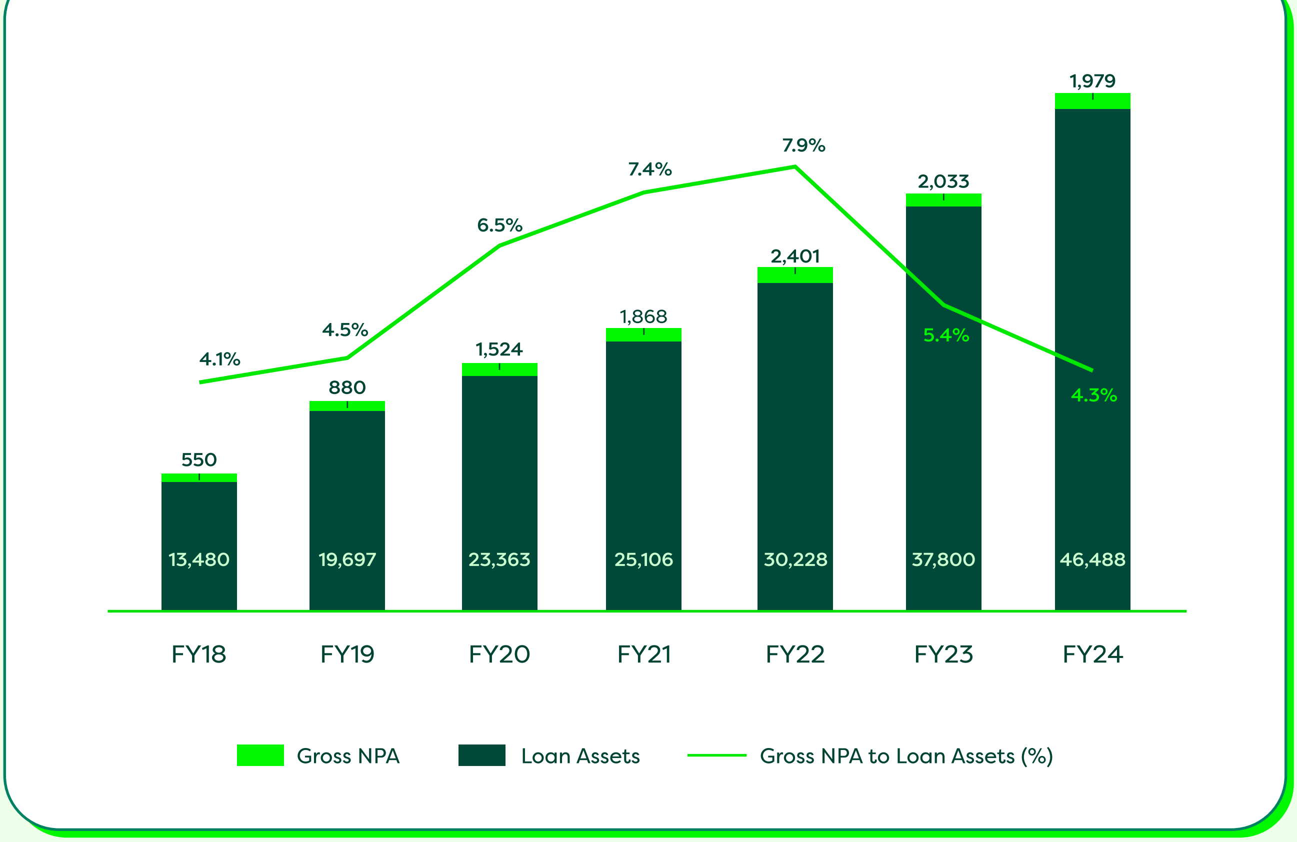


Borrowing Mix (%, INR Crores)

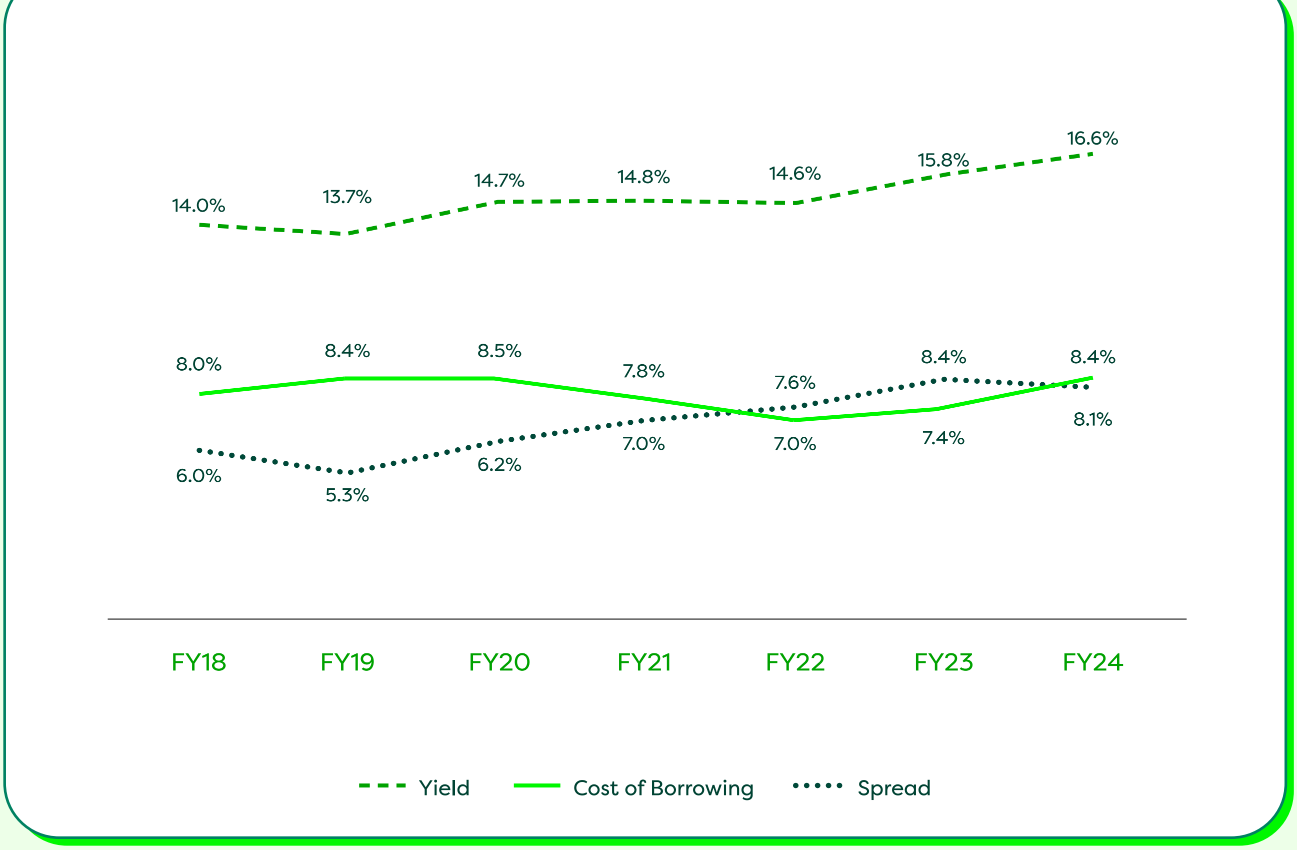


*Excluding compulsorily convertible preference shares (CCPS).

Gross NPA to Loan Assets (%, INR Crores)

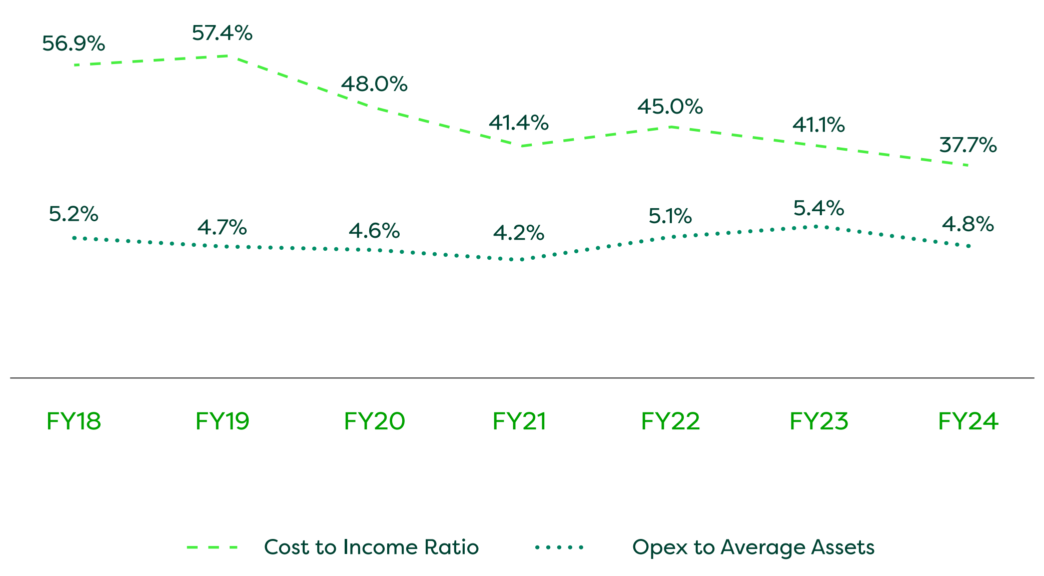


Yield, Cost of Borrowing and Spread (%)



NOTE: Yield and cost of borrowing are calculated on monthly average

Cost to Income Ratio (%) & Opex to Average Assets (%)

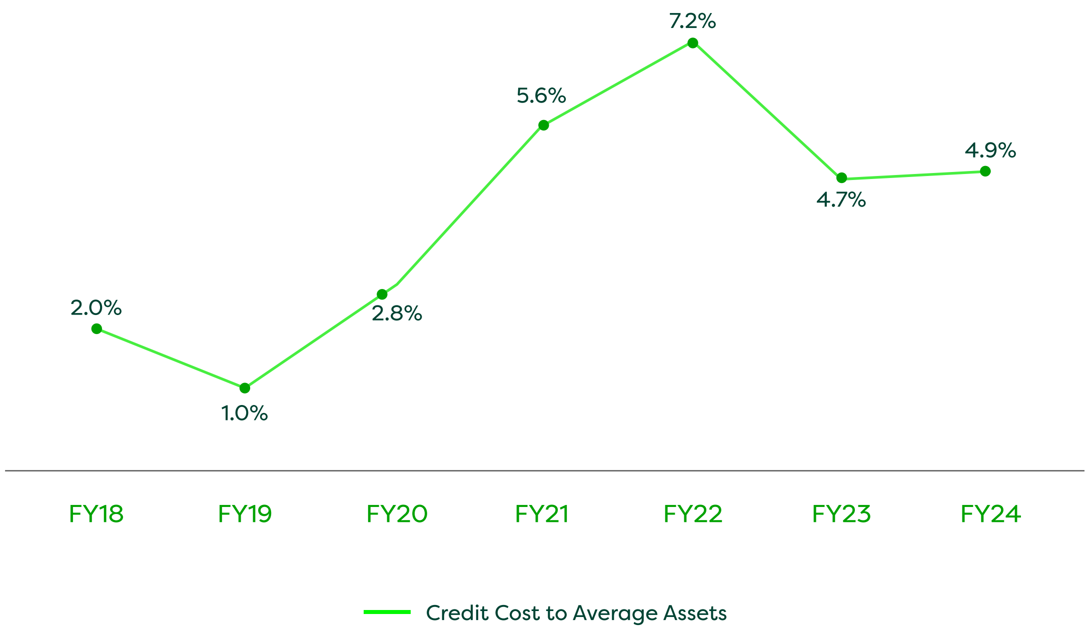


*Cost = Total Expense (Expenses excluding Finance cost, cost on CCPS, impairment allowance, settlement loss and bad debts written off)

** Income = Total Income net of Finance Cost

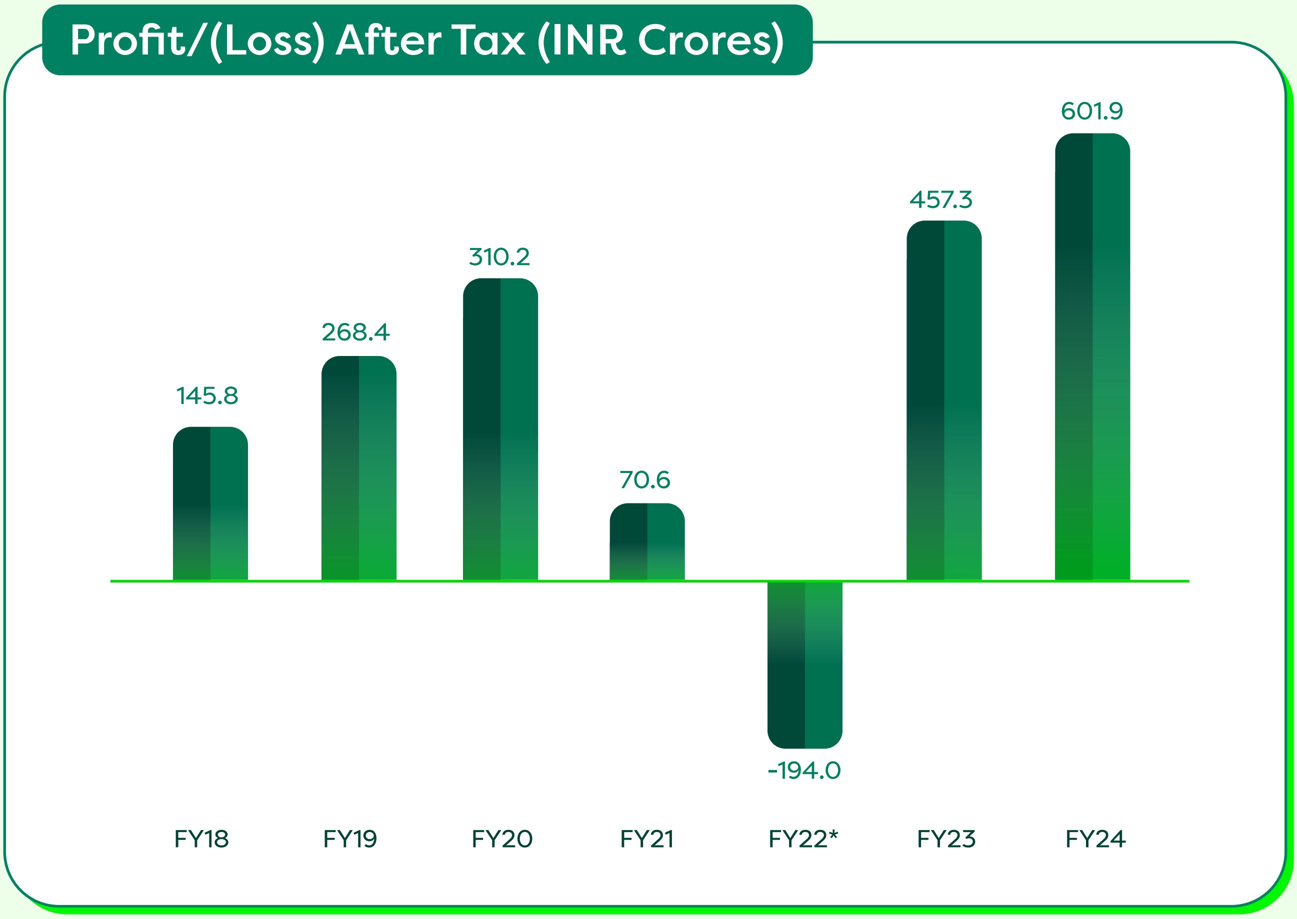
^ Calculated on monthly average

Credit Cost to Average Assets (%)

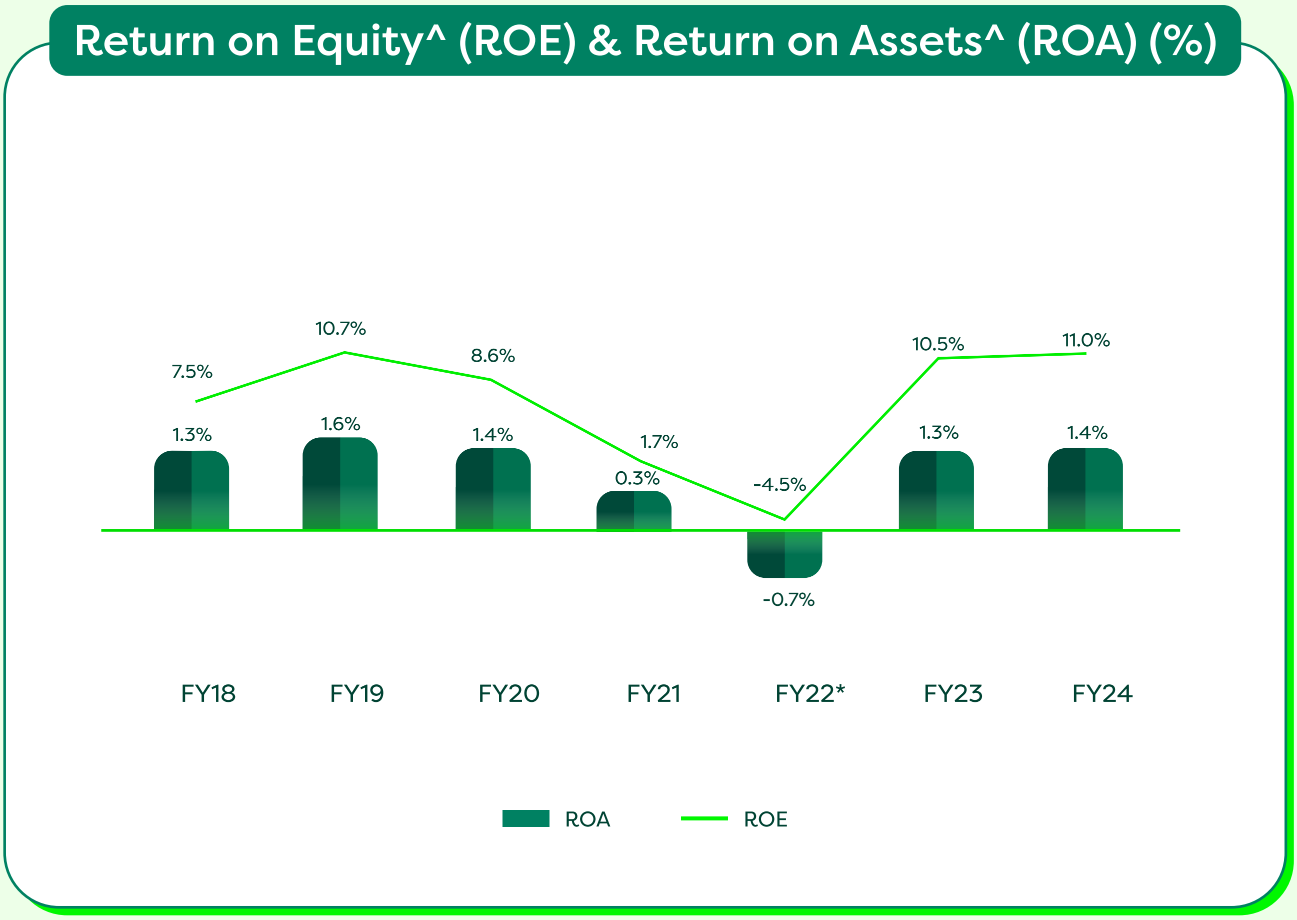


Credit cost = Impairment allowance, settlement loss and bad debts written off

^ Calculated on monthly average



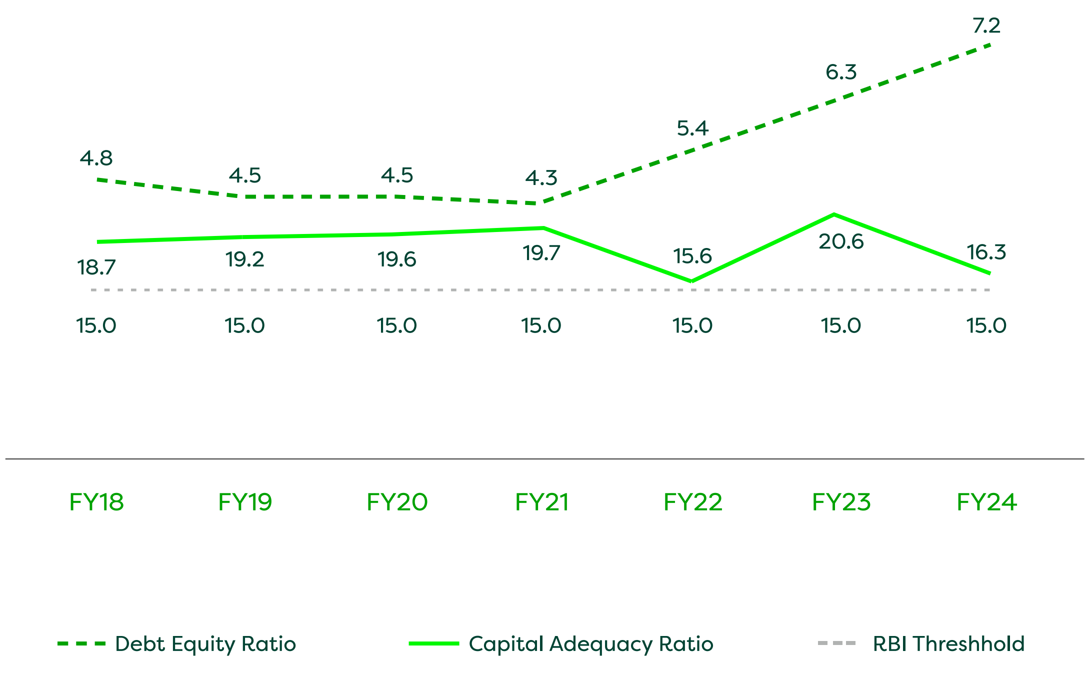
* Performance for the year muted due to Covid induced uncertainties.



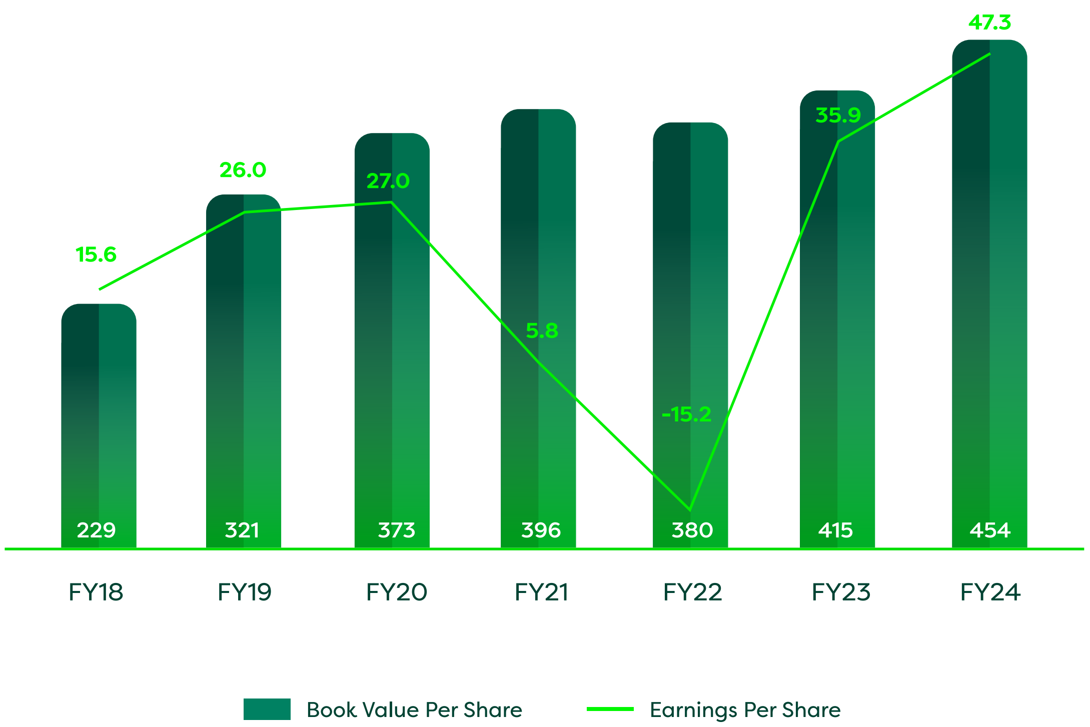
^ ROE and ROA are calculated on monthly average

* Performance for the year muted due to Covid induced uncertainties.

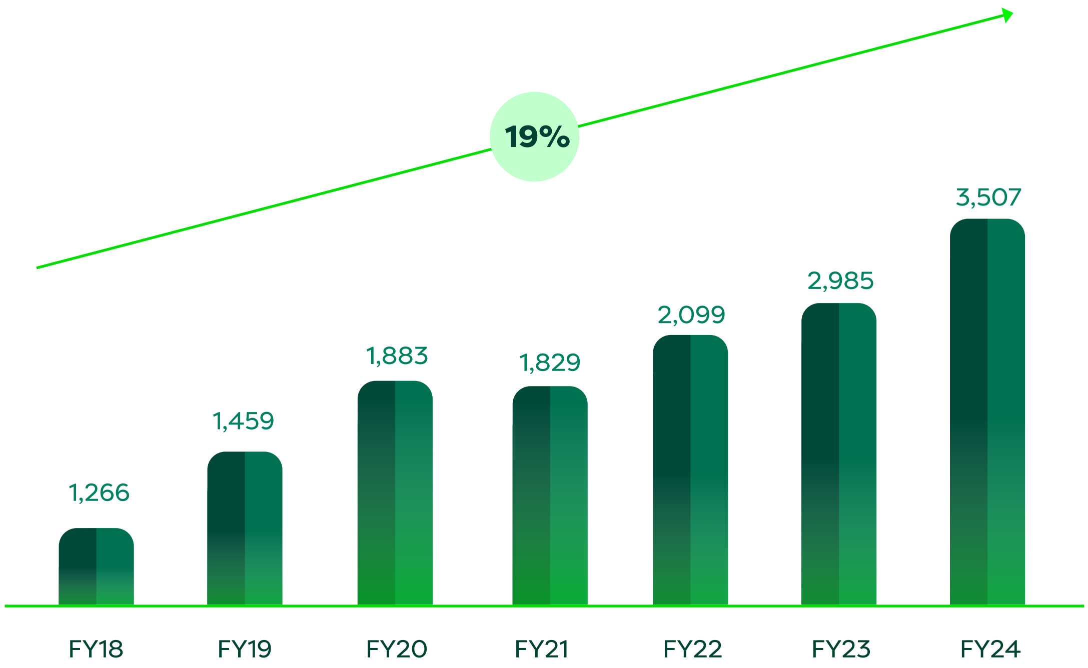
Capital Adequacy Ratio & Debt Equity Ratio



Book Value Per Share & Earnings Per Share (Basic)

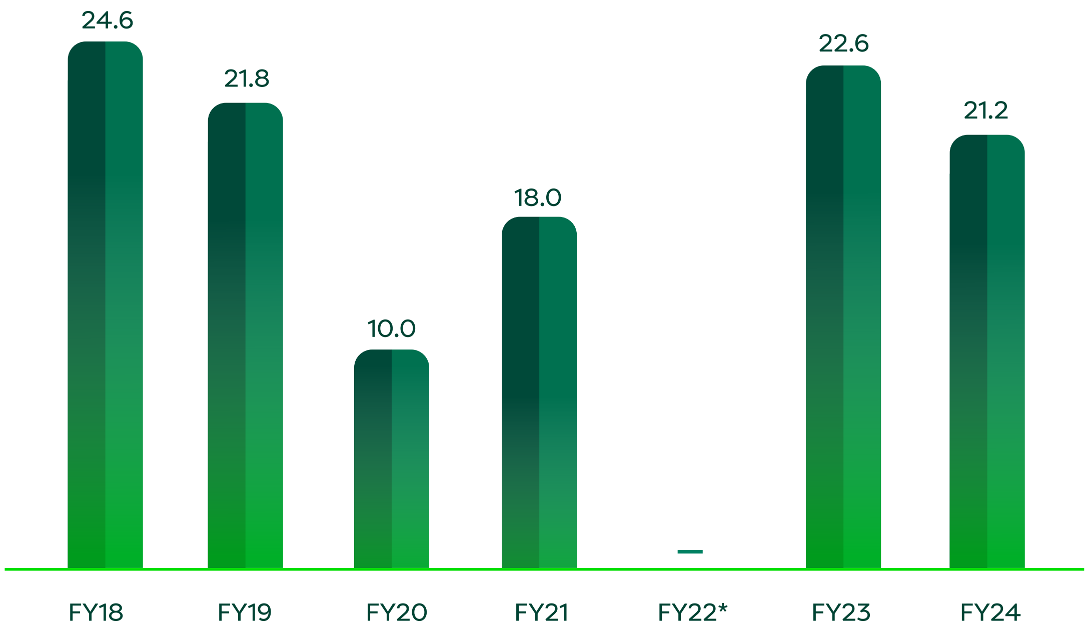


Employee Head Count^



^ NOTE: On-roll employee count only

Equity Dividend Payout to PAT (%)



* No dividend payout in FY22 in compliance with RBI notification dated June 24, 2021 w.r.t. declaration of dividend by NBFCs

Board Committees

Audit Committee

Mr. Pradeep Dinodia	Chairman
Mr. Abhimanyu Munjal	Member
Mr. Paramdeep Singh	Member
Mr. Amar Raj Singh Bindra	Member

Stakeholder Relationship Committee

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

Nomination & Remuneration Committee

Mr. Pradeep Dinodia	Chairman
Dr. Pawan Munjal	Member
Mr. Paramdeep Singh	Member

Corporate Social Responsibility Committee

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

Risk Management Committee

Mr. Pradeep Dinodia	Chairman
Mr. Sanjay Kukreja	Member
Mr. Abhimanyu Munjal	Member
Mr. Amar Raj Singh Bindra	Chairman

Committee Of Directors

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

IT Strategy Committee

Mr. Paramdeep Singh	Chairman
Mr. Pradeep Dinodia	Member
Mr. Abhimanyu Munjal	Member
Mr. Sanjay Kukreja	Member
Mr. Sajin Mangalathu	Member

Key Managerial Personnel

Mrs. Renu Munjal*
Whole Time Director (Executive)

Mr. Abhimanyu Munjal*
Managing Director & CEO

Mr. Sajin Mangalathu
CFO

Mr. Shivendra Suman
Head - Compliance & Company Secretary

*In the Board Meeting dated May 03, 2024, Mrs. Renu Munjal stepped down as Managing Director and she was re-appointment as Whole Time Director - Executive of the Company. Further, in the same meeting Mr. Abhimanyu Munjal was appointed as Managing Director & CEO of the Company.

Corporate Information

CIN No. U74899DL1991PLC046774

JOINT STATUTORY AUDITORS

1. B R Maheswari & Co. LLP, Chartered Accountants

(Firm Registration No: 001035N/ N500050)
M-118, Connaught Circus, New Delhi - 110001
Tel.: 011-43402222, Fax: 011-23418130

2. Price Waterhouse LLP, Chartered Accountants
(Firm Registration No: 301112E/ E300264)
Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex Gate No. 3 Western Express Highway, Goregaon East, Mumbai - 400063
Tel.: +91 (22) 61198000, Fax: +91 (22) 61198799

HEAD OF INTERNAL AUDIT

Mr. Anurag Agarwal

INTERNAL AUDITORS PARTNER & INFORMATION SYSTEM AUDITOR

1. 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

2. Deloitte Haskins & Sells LLP, Chartered Accountants,
(LLP Identification No. AAB - 8737)
Tower-B, 7th Floor, Building No. 10 DLF Cyber City Complex, Phase-II, Gurgaon - 122002, India
Tel: +91(124)6792000, Fax: +91(124)6792012
www.deloitte.com

3. Grant Thornton Bharat LLP
(formerly known as Grant Thornton India LLP)
(LLP Identification No. AAA - 7677)
lith Floor, Tower 11, One International Center, S B Marg, Prabhadevi (W), Mumbai- 400 013
Maharashtra, India
Tel: +91 22 6626 2600 Fax: +91 22 6626 2601
Website: www.grantthornton.in

SECRETARIAL AUDITORS

SGS ASSOCIATES LLP, Companies Secretaries
(Firm Registration No: L2021DE011600)
FIRST FLOOR, 14, RANI JHANSI ROAD,
NEW DELHI - 110055
Tel: +91 11 41524497
Website: www.dpgupta.com

PRINCIPAL BANKERS

1. Canara Bank
2. Bank of Baroda
3. HDFC Bank
4. Indian Bank
5. Punjab National Bank
6. ICICI Bank
7. Union Bank of India
8. State Bank of India
9. Axis Bank
10. SIDBI

DEBENTURE TRUSTEE

Vistra ITCL (India) Limited
The IL&FS Financial Centre, Plot C- 22, G Block, 6th Floor, Bandra Kurla Complex, Bandra(E), Mumbai 400051;
Tel: +91 22 69300000
Website: www.vistraitcl.com

REGISTRAR & SHARE TRANSFER AGENT

1. FOR EQUITY SHARES AND COMPULSORILY CONVERTIBLE PREFERENCE SHARES RELATED MATTERS
Link Intime India Pvt. Ltd.
Noble Heights, Ist Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market Janakpuri, New Delhi - 110058
Tel: 011 49411000, Fax: 011 4141 0591
Email: delhi@linkintime.co.in Website: www.linkintime.co.in

2. FOR NON-CONVERTIBLE DEBENTURES & COMMERCIAL PAPERS RELATED MATTERS
KFin Technologies Limited
Formerly known as KFin Technologies Private Limited
Selenium Tower B, Plot Nos. 31 & 32, Financial District Nanakramguda, Serilingampally Hyderabad Rangareddy, Telangana - 500032
Tel: +91 40 6716 2222, 79611000
Fax 040- 2300 1153

REGISTERED OFFICE

34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057
Tel: 011 4604 4100, 011 2614 2451
Email Id: investors@HeroFinCorp.com
Website: www.HeroFinCorp.com

CORPORATE OFFICE

9, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057
Tel: 011 4948 7150;
Fax: 011 4948 7197 (98)

BOARD'S REPORT

Dear Members,

The Board of Directors ("Board") of Hero FinCorp Limited ("your Company" or "the Company") take pride in presenting their 33rd (Thirty-Third) Annual Report together with the Audited Financial Statements (both on a standalone and consolidated basis) ("Financial Statements") for The Financial Year ended March 31, 2024 ("FY 2023-24" or "period under review" or "financial year under review"). The Company is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Banking Financial Company ("NBFC") not accepting public deposits (NBFC-ND-SI) and considered as NBFC-ML.

FINANCIAL SUMMARY

The Company's financial performance (Consolidated and Standalone) for the Financial Year ended March 31, 2024 as compared to the previous financial year ended March 31, 2023 is summarized below:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Total Income	**7,804.69**	**6,032.93**	**8,359.72**	**6,447.55**
Profit before Finance Costs, Depreciation & Amortization Expenses	3,772.38	2,705.75	4,123.87	2,947.10
Less: Finance Costs	2,795.31	1,964.00	3,097.36	2,173.95
Depreciation & Amortization Expense	51.87	29.15	65.96	37.93
Profit before tax	**925.20**	**712.60**	**960.55**	**735.22**
Less: Tax expense				
Current tax	307.46	197.70	307.46	197.70
Deferred tax	15.82	57.57	16.04	57.57
Profit after tax	**601.92**	**457.33**	**637.05**	**479.95**
Add: Other comprehensive income/(loss) on defined benefit plan	(1.32)	(0.15)	(0.99)	1.36
Add: Transfer from ESOP reserve	1.16	-	1.16	-
Add: Balance of profit brought forward	708.10	341.48	651.23	266.07
Less: Profit for the year attributable to Non-controlling interests	-	-	0.27	0.15
Balance available for appropriation	**1,309.86**	**799.57**	**1,288.18**	**747.23**
Appropriations	-	-	-	-
Dividend (Rs.) – Paid	103.12	-	103.12	-
Transfer to Statutory Reserve	120.38	91.47	127.60	96.00
Transfer to General Reserve	-	-	-	-
Other Adjustments	-	-	0.44	-
Balance carried to Balance Sheet	**1,086.36**	**708.10**	**1,057.02**	**651.23**
Dividend (%) (Proposed)	100%	81%	100%	81%
Equity Earnings per Share (EPS)				
• Basic	47.28	35.92	50.04	37.70
• Diluted	47.19	35.89	49.94	37.67

The above figures are extracted from the Standalone and Consolidated Financial Statements prepared in accordance with 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 the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act and Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

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/financial-performance.

REVIEW OF BUSINESS AND OPERATIONS AND STATE OF AFFAIRS OF THE COMPANY

The Company is engaged in the business of finance and investments as a Non–Banking Financial Company without accepting public deposits for which the certificate of registration has been obtained from the Department of Non- Banking Supervision, Reserve Bank of India. During the year under review, receivables under financing activity including the leasing portfolio has grown by 22.98% to Rs. 46,488 crores in FY 2023-24 from Rs.37,800 crores in FY 2022-23.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis (MDA) report forms an integral part of this Annual Report. The MDA report is annexed as Annexure - A. The MDA 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining the high standards of corporate governance and is continuously striving to implement several best corporate governance practices. The Company has also implemented several best Corporate Governance practices that are prevalent globally. The report on corporate governance is annexed as Annexure - B and forms part of this Annual Report.

In terms of Part C of Schedule – V SEBI Listing Regulations, a report on Corporate Governance along with the certificate from M/s SGS & Associates LLP, Company Secretaries (Firm Registration No. L2021DE011600) confirming compliance of the conditions of Corporate Governance is annexed hereto and forms part of this annual report as Annexure – C.

FINANCIAL HIGHLIGHTS

During the year under review, receivables under financing activity including leasing portfolio has grown by 22.98% from Rs. 37,800 crore in FY 2022-23 to Rs. 46,488 Crore in FY 2023-24. The total income has shown growth of 29.37% from Rs. 6032.93 crore in FY 2022-23 to Rs. 7804.69 Crore in FY 2023-24. Profit/ (Loss) before tax increased by 29.83% from Rs. 712.60 crore in FY 2022-23 to Rs. 925.20 Crore in FY 2023-24, accordingly the Profit/(loss) after tax registered an increase of 31.62% from Rs. 457.33 crore in FY 2022-23 to Rs. 601.92 crore in FY 2023-24.

DIVIDEND

The Board of Directors at their meeting held on May 03, 2024 has recommended a final dividend of 100% (Rs. 10/- per equity share) on equity shares, 3% (Rs. 16.50/- per Class A Compulsorily Convertible Preference Shares) and 3% (Rs. 16.50/- per Class B Compulsorily Convertible

Preference Shares) for the financial year ended March 31, 2024. The final dividend payable to Equity Shareholders shall be subject to approval of the members of the Company at the ensuing annual general meeting (AGM). The total outgo on account of equity dividend will be Rs. 127.31 crore and on account of CCPS (Class A & Class B) dividend will be Rs. 60 crore for the current financial year 2023-24.

TRANSFER TO GENERAL AND STATUTORY RESERVE

During the financial year ended March 31, 2024, Rs. 120.38 has been transferred to Statutory Reserve.

CAPITAL STRUCTURE

The Authorised Share Capital of the Company was Rs. 2300,00,00,000 (Rupees Two Thousand Three Hundred Crores) divided into (i) Rs. 300,00,00,200 (Rupees Three Hundred Crores Two Hundred) divided into 30,00,00,020 (Thirty Crores Twenty) Equity Shares having a face value of Rs. 10 (Rupees Ten) each, and (ii) Rs. 936,99,99,650 (Rupees Nine Hundred Thirty Six Crores Ninety Nine Lakhs Ninety Nine Thousand Six Hundred Fifty) divided into 1,70,36,363 (One Crore Seventy Lakhs Thirty Six Thousand Three Hundred Sixty Three) Class A Compulsorily Convertible Preference Shares having a face value of Rs. 550 (Rupees Five Hundred Fifty) each and Rs. 1063,00,00,150 (Rupees One Thousand Sixty Three Crores One Hundred Fifty) divided into 1,93,27,273 (One Crore Ninety Three Lakhs Twenty Seven Thousand Two Hundred Seventy Three) Class B Compulsorily Convertible Preference Shares having a face value of Rs. 550 (Rupees Five Hundred Fifty) each.

The issued & subscribed share capital as on March 31, 2024 was Rs. 21,273,066,540 divided into 12,73,06,674 equity shares of Rs. 10 each and 36,363,636 Compulsorily Convertible Preference Shares of Rs. 550 each and paid up share capital is Rs. 21,273,063,720 divided into 12,73,06,110 fully paid-up equity shares of Rs. 10 each, 564 partly paid-up equity shares of Rs. 5 each and 36,363,636 Compulsorily Convertible Preference Shares of Rs.550 each.

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, 2024, 12,60,29,348 (98.99%) of equity shares capital and 36,363,636 (100%) Compulsorily Convertible Preference Shares were 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.

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, 2024. During the period under review, the Company has obtained factoring business license from the Reserve Bank of India (RBI).

SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE AND CONSOLIDATED FINANCIAL STATEMENTS

Hero Housing Finance Limited (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 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 considerable growth in the financial year 2023-24, aided by strong volume growth across all its lines of businesses. During the year under review, receivables under financing activity has reached to Rs. 4998.90 crore in the financial year 2023-24 as compared to Rs. 3,696.95 crore in the financial year 2022-23 representing an increase of 35.22% over the previous year.

HHFL has Revenue from operations of Rs. 546.82 crore in financial year 2023-24 as compared to Rs. 400.33 crore in financial year 2022-23, registering a growth of 36.59% over the previous year. During the financial year 2023-24, HHFL has reported profit after tax of Rs. 36.10 crore as against profit after tax Rs. 22.63 crore for the financial year 2022-23 registering a growth of 59.52% over the previous year.

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. https://www.herofincorp.com/ and can be accessed by clicking on the following link https://www.herofincorp.com/investor-relations/financial-performance.

RAISING OF FUNDS/ CAPITAL

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Commercial Papers, etc., and maintained prudential Asset Liability match throughout the year. Your Company sourced non-convertible debentures and loans from banks and other institutions at attractive rates. Your Company continues to expand its borrowing profile by tapping into new lenders.

A. PREFERENTIAL ISSUE OF COMPULSORY CONVERTIBLE PREFERENCE SHARES (CCPS)

Nil

B. PRIVATE PLACEMENT ISSUES OF NON-CONVERTIBLE DEBENTURES (NCDs)

Secured nonconvertible debentures worth Rs. 130 crore were issued on private placement basis by the Company during the year under review which includes 5th Tranche of Rs. 50 crore from partly paid up NCD issue. The said non- convertible debentures are listed on the Wholesale debt market segment of National Stock Exchange of India Limited. Other than this, Tier-II NCDs worth Rs. 255 crore were also issued to support CRAR of the company.

C. COMMERCIAL PAPERS (CPs)

Commercial Papers worth Rs. 5,300 crore (On Face Value) were issued by the Company during the year under review. Total Commercial Papers outstanding as on March 31, 2024 was Rs.2,919.91 crore as against Rs. 3,050 crore as on March 31, 2023. The outstanding commercial papers are listed on the Wholesale debt market segment of National Stock Exchange of India Limited.

D. BANK/FI LINES

Secured term loans worth Rs. 14,615.00 crore and Secured ECB of Rs. 750.00 crore were borrowed from different banks/FIs during the year under review. Additionally, your Company enhanced the working capital lines (secured and unsecured) from Rs. 4,161 to Rs. 4,320 crore as on March 31, 2024. The Company inducted 1 new bank/FI during the same year. The Company also deepened relationships with the existing bankers not just in terms of additional working capital and term loan facilities but also notably deepening the banks' subscription to our commercial papers and debentures. As on March 31, 2024, the total outstanding bank/FI lines (secured and unsecured) of the Company stands at Rs. 31,854.86 crore.

CREDIT RATINGS

Your Company believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates.

The credit rating details of the Company as on March 31, 2024 were as follows:

(Rs. in crore)

Rating	Program(Category)	Outlook	Quantum (Rs. Crores)
ICRA			
ICRA AA+	Non-Convertible Debentures	Stable	3894
ICRA AA+	Subordinated Debt	Stable	1700
ICRA AA+	Bank Loan Rating (Long Term)	Stable	20200
ICRA AA+	Bank Loan Rating (Short Term)	Stable	1600
ICRA A1+	Commercial Paper	-	6000
CRISIL			
CRISIL AA+	Non-Convertible Debentures	Stable	4735
CRISIL AA+	Subordinated Debt	Stable	1700
CRISIL PP-MLD AA+	Long Term Principal Protected Market Linked Debentures	Stable	300
CRISIL AA+	Bank Loan Rating	Stable	11160
CRISIL A1+	Commercial Paper	-	6000
CARE			
CARE AA+	Bank Loan Rating	Stable	6199
CARE A1+	Commercial Paper	-	50

International rating details were at entity level and not rated for any specific program

Facility	Standard & Poor's	Moody's
	Rating as on Mar 31, 2024	Rating as on Mar 31, 2024
Entity Level	(BB+) Long term/ Stable (B) Short term/ Stable	Ba1/Stable

DEBENTURE TRUSTEE

The details of debenture trustee for the privately placed debentures of the Company: Vistra ITCL (India) Limited, The IL&FS Financial Centre, Plot No. C-22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Tel: +912226593535 Fax: +91 22 2653 3297 Email: www.vistraitcl.com.

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 16.28% as on March 31, 2024, which is well above the RBI mandated norm of 15%.

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

Members of the Company's Board of Directors are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company and devote adequate time to meetings and preparation. The Board has identified core skills, expertise and competencies of the Directors in the context of the Company's business for effective functioning, which are detailed in the Corporate Governance Report. The Board meets at regular intervals to discuss and decide on Company / business policy and strategy, apart from other Board business. The Board exhibits strong operational oversight with regular business presentations of meetings. The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India (ICSI) on Board meetings and General Meetings.

a. Directors

As on March 31, 2024, the Board of Directors of your Company ("the Board") comprised of 8 (Eight) Directors comprising of 2 (Two) Non-Executive Directors, 2 (Two) Executive Directors and 4 (Four) Independent Directors. Your Directors on the Board possess experience and competency and are renowned in their respective fields. The Board composition is in compliance with the requirements of the Companies Act, 2013 ("the Act") and the RBI Master Directions.

The Company being a 'high value debt listed entity' as defined under the provisions of SEBI Listing Regulation, Regulation 16 to regulation 27 of SEBI Listing Regulations are applicable on the Company w.e.f 07.09.2021 and these provisions are applicable on a 'comply or explain' basis. The Company have requisite number of Independent Directors as required under Regulation 17 of LODR.

b. Key Managerial Personnel

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 & CEO
- Mr. Sajin Purushothaman Mangalathu, Chief Financial Officer (CFO)
- Mr. Shivendra Suman, Head - Compliance & Company Secretary

c. Appointment and Cessation of Directors and Key Managerial Personnel

During the period under review, the Board of Directors, on the basis of recommendation of the Nomination and Remuneration Committee on May 01, 2023, appointed Mr. Amar Raj Singh Bindra and Mr. Paramdeep Singh as Non-Excutive Independent Director and in the Annual General Meeting held on August 02, 2023, appointed as Director (Non-Executive Independent). Mr. Matthew Russell Michelini and Mr. Vivek Chaand Sehgal had resigned from the post of Director w.e.f February 05, 2024., Ms. Anuranjita Kumar on the recommendation of Nomination and Remuneration Committee was appointed as (Non-Executive Independent) w.e.f February 05, 2024., Mr. Jayesh Jain resigned from the post of Chief Financial Officer and his last working day was May 21, 2023 and Mr. Sajin Purushothaman Mangalathu has been appointed as Interim Chief Financial Officer w.e.f August 04, 2023 and further designated as Chief Financial Officer w.e.f March 27, 2024.

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Abhimanyu Munjal (DIN: 02822641), Joint Managing Director is liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment.

None of the Directors of the Company are disqualified as per the provisions of Section 164 of the Act. The Directors of the Company have made necessary disclosures under Section 184 and other relevant provisions of the Act.

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

DECLARATION BY INDEPENDENT DIRECTORS

Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act including compliance of relevant provisions of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI Listing Regulations. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

Your Company has received undertakings and declarations from each Director on fit and proper criteria in terms of the provisions of the RBI Master Directions. The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the position of Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI Master Directions. All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company. The Declaration of the same is provided in the Corporate Governance Report.

BOARD MEETINGS

The Board met 6 (Six) times during the FY 2023-24 to discuss and approve various matters. The details of such meetings are given in Corporate Governance Report forming part of this Annual Report. The intervening gap between these meetings was within the period prescribed under the Act. The notice and agenda including all material information, were circulated to all directors, well within the prescribed time, before the meeting or placed at the meeting. 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 24, 2023, without the presence of non-independent directors and members of the management, to review the performance of non-independent directors, 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

During the period under review, the Audit Committee was reconstituted by the Board on August 4, 2023. Pursuant to the provisions of Section 177 of the Companies Act, 2013 (the Act), the Audit Committee of the Company comprises of four directors viz., Mr. Pradeep Dinodia, Mr. Abhimanyu Munjal, Mr. Paramdeep Singh and Mr. Amar Raj Singh Bindra, 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 5 (Five) times during the year. The details of meetings are set out in the Corporate Governance Report, forming part of this Report.

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

- To review of the financial reporting process, the system of internal financial controls, the audit process, the Company's process for monitoring compliance with laws and regulations and the Code of Conduct of the Company;
- To recommend the appointment, remuneration and terms of appointment of Auditors of the Company and discuss with Auditors the nature and scope of their audit before commencement;
- To review and monitor the Auditor's independence and performance, and effectiveness of Audit process;
- To examine the financial statement, financial results and the Auditors' report thereon;
- To Approve transactions or any subsequent modification to the transactions of the Company with related parties;
- To scrutinize inter-corporate loans and investments;
- To approve payment to statutory auditors for any other services rendered by the statutory auditors;
- To evaluate internal financial controls and risk management systems;
- To monitor end use of funds raised through public offers and related matters;
- To review the functioning of and compliance with the Company's Whistle Blower Policy;
- To review the performance of statutory and internal auditors, and adequacy of the internal control systems;
- To review findings of internal investigations, frauds, irregularities, etc.;
- To review Internal Audit Plan/ Calendar etc

During the year under review, in pursuance to SEBI circular on 'Enhanced Governance Norms for Credit Rating Agencies' dated November 4, 2019 ("SEBI Circular"), the Audit Committee members met with representatives of ICRA & CRISIL (hereinafter referred to as "credit rating agencies" /"CRAs") on March 27, 2024 and had discussion on different matters pertaining to related party transactions, internal financial controls, IT Controls/ data Security and other disclosures made by the Management etc. which had bearing on rating of the listed NCDs/CPs. Pursuant to aforesaid SEBI Circular, the credit rating agencies were required to meet the Audit Committee once in a year for discussion on various aspects including corporate governance, related party, internal financial controls, any other material events/disclosures etc. as prescribed in the SEBI circular.

NOMINATION AND REMUNERATION COMMITTEE

During the period under review, the Nomination and Remuneration Committee was reconstituted by the Board on August 4, 2023. Accordingly, your Company has a duly constituted Nomination and Remuneration Committee ("NRC") comprising of three directors viz Mr. Pradeep Dinodia, Dr. Pawan Munjal and Mr. Paramdeep Singh, all the directors are Non-Executive. 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 follows:

1. To determine remuneration of Directors, KMPs, 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.

ANNUAL EVALUATION-BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS

To comply with the provisions of Section 134(3)(p) of the Act and Rules made thereunder and Regulation 17(10) of SEBI Listing Regulations, the Board had carried out the annual performance evaluation of its own and of the Directors individually including the Independent Directors (wherein the concerned Director being evaluated did not participate), Board as a whole and following Committees of the Board of Directors:

i) Audit Committee;
ii) Nomination and Remuneration Committee;
iii) Stakeholders' Relationship Committee; and
iv) Corporate Social Responsibility Committee.

Board is responsible to monitor and review the evaluation framework. Further, to comply with Regulation 25(4) of SEBI Listing Regulations, Independent Directors also evaluated the performance of Non-Independent Directors, Chairman and Board as a whole at a separate meeting of Independent Directors.

INTERNAL FINANCIAL CONTROLS

The Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company 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.

INTERNAL CONTROL SYSTEMS

The Company has a well-defined and effective internal control systems in place which match the scale of its' operations and the complexity of the sector it works in. Such stringent and detailed controls lead to effective and productive use of resources ensuring that the Company's assets and interests are safe-guarded, transactions are duly approved, recorded, and properly reported, and checks and balances guarantee reliability and consistency of accounting data.

Internal Control Systems is also subjected to regular Internal Audits to evaluate the adequacy and operating effectiveness of internal controls with additional focus on assessing opportunities for improvement in business processes, systems and controls and provide recommendations for adding value to the organization. Stringent follow-up is done for the implementation of corrective actions and improvements in business processes which is periodically reviewed by the Audit Committee.

INTERNAL AUDIT

The Internal Audit Department of the Company functions independently with direct reporting to the Audit Committee of the Board. Subject matter expertise of professional firms of Chartered Accountants is utilised as per requirement. Concurrent audit is also performed for larger sample sizes to provide additional assurance. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board. Risk based approach and systematic methodology is followed to define and execute annual internal audit plan. The audit approach includes periodic evaluation of regulatory, operational, system and market risks so that controls are strengthened to address future uncertainties.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 ("Act"), the Annual Return as on March 31, 2024 would be available on the Company's website at https:// www. herofincorp.com.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which functions under the 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.

CSR obligation for the financial year 2023-24 was Rs. 4.64 Cr (2% of the average net profit of the Company for last three financial years). Further, the Company had spent a total amount of Rs. 4.99 Cr during the FY 2023-24 which includes excess amount spent i.e. Rs. 0.35 Cr in the manner as approved by the CSR Committee in their meeting held on May 01, 2023 and as per the rule 4 of Companies (CSR) Rules, 2014 and Schedule VII of the Companies Act, 2013.

The CSR initiatives undertaken by your Company along with other CSR related details forms part of the Annual Report on CSR activities for FY 2023-24, 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 livelihoods for people 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(5) of the Companies Act, 2013, the Board of Directors, hereby state and confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2024, the applicable accounting standards have been followed along with a proper explanation relating to material departures in the Auditor's Report and Notes to accounts;
- They had 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;
- They had 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- They had prepared the annual accounts on a going concern basis.
- They had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- They 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 RBI Guidelines and based on the recommendation of the Audit Committee, the Board of Directors of the Company at its Meeting held on August 03, 2022, approved the appointment of M/s. B R Maheswari & Co. LLP (Firm Registration No: 001035N/ N500050) and M/s. Price Waterhouse LLP (Firm Registration No: 301112E/E300264) as Joint Statutory Auditors of the Company upto the conclusion of the 33rd Annual General Meeting of the Company to be held for the financial year ended March 31, 2024.

The members of the Company had approved the appointment of M/s. B R Maheswari & Co. LLP and M/s. Price Waterhouse LLP as Joint Statutory Auditors on September 16, 2022.

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.

Members may further note that pursuant to RBI Guidelines, the entities can appoint the statutory auditors for a continuous period of 3 years subject to the fulfillment of eligibility norms on annual basis. Therefore tenure of existing auditors will cease/end on the conclusion of ensuing annual general meeting.

Thus, pursuant to the RBI Guidelines & other provisions as may be applicable and based on the recommendation of the Audit Committee, the Board of Directors of the Company at its Meeting held on May 29, 2024, approved the appointment of M/s. Deloitte Haskins & Sells LLP, (Firm Registration Number 117366W/W-100018) and M/s. M M Nissim & Co LLP, Chartered Accountants (Firm Registration Number: 107122W/W100672) as Joint Statutory Auditors of the Company subject to approval of members for a period of three years i.e. upto the conclusion of 36th Annual General Meeting of the Company.

Your Board recommends the appointment of statutory auditors as aforesaid to the members at the ensuing annual general meeting of the Company.

SECRETARIAL AUDITORS AND REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding rules framed thereunder, M/s SGS ASSOCIATES LLP, Company Secretaries (Firm Registration No.: L2021DE011600), 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, 2024.

A secretarial audit report given by the Secretarial Auditors of the Company in requisite Form No. MR-3 is annexed as Annexure – E with this annual report

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

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the Financial Statements.

RELATED PARTY TRANSACTIONS AND POLICY

All contracts, arrangements and transactions entered by the Company during FY 2024 with related parties were in the ordinary course of business and on arm's length basis and were approved by the Audit Committee. The Board of Directors of the Company had laid down the criteria for granting the omnibus approval by the Audit Committee for the transactions which are repetitive in nature, in line with the Company's Policy on Materiality of and dealing with Related Party Transactions ('RPT Policy'). During the year, the Company had not entered into any materially significant transaction with related parties as defined in the RPT Policy. Accordingly, the disclosure of Related Party Transactions under Section 188(1) of the Act in Form AOC-2 is not applicable. Related Party disclosures including transactions with promoter/promoter group which hold(s) more than 10% shareholding in the Company have been disclosed in Note 38 to the Standalone Financial Statements forming an integral part of the Annual Report.

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 – RBI Master Directions (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the policy on related party transactions is annexed as Annexure - F and is also available on the Company's website, at https://www.herofincorp.com/company-policies.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a vigil mechanism through which directors, employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct, leak or suspected leak of unpublished price sensitive information without fear of reprisal. Under the vigil mechanism all directors, employees, business associates have direct access to the Chairman of the Audit committee, and also to a three member direct touch team established for this purpose.

During the financial year 2023-24, following is the summary of complaints received and disposed off and report finally presented before the Audit committee/ Board.

No. of complaints received: 19 (Including One complaint rejected by the Company)

No. of complaints disposed off: 19

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

PUBLIC DEPOSITS

During the year under review, the Company did not accept/ renew any public deposit(s) under the provisions contained in Section 73 of the Companies Act, 2013, and the rules made there under and as such, no amount of principal or interest was outstanding as on the balance sheet date. Further, The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

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 material changes and/or commitment affecting the financial position of your Company has occurred between April 1, 2024 and the date of signing of this report.

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

The Company is committed to take effective measures to conserve energy and drive energy efficiency in its operations and also continuously making efforts on increasing use of renewable energy and enhancing waste management to reduce the carbon footprint. The Company also strives to focus on technologies, processes and improvements that matters for the environment. During the year, the Company undertook some cost-effective energy-efficiency initiatives.

The Company believes in leveraging technology to transform every dimension of its business. Investments in technology infrastructure is an important element of Company's commitment to delivering seamless customer experience. Further, steps have been taken towards Energy Conservation are the result of technology absorption. However, there is no other specific information to be furnished in this regard.

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

- Foreign exchange earnings and outgo:

  Earnings – Nil

  Outgo – Rs. 24.79 crore on account of travel, information technology, legal & professional, training etc. (Previous year Rs. 39.29 crore).

RISK MANAGEMENT

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which inter alia includes a well-structured Business Risk Management process.

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. Effective risk management is integral to Hero FinCorp's operations and is embedded in its day-to-day business transactions and activities. The framework in place seeks to identify, prioritise, mitigate, monitor and appropriately report any significant threat to the organisation's strategic objectives, its reputation, operational continuity, environment, compliance, and the health and safety of its employees.

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of section 178 of the Act, the Board of Directors had approved and adopted the Nomination and 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 Nomination and Remuneration Committee 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 - G to this Report. The remuneration policy of your Company can be accessed by clicking on the following link https://www.herofincorp.com/companypolicies.

EMPLOYEE STOCK OPTION PLAN

During the period under review, the Board of Directors in their meeting dated August 02, 2023 had approved the amendment in Hero FinCorp Employee Stock Option Plan, 2017 ("ESOP 2017") and proposed the amendment for approval by the members in ensuing general meeting.

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 as Annexure – H 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 Report, which forms part of this Annual Report. The statement of Disclosure 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 – I to this Report. The information as per Rule 5(2) of the Rules, forms part of this Annual Report. However, as per the first provision 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 or may address their e-mail at investors@herofincorp.com.

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. 2,91,100 for FY 2015-16 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 2015-16 whose dividend had not been claimed for last 7 (seven) years, the Company has transferred 20,166 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/financial-performance.

NODAL OFFICER

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

RBI DIRECTIONS

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. Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the RBI as applicable to your Company as a systemically important non-deposit taking NBFC, considered as NBFC-ML. The Company has in place the system of ensuring compliance with applicable provisions of Foreign Exchange Management Act, 1999 and rules made thereunder. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Management Committee, which meets at regular intervals to review its ALM risks and opportunities.

The Company continues to be in compliance with the NBFC–Corporate Governance (Reserve Bank) Directions, 2015.

Your Company has complied with all the norms prescribed by the RBI including the Fair Practices Code, Anti Money Laundering and Know Your Customer (KYC) guidelines besides other guidelines.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings (SS-I) and General Meetings (SS-II) and such systems were adequate and operating effectively.

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.
- BuyBack of shares.
- Issue of sweat equity shares to employees of your Company.
- 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.
- There were no delays or defaults in payment of interest/principal of any of its debt securities.
- The Company has not defaulted in repayment of loans from banks and financial institutions.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 against the Company.
- There was no instance of onetime settlement with any Bank or Financial Institution.

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 as per the said Policy, an Internal Committee is also in place to redress complaints received regarding sexual harassment. The constitution of Internal Complaints Committee (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. The Company aims at providing a workplace that enables employees to work without gender bias and sexual harassment.

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: Nil*
- *No. of complaints disposed off: Nil*

DETAILS OF APPLICATION PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

The details of application made by the Company which are pending under Insolvency and Bankruptcy Code, 2016 are annexed as Annexure - J.

INITIAL PUBLIC OFFICER (IPO)

The Company is committed to work towards its plan to bring an Initial Public Offer of its equity shares which shall be enhancing the value for our stakeholders.

HUMAN RESOURCES

At HFCL, At Hero FinCorp, we believe that every individual can make a difference, if given the right platform to reach their full potential. We further give credence to the fact that there is a Hero within all of us and we can together achieve the purpose of the organization – **"Empowering every Indian's dream of Upward Mobility".**

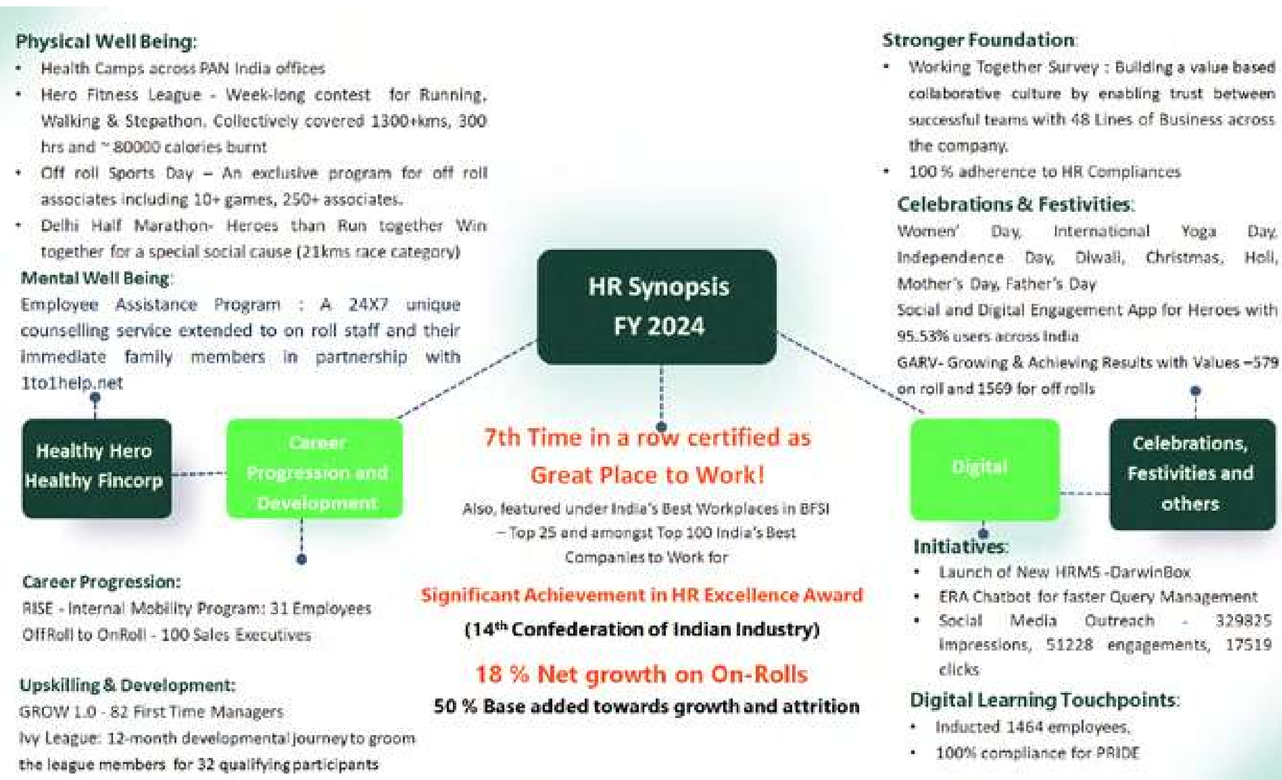
We take pride in constantly engaging our employees towards continuous improvements and innovation to thrive business excellence. HFCL has grown aggressively since its inception and every employee of ours is a face of our organization, helping the company to grow at its zenith. We promote our internal pool of talents with platforms like RISE , Ivy League etc. and also ensure the best practices are in place for our employees to deliver the right excellence at work.

Our aim is undoubtedly to create a culture of learning and earning by providing equal opportunities to all genders without being biased.

In our quest for excellence, we strive to be innovative, and create best practices to ensure that the business has the right talent to deliver excellence at work. Our approach to attracting, retaining and developing the best diverse talent has evolved since the pandemic, and will continue doing.

During the last year, our initiatives we directed to provide excellent experience to our employees by creating new ways of working, enhancing their capability, worked extensively towards nurturing a culture which is meritocratic by rewarding employees & ensuing their well - being at all points in time.

The HR team through various initiatives ensured that business continuity was maintained while bringing forth several measures for well-being - social, physical, psychological and development.



AWARDS AND RECOGNITION

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

- Hero FinCorp Limited was certified as a Great Place To Work®, India for **the 7th time in a row.**
- Top 100 India's Best Companies To Work For (76 RANK)
- Top 25 India's Best Workplaces™ in BFSI 2024
- India's Best Workplaces™ in NBFC 2024
- Significant Achievement in HR Excellence- Confederation of Indian Industry

Top 100 Best Companies To Work For In India (100->76 RANK)

India's Best Workplaces BFSI- Top 25 List

India's Best Workplaces in NBFC List

Significant Achievement in HR Excellence- CII

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

During the year under review, no complaints were received by the Complaints Officer under the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017.

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 of Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors and other business partners for the excellent support received from them during the year. Our employees are instrumental in helping the Company scale new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as shareholders is also greatly valued. The Board of Directors look forward to your continuing support.

By Order of the Board
for **Hero FinCorp Limited**

Pawan Munjal
Chairman
DIN: 00004223

Place: Gurugram
Date: May 03, 2024

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

CIN	:	U74899DL1991PLC046774
Phone	:	+91 11 4604 4100, +91 11 4948 7150;
Fax	:	+91 11 2614 3321, +91 11 4948 7197
E-mail	:	investors@herofincorp.com
Website	:	www.herofincorp.com

Annexure - A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

The global economy in FY 2025 is projected to maintain moderate growth, characterized by resilience amid various economic challenges. According to the International Monetary Fund (IMF), global growth is forecasted at 3.2% in 2024 and 3.3% in 2025. This growth rate reflects a steady but slow recovery from the economic disruptions caused by the COVID-19 pandemic and other global shocks.

Inflation and Monetary Policy

Inflation remains a significant concern for policymakers worldwide. The IMF reports that global inflation is expected to decline from 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025. However, core inflation, which excludes volatile food and energy prices, is projected to decrease more gradually. Persistent services inflation is complicating the normalization of monetary policy, leading to higher and prolonged interest rates.

Regional Growth Disparities

The global economic recovery is uneven across regions. Advanced economies are expected to see a slight acceleration in growth, with projections rising from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. In contrast, emerging markets and developing economies will experience a modest slowdown, with growth rates expected to decrease from 4.3% in 2023 to 4.2% in both 2024 and 2025. This divergence highlights the varying capacities of different regions to recover and adapt to post-pandemic economic conditions.

Long-term Global Risks

Several long-term risks could impact the global economic outlook. Climate change remains a significant challenge, necessitating substantial investments in mitigation and adaptation efforts. Slowing population growth in many developed countries could lead to tighter labor markets and increased pressure on social safety nets. Moreover, geopolitical tensions and trade disruptions continue to pose threats to global stability and economic integration.

Conclusion

Overall, the global economic outlook for 2025 is cautiously optimistic, with steady growth projected despite several underlying risks and challenges. Policymakers must navigate persistent inflation, varying regional recovery rates, and long-term structural issues to sustain and enhance global economic stability. Effective monetary and fiscal policies, along with international cooperation, will be crucial in addressing these challenges and fostering a more resilient global economy.

INDIAN ECONOMY

The Indian economy demonstrated exceptional performance during FY 2023-24, solidifying its position as one of the fastest-growing economies globally. The nation's GDP growth rate stood at an impressive 8.2% (YoY), FY25 GDP projected to grow at 7.2% primarily driven by robust private sector consumption and the Government's increased focus on infrastructure development. Despite global macroeconomic challenges and tighter domestic monetary policies aimed at addressing inflationary pressures, India's growth momentum remained steady, underscoring the underlying strength of its economy in recovering and revitalizing growth drivers.

In alignment with global peers, the Reserve Bank of India (RBI) implemented several rate hikes throughout the year to control inflation. Despite these inflationary pressures, the industry demonstrated strong credit growth of 21% year-on-year as of March 2024, driven by the overall improvement of the economy and pent-up demand post-COVID. This growth was further evidenced by several high-frequency indicators, including positive Purchasing Manager Index (PMI) readings, buoyant tax collections, and healthy vehicle and tractor sales.

The Non-Banking Financial Company (NBFC) sector benefited significantly from the resurgence in domestic economic activity, leading to strong disbursement momentum and higher business growth. Asset quality indicators for NBFCs and Housing Finance Companies (HFCs) have steadily improved by higher collections and lower-than-anticipated slippages (Overall NBFC GNPA stands at 2.7%, lower by 84 bps YoY) across the overall book, including the restructured book. Notably, most major players are focusing on growing their Retail Assets Under Management (AUM). The NBFC-Retail AUM have grown by 19% in FY24 and According to Moody ratings, is expected to further grow at a healthy rate of 15% in the next 12-18 months. However, margins will remain an area of focus, as they are anticipated to stay under pressure in FY25, potentially stabilizing in the long term.

The overall outlook for the industry remains positive as India continues its growth trajectory, leading to higher credit demand. The growth in credit is expected to be broad-based across products and segments, with key risks including elevated interest rates and inflation. As India treads this path, the strong performance of its economy in FY 2023-24 sets a solid foundation for continued growth and resilience in the face of global economic uncertainties.

FINANCIAL SERVICES - NBFC SECTOR

The NBFC sector has played an important role in promoting inclusive growth in India,. The sector has fulfilled diverse financial needs of non-bankable credit requirements of customers. Further, NBFCs often take lead role in providing innovative financial services to Micro, Small, and Medium Enterprises (MSMEs) most suitable to their business requirements, thus providing credit financing to the unorganised and underserved sectors of the country. NBFCs do play a critical role in participating in the development of an economy by providing a fillip to transportation, employment generation, wealth creation, bank credit in rural segments, emergency financing and thus support financially weaker sections of the society.

The Indian financial services sector plays a vital role to the country's economy, comprising a diverse range of players such as commercial banks, insurance companies, non-banking financial companies, pension funds, mutual funds and other smaller financial entities. The sector has been evolving over the years, coupled with changes and reforms by the Government and regulatory bodies to strengthen the industry and thus enhancing its growth prospects.

NBFCs are financial intermediaries engaged in the business of accepting deposits and delivering credit thus channelizing the scarce financial resources to capital formation. They supplement the role of the banking sector in meeting the increasing financial needs of the corporate sector, delivering credit to the unorganized sector and to small local borrowers.

NBFCs focuses on business related to loans and advances, acquisition of shares, stock, bonds, debentures, securities issued by government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business etc.

The banking sector would always be the critical sector in the field of business financing on account of its credibility in supporting manufacturing, infrastructural development and thus acting as a backbone for the common man's money. Despite this, the role of NBFCs is critical and their presence in a country only strengthens the financial infrastructure of the country.

REGULATORY DEVELOPMENTS AND SCHEMES

The NBFC sector continued to grow its share in the financial services industry. In India, despite being different from banks, NBFCs are bound by the Indian banking industry rules and regulations. The government and the RBI announced the slew of regulatory forbearances and schemes during the year - some of the key being are:

In FY2024, the RBI has issued following important circulars: -

- Master Direction on Outsourcing of Information Technology Services: These directions issued by the RBI on 10 April 2023 provide regulatory guidelines on Outsourcing of IT Services. The underlying principle of these Directions is to ensure that outsourcing arrangements neither diminish the Regulated Entities (REs) ability to fulfil its obligations to customers nor impede effective supervision by the RBI. These Directions came into effect from 1 October 2023.
- Framework for Compromise Settlements and Technical Write-offs: These directions issued by the RBI on 8 June 2023 provide a comprehensive regulatory framework governing compromising settlements and technical write-offs.
- Guidelines on Default Loss Guarantee (DLG) in Digital Lending: These directions issued by RBI on 8 June 2023 provide guidelines to be followed for entering into an arrangement involving default loss guarantee in digital lending loans.
- Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans: These Directions issued by RBI on 18 August 2023 require the Regulated Entities (REs) to put in place an appropriate policy framework in line with the directions to govern the EMI based floating rate personal loans.
- Fair Lending Practice - Penal Charges in Loan Accounts: These directions issued by RBI on 18 August 2023 provide for guidelines to be followed while charging penal charges for non-compliance of material terms and conditions of the loan contract. The Guidelines are effective from 1 April 2024 for loans booked on or after this date and 30 June 2024 for existing loans.
- Responsible Lending Conduct–Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans: These directions issued by the RBI on 13 September 2023, state that regulated entities should release all the original documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account. Compensation to the borrower at the rate of Rs. 5,000/- for each day of delay has to be paid where the delay is attributable to the regulated entity.
- Regulatory measures towards consumer credit and bank credit to NBFCs: These directions issued by RBI on 16 November 2023 state that consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125% instead of 100%.
- Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023: The RBI issued Master Directions for NBFCs in suppression of the Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. These Directions are issued in line with the scale-based framework introduced by RBI.
- Credit/Investment Concentration Norms – Credit Risk Transfer: These directions issued by RBI on 15 January 2024 provide guidelines to ensure uniformity and consistency in computation of concentration norms among NBFCs. In continuation of announcement on 8 February 2024 in Statement on Developmental and Regulatory Policies, RBI vide it's circular RBI/2024-25/18 DOR.STR.REC.13/13.03.00/2024-25 dated 15 April 2024, issued guidelines to extend requirement of Key Fact Statement (KFS) to all retail and MSME loans sanctioned on or after 1 October 2024, on the ground that it will lead to enhanced transparency in lending and enable customers to make informed decisions.
- RBI issued circular dated September 25, 2023 which states that Regulated Entities which are secured creditors as per the SARFAESI Act, 2002, shall display information (as per the format prescribed in the Annexure) in respect of the borrowers whose secured assets have been taken into possession by the REs under the Act

THE COMPANY

Hero FinCorp Limited ("the Company" or "HFCL") is an NBFC with a diversified product portfolio. Its aim is to aid financial inclusion of the underserved and partners to enable the dreams of Indian entrepreneurs & businesses.

In the two-wheeler segment, the Company has focused on customers who are devoid of the reach of banks network for reasons such as limited documentation, credit history and are perceived as high-risk category by the banking channels. The Company believes that credit worthiness can be evaluated by employing innovative methods that consider subjective knowledge gleaned from customer visits, background checks, etc. This can provide an opportunity to such customers 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 & Open Market Personal Loan, Partnership Financing, Unsecured Business Loans, Inventory Funding, Supply Chain Financing, Construction Financing, Loan Against Property, Loans to SMEs and Emerging Corporates.

The Company has also set up a housing finance arm, namely, Hero Housing Finance Limited (subsidiary of Hero FinCorp Limited), to cater the housing needs and support in the Government's holistic mission of "Housing for All by 2024".

FINANCIAL AND OPERATIONAL PERFORMANCE

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

During the year under review, Asset Under Management (AUM) has grown up by 23% from Rs. 37,800 crore in FY 2022-23 to Rs. 46,488 crore in FY 2023-24. The total income has shown a growth of 29% from Rs. 6,033 crore in FY 2022-23 to Rs. 7,805 crore in FY 2023-24.

Impact of Compulsorily Convertible Preference Shares (CCPS)

During the previous year, 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 crore. 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 and conditions of such preference shares, they are required to be classified as a financial liability.

In accordance with Ind AS 32 'Financial Instruments: Presentation', the Company had classified these CCPS as a financial liability 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.

If these 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, 2024 would be higher by ₹ 348.69 crore (March 31, 2023: ₹ 310.05 crore) and total equity would be higher by ₹ 2,611.24 crore (March 31, 2023: ₹ 2,310.05 crore) and subordinated liabilities would be lower by ₹ 2,611.24 crore as at March 31, 2024 (March 31, 2023: ₹ 2,310.05 crore). The key numbers considering this impact are given below:

Particulars	As at March 31, 2024	As at March 31, 2023
Financial Liabilities: Subordinated liabilities (₹ in Crore)	937.98	881.67
Profit before tax (₹ in Crore)	1,273.89	1,022.65
Profit after tax (₹ in Crore)	950.61	767.39
Debt equity ratio (no. of times)	4.66	4.09
Net worth (₹ in Crore)	8,386.79	7,598.67
Total debts to total assets (%)	80.49	77.43
Net profit margin (%)	12.18	12.70

SEGMENT WISE PERFORMANCE

Retail Finance

Our Retail business, encompassing Vehicle Finance, Personal Finance, and Mortgage Loans (HHFL), has achieved remarkable growth and extensive reach. With over 4200 touchpoints across 2000 cities, towns, and villages, our vehicle finance services cover the length and breadth of the country, disbursing a loan every 10 seconds and has touched over 11 million lives. In the last financial year, we disbursed over 1 million two-wheeler loans. Our personal loans are sourced through diverse channels, including our in-house sales team, call centre, Hero MotoCorp distribution network (for Two-Wheeler Loans), partnerships with digital partners, and a network of DSAs, ensuring broad based accessibility across India. Our mortgage loans (HHFL) are sourced from 117 branches and via DSAs. Currently, our total retail assets under management (AUM) stand at INR 33,726 Cr. resulting in a total active customer base of over 5 million customers, reflecting our significant market presence.

MSME Finance and Corporate & Institutional Finance (CIF)

In the non-retail segment, we operate out of 74 locations, providing extensive coverage and accessibility to our services. We have built a robust capacity to process over 3,000 applications monthly. Our sourcing strategy combines direct efforts by our in-house sales team and DSA led sourcing, ensuring a diverse and efficient approach to meet customer needs. This year, for our MSME vertical, which includes products like Supply Chain Finance, Construction Finance, Business Loans, and Loans Against Property we closed with an AUM of INR 10,779 Cr.; and our Corporate & Institutional Finance (CIF) vertical closed with an AUM of INR 5,988 Cr.

This underscores our dedication to offering a diverse and holistic mix of products tailored to a wide range of customers. By providing accessible and comprehensive financial services across both retail and non-retail segments, we drive growth and promote financial inclusion throughout the country.

TREASURY

The Company has an independent, full-fledged treasury department that effectively manages borrowings, liquidity, and treasury investments. The primary role of the treasury is to borrow funds at competitive rates to meet business needs and maintain adequate liquidity to weather any unanticipated occurrences while prudently managing the ALM. Investment activities are undertaken to maintain Liquidity Coverage Ratio (LCR) and invest surplus funds in various liquid instruments.

BORROWED FUNDS

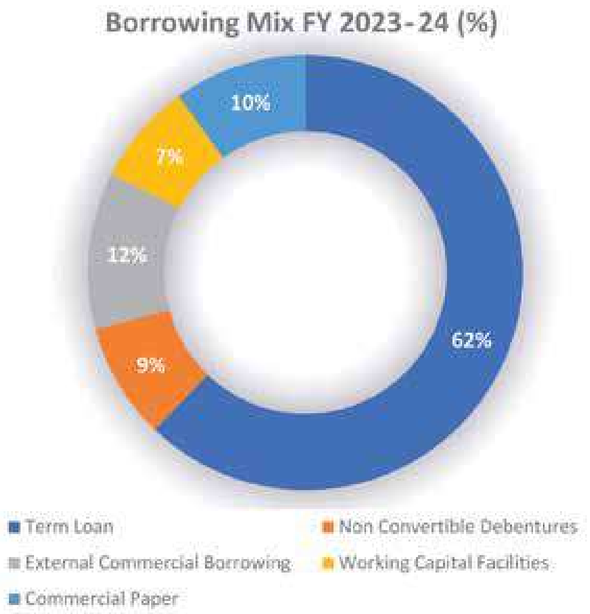
The company continuously seeks to diversify its funding sources by tapping different markets/ institutions to finance its business requirements. In addition to the banking lines, the company also borrows via refinance, external commercial borrowing, and commercial papers & non-convertible debentures in the debt market.

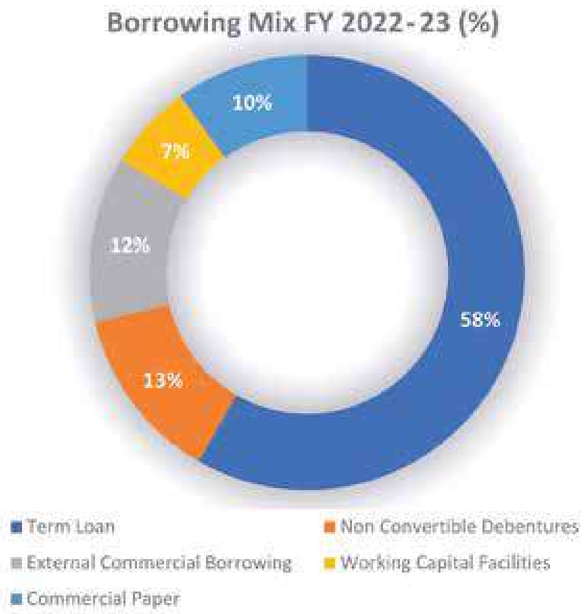
Further, the company strives to keep an appropriate balance between fixed rate and variable rate borrowings throughout the instruments to lower the weighted average cost of borrowing and preserve a reasonable spread on its loans and advances.

For the purpose of meeting its business requirements, the Company borrowed ₹ 20,795 crore during the year (rollovers excluded). The total borrowing book (excluding CCPPS) increased by 25.79% to ₹ 39,088.16 crore as of March 31, 2024, from ₹ 31,073.62 crore as of March 31, 2023.

Borrowings and debt securities constituted 80.49% of funds employed as on March 31, 2024. Out of the total borrowings, Banks and financial institutions constitute 81.49% (term loans including refinance 61.80%, external commercial borrowing 12.18% and working capital facilities 7.52%), debt market constituted 18.51% (non-convertible debentures 9.10% and commercial paper 9.41%).

The Company maintains close relationships with more than 35 banks and financial institutions, including prominent private, PSU banks and foreign banks. Throughout the period, the Company strengthened its ties with its current lenders, not only with additional sanctions of term loans and working capital, but also by significantly increasing their exposure to commercial papers/ debentures. The average cost of borrowing was 7.95% for the year ending March 31, 2024 as against 7.4% for the year ending March 31, 2023.





Term Loans

During the FY 2023-24 the Company raised ₹ 14,615.00 crore from banks/financial institutions in the form of term loan facilities. The term loan book stood at ₹ 24,156.23 crore as on March 31, 2024, against ₹ 18,006.18 crore as on March 31, 2023. The banks lines are rated “AA+ with stable outlook” by CRISIL, ICRA and CARE. This indicates high degree of safety with regard to timely servicing of financial obligations.

Working Capital Facilities

The Company enhanced the working capital facilities (secured and unsecured) from Bank/ financial institutions from ₹ 4,161.00 crore as on March 31, 2023 to ₹ 4,320.00 crore as on March 31, 2024. The working capital facilities book stood at ₹ 2,938.90 crore as on March 31, 2024 against ₹ 1,989.44 crore as on March 31, 2023.

External Commercial Borrowings

During the FY 2023-24, the Company raised USD 90.29 Mn. (equivalent ₹ 750.00 Crore) of foreign currency denominated External Commercial Borrowings (ECB) under the automatic route of the RBI. ECB is done with an aim to deepen and diversify the investor base of the Company. This also helps in improving the borrowing-mix. The ECBs are hedged using a Cross-Currency Swap (variable/fixed rate structure linked with applicable benchmark). The ECBs are fully hedged (interest + principal) for forex risks against the regulatory requirement of minimum 70% of the exposure as set out by RBI. The ECB book stood at ₹ 4,759.73 crore as on March 31, 2024 against ₹ 3,934.83 crore as on March 31, 2023.

Non-Convertible Debentures

During the FY 2023-24, the Company raised ₹ 130.00 Crore from the Non-convertible debentures. The Non-convertible debenture book stood at ₹ 3,556.05 crore as on March 31, 2024 against ₹ 4,223.26 crore as on March 31, 2023 (including subordinate debts). The non-convertible debentures are rated AA+ from CRISIL/ICRA. As per Chapter XII – "Fund raising by issuance of debt securities by large corporate" of the SEBI "Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper" dated July 07, 2023 read with SEBI circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023, a large corporate (LC) has to raise minimum 25% of its incremental borrowings through issuance of debt securities which has to be met over a contiguous block of three years from Financial Year (FY) 2022 onwards till March 31, 2024, failing which, such LCs shall provide a one-time explanation in their Annual Report for FY 2024. Though markets have witnessed high amount of NCD issuances during the last 3 years, while engaging with various market participants like investors, arrangers, etc. it was noticed that investors are more inclined towards AAA rated issuers and in case of AA+ or lower rated issuers, pricing premium/spread over AAA rated issuers was quite high at most of the times. Thus, at such instances, company decided to explore/avail other available fund-raising options which were more value accretive for the organisation.

Commercial paper

During the FY 2023-24 the Company raised ₹ 5,300.00 Crore (face value) from commercial papers. The commercial paper book stood at ₹ 3,677.24 crore as on March 31, 2024 against ₹ 2,919.91 crore as on March 31, 2023. The commercial papers are rated as "A1+" by CRISIL and ICRA, indicating very strong degree of safety regarding timely payment of financial obligations.

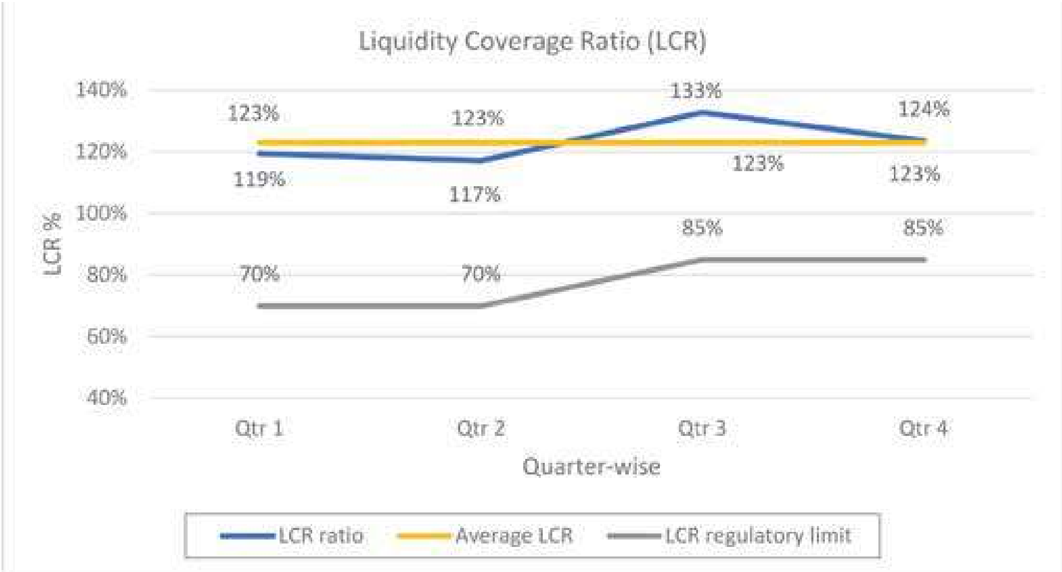
Subordinated Debt

The outstanding subordinated debt as on March 31, 2024 stood at ₹ 937.98 crore as against ₹ 881.67 cr as on March 31, 2023. Subordinated debt is considered as Tier II capital and CCPS is considered tier I capital as per the guidelines issued by RBI for the purpose of computation of Capital Adequacy Ratio.

Liquidity and Treasury Investment

The Company adheres to an investment strategy established by the Board. Maintaining sufficient liquidity, ensuring the seamless operation of daily cashflow while deploying excess funds (if any) are the main objectives of the investment activities.

As on March 31, 2024, the Treasury investment portfolio stood at ₹ 2,995.22 crore. It constituted 6.17% of total assets as on March 31, 2024. The Company maintained a healthy daily weighted average LCR of 123.53% during FY 2023-24 as against the regulatory threshold of 85%. Further, the Company has maintained total liquidity of ₹ 6,681.22 crore (Standalone basis) as on March 31, 2024 which constitutes 13.31% of total assets as on March 31, 2024. It includes cash and treasury investment of ₹ 2,995.22 crores and available bank lines of ₹ 3,686.00 crore.



ASSET LIABILITY MANAGEMENT

The Asset Liability Management Committee oversees the ALM on a regular basis, and the Company follows a conservative ALM policy. The Company throughout the year has maintained positive mismatches across buckets up to 5 years i.e. the cumulative inflows of assets are higher than the cumulative outflows.

CAPITAL ADEQUACY

The Company continues to fulfil all the norms and standards set forth by the RBI, viz. recognition of non–performing assets, capital adequacy requirements, liquidity coverage ratio, etc. The Company has been able to maintain a Capital Adequacy Ratio (CAR) of 16.28% as on March 31, 2024, which is well above the RBI mandated norm of 15%.

INFORMATION TECHNOLOGY

Hero FinCorp endeavors to be a customer–centric organization and a leader in innovative digital products and technology. We are happy to report that in FY24 we have continued to make significant strides with the launch and update of application & platforms catering to customer acquisition, servicing and collections with the aid of AI, ML & Analytics.

Mobile application catering to the retail LOB now has a customer base of over 5 million in FY24, enabling onboarding, servicing and payments on mobile. In addition to the mobile application, personalised payment link was enabled over mobile to drive growth in payments for Retail collections. Analytics driven retail collection has helped us further strengthen our collection efficiency with the scorecard based allocation of agency & collector for the case resolution. 3Mn+ leads were generated for TWL, UCL and OMPL from website. More than 60% of servicing request are handled through digital channels- mobile & WhatsApp with more than 70% auto resolution efficiency.

Simple, scalable & flexible - Collateral Management System launch has helped to manage end to end lifecycle of collaterals & providing solution to the regulatory, complex monitoring challenges, information for existing & new corporate loan collaterals.

In FY24, we collaborated with Hero MotoCorp to participate as a lender in Hero MotoCorp e-Fin marketplace. This enables customers to get instant sanction for their TWL Loan needs. Multiple new gen scorecards were enabled for Two wheeler, Used Car & Unsecured Business Loan products. We have partnered with multiple service providers to work on alternate data models to enhance underwriting and fraud prevention efficiency. We have further focused to support the co-lending and partnership business with a micro services framework that can be suitably tapped onto for any new Partnerships with the complete Loan origination suite available as a service.

Digital Vertical has further improved the underwriting process with additional fraud and KYC checks for our instant Personal Loan product – 'HIPL" which has now 7 MM installations with ~7k loans disbursed in FY24 Digital enabled business growth through multiple Partnerships.

Hero FinCorp's technology strategy is to enable business strategy through a flexible, open yet secure platform, which promotes the usage of Artificial Intelligence led capabilities in simplifying the experience of our customers. Along with the technical capabilities and technology advancement the organization also ensures security of customer data.

Hero FinCorp has a robust IT governance structure in place & the organization ensures compliance to RBI master direction for NBFC, IT Act and other applicable regulations. We are also ISO 27001:2022 certified, which is a global standard for Information security management system.

We take pride in well-secured Infrastructure with state of the art networking (Next Generation Firewalls (NGFW), Application Load Balancer (ALB), Link Load Balancer (ILL) P2P, MPLS, VPN/SSL Connectivity, End User Assets (DLP, Proxy, EDR, ISE, MDM), Hybrid hosting (On-prem Data Center & Clouds), Secure patches (Operating System & third party applications), Email Security, Engineered Boxes for databases, Cloud Access Security Broker (CASB), Video conferencing (Teams & Zoom Room), BCP & DR. Web Application Firewall (WAF) & Cyber Geo-Fence is in place to restrict malicious & repeated offender traffic and also protect from cyber-attacks like DDoS, SQL Injection, Cross site scripting etc.

RISK MANAGEMENT

Risk management forms an integral part of our business as we are exposed to various risks related to our lending business and operating environment, and it is embedded in our day-to-day business transactions and activities. We have a differentiated approach to managing risks across our platforms with robust governance mechanisms in place that not only manage risks at each of the segment levels but also at the Company level. Company promotes a strong risk culture throughout the organization designed to help reinforce resilience by encouraging a holistic approach to manage risk & return and provide management with a greater insight into risks and their impact on Company's operations and profitability.

Over past few years, the Company has been on a journey to build a robust Risk Management Framework with strong risk fundamentals and continues to monitor the internal and external risks arising out of macro-economic factors, regulatory changes and geo-political scenario. World economy continue to face headwinds in the form of fragile geo-political situation, unprecedented level of inflation and contractionary monetary policy. These events continue to put world economies under pressure and have brought in its wake an environment of not only heightened risk, but of prolonged uncertainty. It emphasized the need for and importance of robust risk management practices.

Risk Management Department at Hero Fincorp has been performing the dual tasks of setting up the Risk Management process of identifying, measuring, monitoring and reporting risks in the Company, and at the same time, upgrading and repositioning risk management – by bringing in vision, understanding, clarity and agility in running the risk management practices in the Company.

The Risk Management Department (RMD) in Hero Fincorp is based on the 'Three lines of Defence' model. These three lines serve as the founding pillars upon which our risk governance model is built and sets out the key roles of three major functions in our Company:

First Line of Defence - Implementation Pillar: Our business units form the first line of defence. Frontline teams and operational managers have primary accountability for identifying, assessing and managing the various operational and compliance risks relating to our business and for implementing corrective actions to address process and control deficiencies.

Second Line of Defence – Identification, Monitoring and Control Pillar: The second line of defence comprises risk management and compliance functions that operate independently from the management and personnel who originate and manage risk exposures. This line coordinates, oversees and objectively challenges the management and execution of business and operations, whilst keeping in mind the risk and control framework. [It has the power to escalate and veto high-risk business activities.

Third Line of Defence– Independent Assurance Pillar: the third line of defence is the audit function of our internal audit department, which is independent of both business and risk functions and performs independent evaluations and assessments of the first two lines of defence. This pillar relies on the review procedure conducted by the other two lines of defence and uses the results to assess and develop an audit approach that combines various assurance practices that are in place. This approach promotes convergence between various monitoring, evaluation and assessment procedures, and aims to reduce inefficiencies in time, cost and effort.

Our risk management framework, which is enforced and monitored through our three line-of-defence model, focuses on the [following key areas: (i) credit risk management, (ii) fraud prevention, (iii) digitisation, automation and cybersecurity.

Credit risk management: focused on our profile-based underwriting capabilities, automated scorecards, risk mitigated partnership models, credit policy monitoring, portfolio monitoring, early warning systems, independent model validations, our risk appetite limits and expected credit loss forecasting. Our credit policy monitoring entails regular updates to our credit policies based on learnings from our portfolio and prevailing market trends to maintain the quality of our portfolio thereby curbing losses. Further, we also monitor our portfolio and sourcing trends in real time in order to pre-empt any early trends and take corrective actions to minimise damage to our portfolio.

Fraud prevention: focused on utilising our experienced team of fraud risk professionals to detect and curb our fraud risks. We have robust fraud prevention controls including screening and sampling across all our products, monitor our sourcing quality and policy adherence, detect mystery shopping, conduct [invisible] monitoring, recognise fraud detection patterns, implement an enhanced enterprise level de-dupe functionality, monitor activities of DSAs, sales managers and third-party distributors to detect any triggers of attempted fraud, harness digital KYC for fraud prevention and conduct contact point verification. We also carry out industry level database checks to identify customers with reported default or high risk histories and any past suspicious activities.

Digitisation, automation and cybersecurity: focused on all our digitised processes and our scorecard driven underwriting capabilities. This also governs the risk management of our digitized collection channels and our alternate data-based underwriting capabilities leveraging third party support.

The company has implemented Internal Capital Adequacy Assessment (ICAAP) process in line with regulatory guidelines issued under Scale-based-Regulatory-Framework for NBFCs. Objective of ICAAP exercise is to have a process to identify and measure all the risks applicable to the NBFC and review overall capital adequacy in relation to its risk profile and have a strategy for maintaining capital levels. To complete the ICAAP assessment exercise, company undertakes a comprehensive exercise of materiality assessment of risks which are potentially material to its business model. ICAAP under Pillar 1 covers the core risks i.e. Credit risk and Operational risk. To measure the requirement of additional capital under Pillar-2, company undertakes quantitative and qualitative assessment of each of possible risks e.g. Liquidity Risk, Market Risk, Compliance risk, Strategic risk, Reputation risk, IT risk, Model risk etc. that it could face. Company carries out the ICAAP exercise annually and present it to the Board for deliberations on additional capital charge requirement Pillar-1 and Pillar-2 and effective capital planning.

Company's Board maintains oversight on the implementation of Risk Management Framework through Risk Management Committee (RMC), which assists Board in setting-up and monitoring of risk management principles and policies, strategies, risk appetite limits and risk mitigation controls. Under the overall ambit of Corporate Governance, the Company has in place a Risk Management policy along with other risk related policies. Risk Management Committee reviews the overall portfolio quality, macro-economic scenario and it's impact on Company, emerging trends in various products/segments, compliance to Risk Appetite limits, Estimated Credit Loss (ECL), ICAAP and Collection/Recovery related updates amongst other metrices at least on a quarterly basis.

The Company operates with an effective Risk Management Framework to actively manage all the material risks faced e.g. Credit, Operational, Liquidity, Information Security, Compliance risk etc., in a manner consistent with our risk appetite.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower to honour its financial or contractual obligations to the Company. Credit risk arises in Company's direct lending operations where borrowers have repayment obligations to Company. The Company has established policies, procedures and systems for managing Credit risk. The Company measures, monitors and manages credit risk at an individual borrower level, group exposure level for corporate borrowers and portfolio level for retail borrowers. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. Credit quality is monitored and losses from defaults are minimised by setting credit parameters and monitoring exposures against approved limits. Company has a clearly laid out Risk Appetite Framework to limit the Concentration Risk on Single/Group Borrowers, Industry and Sensitive sector exposures. The Company has robust Early Warning System in place to detect the incipient stress in its portfolio and take proactive measures to minimize credit losses.

Operational Risk

Operational Risk comprises of risk of loss due to losses arising from failure of internal systems, process and personnel or external events. Operational Risk is inherent in all financial products, services, activities, processes, and systems. Managing operational risk is becoming an important feature of sound risk management practices in modern financial markets in the wake of phenomenal increase in the volume of transactions, high degree of structural changes and complex support systems.

The Company has set-up a robust Operational Risk Management Framework which enables identification of risks and put in place appropriate controls to mitigate or minimize the risk. It also provides a holistic overview to the Board about Operational Resilience and create a feedback loop that fosters perpetual embedding of lessons learned into Company's preparation for operational disruptions and its performance during actual occurrence of disruptions.

Compliance Risk

Compliance risk arises from our exposure to legal, financial and criminal liability in the event that we are found to be in non-compliance with industry laws and regulations. The company follows a zero-tolerance approach on all regulatory compliance matters. Our Chief Compliance Officer is responsible for overseeing and managing any compliance risks. He is supported by a dedicated team of professionals who monitor all statutory matters and ensures we remain in compliance with regulatory guidelines to minimise any legal or regulatory risks.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. We may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee.

Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements. We also engage in forward-looking mobilisation based on projected disbursements and maturing obligations.

Our treasury department secures funds from multiple sources, including banks, financial institutions and capital markets and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, the NHB, other domestic and foreign financial institutions and rating agencies. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements.

Interest Rate Risk

Interest rate risk is the exposure of our financial conditions to adverse movements in interest rates. Interest rate risk can pose a significant threat to earnings and capital base. Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets, rate sensitive liabilities and rate sensitive off-balance sheet items. We are subject to interest rate risk primarily as we lend to customers at rates and for maturity periods that may differ from our funding sources. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors.

In order to manage interest rate risk, we seek to optimize our borrowing profile between short-term and long-term loans. We adopt funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and our Asset Liability Management Committee prepares an interest rate sensitivity report periodically for assessment of interest rate risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a well-defined and effective internal control systems. in place which match the scale of it’s operations and the complexity of the sector it works in. Such stringent and detailed controls lead to effective and productive use of resources ensuring that the Company’s assets and interests are safe-guarded, transactions are duly approved, recorded, and properly reported, and checks and balances guarantee reliability and consistency of accounting data.

Internal Control Systems is also subjected to regular Internal Audits to evaluate the adequacy and operating effectiveness of internal controls with additional focus on assessing opportunities for improvement in business processes, systems and controls and provide recommendations for adding value to the organization. Stringent follow-up is done for the implementation of corrective actions and improvements in business processes which is periodically reviewed by the Audit Committee.

INTERNAL AUDIT

The Internal Audit Department of the Company functions independently with direct reporting to the Audit Committee of the Board. Subject matter expertise of professional firms of Chartered Accountants is utilised as per requirement. Concurrent audit is also performed for larger sample sizes to provide additional assurance. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board. Risk based approach and systematic methodology is followed to define and execute annual internal audit plan. The audit approach includes periodic evaluation of regulatory, operational, system and market risks so that controls are strengthened to address future uncertainties.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

Embracing Agile Ways of Working (AWOW) at Hero FinCorp:

At Hero Fincorp, our people are rooted with the core guiding principles- united in action and values, play to win, own the outcome, and have the confidence in making things happen.

These principles drive a culture of accountability and collaboration. "Own the Outcome" emphasizes collective decision-making and alignment with leadership. "In sync with Businesses - Play to Win" ensures efforts tie back to overall business goals. "Do It –Move It-Make it Happen" promotes enthusiasm across all business aspects. "United in Actions" underscores adaptability and collaboration, with priorities adjusted regularly. These principles collectively foster success through a cohesive and agile approach. All this is based on the most important principle – United in Values which helps the company to have a common value system, social impact, responsible lending, high ethical standards, etc.

We see challenges as opportunities and are excited by the possibilities they offer which makes our Heroes more agile in their ways of working.

Hero FinCorp has embraced Agile Ways of Working (AWOW), which has created an environment where employees feel valued and supported in achieving personal and organizational goals. Adopting an agile approach is crucial for Hero FinCorp to prioritize creativity, innovation, and adaptability, driving sustainable growth. Agile enables faster decisions, enhances accountability, promotes collaboration, nurtures development, and reduces bureaucratic barriers, keeping Hero FinCorp ahead in the dynamic business landscape.

This AWOW platform truly serves as a medium through which employees maximize their true potential to 'make a difference'.

Constantly driving towards a better future: Our HERO PARIVAR family has grown from the last year. Overall, the people strength has grown has increased by 17.5% from the last year. We strongly believe that our people are at the heart of our strategy. We are always on a lookout for new avenues of personnel growth and to provide a platform for our people on new ways of working

With these growing numbers, there were few interventions/transformations that has helped us in being stable yet agile:

Performance Management System

HFCL recognizes its People as the most important Asset and believes in supporting employee's duties done in the best interest of the organization and compensating appropriately. The Rewards Philosophy is aligned with the credible performance management process.

Pay for Performance culture has been incorporated in Performance Management philosophy and execution.

a) Employees' Performance Rating is completely based on the goal achievement, with the department & organization rating as an overriding factor to provide them with the added incentive of company and department performance.

b) All promotions cases are determined by role change and role expansion and are assessed independently with external vendor assessments.

c) All progressions cases are decided in terms of their relevant career growth in the organization.

Keeping Employee wellbeing (social, physical and mental) as the top-most priority

- "Heroes Instaconnect" -Hi5 App-Engagement at the fingertips for employees across the organization.

- Employee Engagement and collaboration drives any organization forward and HFCL has taken steps to promote the same. Our Hi 5 app ensures all this and more.

- Hi 5, Hero FinCorp's Digital Engagement framework with the aim to enable social collaboration & engagement, bring Innovation at forefront through the Idea Box and enable speed by helping each of us be more connected and engaged through real time recognition, pulse surveys and grievance redressal.

- Hero Fitness League focusing on physical wellness saw a number of Heroes participate in activities such as Stepathon, Cycling and Running.

- Unique benefits are provided to all Heroes to meet their social wellbeing in terms of employee loan by policy providing salary advance and contingency loans are available to meet unforeseen exigencies. Personal Loans are provided to the employees at a lower rate than what Hero FinCorp lends in the market. Relocation benefits in place for new employees as well as existing employees who are transferred for business reasons.

- **Employee Assistance Program:** Holistic Wellness is one of the pivotal aspects of employee care and this year too, we have stayed highly invested in it giving equal focus to not only physical wellness but also mental wellness.

  a) We continue our journey in providing the benefit of the much-needed Employee Assistance Program in partnership with the industry EAP offering leader – 1to1help.com. Keeping in mind the importance of mental health and employee welfare, we started the quarter with organizing EAP refresher sessions across all the zones – North, South, East, West and all People Managers. This is a unique counselling service helps in providing support to all our employees as they meet life's many challenges.

  b) In partnership with our EAP partner 1to1help, various sessions were organised on digital detox and meditation week which saw great participation by our heroes participating from across the country.

Careers to Succeed: Build vs Buy.

- Udaan – Success happens when Talent meets opportunity. With this mindset, we launched one of its kind programs called Udaan. This is an industry disruptive practice where one hundred Sales Executives who were contractual staffs were given the opportunity to take the seat as on roll employees of the organization. The opportunity was presented to the top performing Field Sales team who had a significant vintage with the organization and further with a rigorous assessment process they were absorbed as on roll Sales Executives. Not only, this is a one of its kind initiatives this is also a forward-thinking approach to build a pipeline for future Managers of the organization maintaining a good mix of build vs buy.

- Career Progressions through RISE (Internal Mobility Program) and role elevations including off roll to on roll conversions have further strengthened our talent actions to assess and recognize capability while providing them more responsibilities and job enrichment. Our Internal Mobility Program – RISE helps in planning for the right people in the right roles at the right time. And as roles become available, we seek to identify talent internally, providing an opportunity for our employees to grow and build their careers. Detailed screening is ensured through pre-defined eligibility parameters such as Performance, Tenure, MPS, Disciplinary proceedings, Assessments, Panel Interview & Nepotism.

- Enable merit-based Talent Mobility through IJPs: This program enables our people with the opportunity of mobility across functions or roles and supports horizontal and diagonal movements.

Diversifying our Talent Pool:

- Next Gen Program – The MT Bootcamp is new MTs directly interact with Leaders during a healthy interaction. Our Campus program specially curated provides a comprehensive onboarding journey meant to help the Management Trainees integrate with the organization successfully. A detailed engagement plan of 12 months is designed to engage, onboard, and develop our workforce. The plan also includes a comprehensive development plan for the MTs to upskill and to help them hit the road running.

- Tech Center - To ensure organizational readiness, the Talent Acquisition team has partnered with the business towards hiring for niche skills and for enabling the setup and staffing of our new Tech Center. Our continued focus on hiring / retention and upskilling continued relentlessly through the year.

- All these interventions have not only helped in building organization capacity with less turnaround time but also given the opportunity to diversify the talent pool.

Empowering every Indian's dream of Upward Mobility:

At Hero FinCorp, we believe that every individual can make a difference, if given the right platform to reach their full potential. We further give credence to the fact that there is a Hero within all of us and we can together achieve the purpose of the organization – "Empowering every Indian's dream of Upward Mobility". With a strong belief that upskilling, and development are the key aspects essential for an exponential growth of any organisation, we have created some path-breaking records in the world of NBFCs and our competition.

- **Ivy League:** In the endeavour to build future leaders, to fill key positions and build a pipeline of qualified leaders, HFCL has an award-winning Hi-Po development program called "Ivy League". This is a 12-month developmental journey to groom the league members both professionally and personally. Selected employees undergo a structured Assessment Centre to qualify at two levels, 'Manager Ready and 'Talent People Leader' for employees at various levels. This program also offers international exposure in terms of industry visit & learning sessions in association with one of the premium B-school university in London. Upon successful completion of the program, an IVYite has the opportunity of becoming a part of the CEO circle where they will act as a think tank for the Jt. MD & CEO and can run strategic cross functional projects.

- **GROW:** Enabling Managers build a trusting team & ecosystem:

  GROW which aims to build Managerial Effectiveness Program focuses on building a 'High Trust-High Performance' culture within their immediate teams. The program design for First Time Managers and Experienced Managers offers customised learning journeys. It is instrumental in reinforcing and leveraging organizational practices that managers can use to enhance engagement in his/her team. The GROW intervention helps in understanding four key action areas that contribute to creating a great workplace: Speaking, Listening, Developing and Thanking.

- **CEO Tank:** Our other interventions like the CEO Tank that helps in identifying and nurturing individuals for expanded roles has enhanced the organization's agility and capability.

Propelling Digital Mindset:

- **PRIDE** (mandatory) modules in Vernacular languages: Another remarkable feat that we have achieved, like no other organisation, is the ongoing PRIDE modules in eleven vernacular languages. There cannot be a better example of implementation of Innovation and Speed at the same time. To facilitate learning for all staff across the length and breadth of the country, we have facilitated trainings on the PRIDE modules in 10 vernacular languages thereby enabling 100% compliance across all staff.

- Conflict of Interest disclosures: Last year we have automated the COI Disclosures for all employees. We also made the COI disclosure available in eleven vernacular languages.

- **Paperless onboarding:** New Joiner On-Boarding portal – In continuation to create a WOW new joiner digital experience and keeping our core value of 'Innovation & Speed' in mind, we utilize 'Employee On-Boarding' portal. The tool helps us to digitize the process of hiring and on-boarding of new joiners end-to-end thus removing the need for physical joiner kits and contributing to environment by saving paper. This tool enables a time saving effort of almost 94% in comparison to manual processes.

- **E-Learning Modules:** The adoption of self-paced digital learning propelled learning massively as the platform itself has generated 27810 Learning Hours.

Creating TRUST and TRANSPARENCY - constant partnering with business:

- 1:1 meeting - These forums are a reliable source of seeking insights form the employees and ground sensing, thereby providing support for them to perform well.

- Fresh-eye sessions - for the new joiners where to understand their settling in experience or supporting them with goal setting.

- Town Halls - members of our senior management address their respective departments on key organisational updates followed by a Q & A session with the employees. The employee concerns raised during these Town Halls are then actioned suitably. Such Town Halls reinforce that the employee feedback is valued at Hero FinCorp and their views do not go unheard.

- Policy clinics - led by HR, are meetings around discussion of policies and practices are conducted in partnership with business. Inputs from the policy clinics are then actioned to ensure people safety & well-being.

- Skip Level conversations - which helps in felicitating discussion on Performance, Well-being, and Development between teams. This forum gives an opportunity to raise concerns and seek support from managers for career development and relevant opportunities to gain experience thus ensuring an approachable mindset in the organization.

- Dealership visits – our HR business partnering teams takes this platform as a great opportunity to meet more than 8000+ employees deputed at multiple locations for sharing their concern and voice their opinion.

- Working Together Survey – We ensure that we find a way of assessing the camaraderie amongst the functions and capture the internal Voice of Customer. It is only when we put the experience of people together, each bringing their unique knowledge and skills, that businesses flourish. With Agility in mind, we utilise this program to understand the cross departmental collaboration and working togetherness aspect of each department with a scientific approach in collaboration with great people managers as our partners. This annual program enhances cross functional performance and coordination.

Safe and fair environment:

a) **Ethics Committee:** a committee is constituted by the Company/Audit Committee for receiving Disclosures/Reports/Complaints ("Disclosure/s") from Whistle Blowers, making inquiries and/or investigation on the Disclosures and recommending its findings/appropriate action to the Audit.

b) **Whistleblower Policy:** This policy is intended to provide a mechanism for reporting genuine concerns or grievances and ensure that deviations from the Company's Business Conduct Manual and Values are dealt with in a fair and unbiased manner.

c) **Vigil Mechanism -** The Company has framed and adopted a "Vigil Mechanism" to enable directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct. The objective of this mechanism is to maintain a redressal system, which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

d) **POSH (Prevention of Sexual Harassment at Workplace):** A dedicated Internal Complaint Committee has been formed to address any workplace harassment cases. A dedicated email id has been created to deal with any Sexual Harassment related grievance which is displayed along with the ICC members list. All our offices are compliant from a safety standard protocol.

Thanking & Celebrating

Given the distributed nature of our workforce, it is imperative that we involve ALL in any and every way possible. As we believe in the culture of Hero Parivar, we believe in including everyone in all the organization events.

Whether it is Recognition or Celebrations, we not only cover ALL but also involve them in designing such events. Through our GARV recognition - Going an Extra Mile & Creating Excellence Award covers our third-party staff members and employees respectively. These tools help us recognize performance, values, and positive behaviour.

Rewards & Accolades:

Our commitment to make HFCL a great place to work roots from our basic tenets that run in our organizational DNA, our values, and guiding principles.

Continued focus on striving for Excellence in HR: Our undeterred hard work and keen focus on employee wellbeing has led us to get certified as a Great Place to Work for the 7th time in a row as well as feature among the Top 25 BFSIs to work for once again.

Further, the HR team were recognized by Confederation of Indian Industry recognized for Significant Achievement in the HR Excellence award category. It was perhaps the summation of the Employee Experience that we have created in the organization along with the strategic business partner role the HR team plays on a day-to-day basis.

OUTLOOK

In FY 2023-24, the fundamentals of the country's economy remained resilient despite the challenges felt by the global economy. India is further expected to witness a growth of 6.0% in FY 2023-24. However, the momentum of economic activity & opportunities of growth has remained intact despite the aforesaid challenges. The economic growth will be driven by triggered domestic consumption, favourable Government policies including fiscal & monetary policy focusing on liquidity , control on Inflation & Interest rate pressures, Global factors leading to international demand & increase in public & private investment.

The Company combined with strong parentage, liquidity and vivid business strategy is well equipped to take on opportunities across all line of businesses. Economic recovery and increased consumption will lead to rise in credit demand from across the spectrum of customers and will drive growth

HFCL is responsive to the changing landscape in the financial services industry. It is confidently poised to overcome the new challenges and sustain its performance in a challenging environment.

CAUTIONARY STATEMENT

This report contains forward-looking statements extracted from reports of Government Authorities / Bodies, Industry Associations etc., available in the public domain, which may involve risks and uncertainties including, but not limited to, economic conditions, government policies, dependence on certain businesses, and other factors. Actual results, performance, or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto. The Company does not undertake to update these statements.

ANNEXURE - B

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, investors, regulators and other stakeholders. The Company's history is a story of growth powered by ideas and values. Our business has always been driven by a sense of purpose and the belief that businesses must have purpose beyond profit. We continue to believe that the only way a business will succeed is by making a positive contribution to addressing the challenges the world faces. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better these practices by adopting best practices.

The Company believes that governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximising value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision, while upholding the core values of transparency, integrity, honesty and accountability. As a part of the Hero Group, the Company has a strong legacy of fair, transparent and ethical governance practices.

The Corporate Governance philosophy is further strengthened with the adherence to the Company's Code of Conduct, which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees, supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the code. In addition, the Company has adopted a Vigil Mechanism, a Fair Practices Code, a Policy against Sexual Harassment at the Workplace, a Fit and Proper Policy for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis, a Code of Conduct for Independent Directors, Internal Guidelines on Corporate Governance, Anti-Bribery and Anti-Corruption Policy and Whistleblower Policy.

The Corporate Governance Code adopted by the Board acts as a comprehensive framework within which the Company, Board of Directors ('the Board'), Statutory Board Committees may effectively operate for the benefit of its varied stakeholders. The Board is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

Corporate Governance is about meeting our strategic goals responsibly and transparently, while being accountable to our stakeholders. It is an interplay between people, processes, performance and purpose. At Hero FinCorp Limited ("the Company"), we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above.

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the HERO culture and ethos.

- Customer First
- Transparency
- Integrity
- Professionalism

The Company continually works towards implementing robust, resilient and best-in-class corporate practices in every facet of its operations, and in all spheres of its activities, thereby generating higher returns and maximizing shareholder value.

The Board of Directors ('the Board') are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the country.

BOARD OF DIRECTORS

HFCL is a professionally managed Company functioning under the overall supervision of the Board. The Board has ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Joint Managing Director and Chief Executive Officer of the Company. Various Management Committee(s) of the Company are headed by the Joint Managing Director and Chief Executive Officer and has business/functional heads as its members, who manage the day-to-day affairs of the Company.

COMPOSITION OF THE BOARD

The Board of your Company comprises highly experienced persons of repute, eminence and has a good and diverse mix of Executive and Non-Executive Directors. The Board composition is in conformity with the applicable provisions of Companies Act, 2013 ('the Act') and Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time. As on date of this Annual Report, the Board consists of Eight Directors comprising two Non-Executive Directors, Four Independent Directors and two Executive Directors including Managing Director and Joint Managing Director & Chief Executive Officer. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board as part of its succession planning exercise, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long term needs of the Company.

During the year, the following appointments/ re-appointments were made:

Mr. Paramdeep Singh was appointed as an Additional Non-Executive Independent Director by the Board with effect from May 01, 2023. Mr. Paramdeep Singh is a serial entrepreneur best known for co-founding JioSaavn, India's largest and fastest growing music streaming service, which was acquired in 2018 by Reliance Industries. Mr. Singh is also a co-founder, angel investor and sits on the board of several other institutionally-backed consumer technology ventures across media, sports and education. Mr. Paramdeep Singh is already a Director on the Board of Saavn Media Limited and Authorgen Technologies Private Limited

Mr. Amar Raj Singh Bindra was appointed as an Additional Non-Executive Independent Director by the Board with effect from May 01, 2023. Mr. Amar Raj Singh Bindra is Credit Risk subject expert in Banking Industry with 20+ years of experience across Asia and 40+ years of global experience across OECD and emerging markets. He possess strong business planning skills and has led effective strategy, capital and credit risk management initiatives. He has managed portfolios over 5 global crisis – LATAM Debt, Dot Com, GFC, Asia Financial Crisis and Covid experience with country defaults and restructurings.

Ms. Anuranjita Kumar was appointed as an Additional Non-Executive Independent Director by the Board with effect from February 05, 2024. Ms. Anuranjita Kumar is a human resource veteran with over 25 years of experience working across the globe managing various assignments, including senior human resource roles in Asia, North America and Europe, through her stints at Citi Bank, Royal Bank of Scotland, and P&G. She was heading HR for International Hubs in RBS for about 3 years prior to her entrepreneurial journey. Prior to that, she held a variety of senior roles in Citi Bank as Managing Director and CHRO for Citi Bank, South Asia, Head of HR for Europe Middle East & Africa Banking based in London, and Talent lead in New York, USA. She is equipped with global and cross-culture experience in the corporate world and has deep-seated knowledge about the working culture and dynamics in various countries. Throughout her career, Anuranjita focused on developing and executing commercially viable HR strategies, fostering global talent and cultivating a responsible and enriching culture the believes in the progress of its people and customers. Anuranjita is now the Founder and CEO for We-ACE. It is global platform that is focused on balancing workplaces through engagement, enablement and employment of women in the industry. In a short time, the platform has over 20,0000+ women engaged for products and services with over 100 Industry clients engaged.

Mr. Matthew Russell Michelini resigned from the position of Non-Executive Director on the Board of the Company with effect from February 05, 2024 due to pre-occupation.

Mr. Vivek Chaand Sehgal resigned from the position of Non-Executive Independent Director on the Board of the Company with effect from February 05, 2024 due to pre-occupation and other personal reasons.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairpersonships / Memberships held by them in other public limited companies as on March 31, 2024 and list of core skills / expertise / competencies identified by the Board of Directors, are given herein below:

Name of the Director	Category	Relationship with other Directors	Skill/Expertise/ Competencies	Number of Board Meeting attended during FY 2023-24		Whether attended last AGM held on August 02, 2023	Number of Directorships in other Public Companies*		Number of Committee positions held in other Public Companies**		Directorships in other listed Entity# (Category of Directorship)
				Held	Attended		Chair-person	Member	Chair-person	Member	
Executive											
Mrs. Renu Munjal	Managing Director	Mother of Mr. Abhimanyu Munjal	Mrs. Munjal holds Degree in Home Science and is actively involved in various philanthropic activities across the Hero Group.	6	4	Yes	1	0	0	0	Nil
Mr. Abhimanyu Munjal	Joint Managing Director & CEO	Son of Mrs. Renu Munjal	Mr. Munjal is a Business Graduate from United Kingdom. After his graduation, he joined and took important position such as investment Advisor, ABN Amro Bank, New Delhi. His specialization includes Treasury, Banking & Finance, Strategic Planning and Identifying Merger & Acquisition.	6	6	Yes	0	1	0	1	Nil
Non-Executive											
Dr. Pawan Munjal	Director	Brother in law of Mrs. Renu Munjal	Dr. Munjal is Eminent Industrialist with experience of over 44 years. He is India's renowned corporate leaders, championing growth, socio-economic progress and technological innovation.	6	6	Yes	1	1	0	0	1. Hero MotoCorp Limited (Chairman & CEO)

Mr. Sanjay Kukreja	Director	-	Mr. Kukreja led the Financial Services and Business Services sectors, which together accounted for over $1.5 billion of invested capital and almost $3 billion of realizations for the ChrysCapital funds.	6	5	Yes	0	1	0	0	Nil
Mr. Pradeep Dinodia	Independent Director	-	Mr. Kukreja led the Financial Services and Business Services sectors, which together accounted for over $1.5 billion of invested capital and almost $3 billion of realizations for the ChrysCapital funds.	6	6	Yes	0	2	0	1	Nil
Non-Executive and Independent											
Mr. Pradeep Dinodia	Independent Director	-	Mr. Dinodia is a Practicing Chartered Accountant and holds 44 years of experience.	6	6	Yes	1	3	3	3	1.Shriram Pistons and rings Limited (Chairman) 2. Hero MotoCorp Limited (Non Executive Director) 3.DCM Shriram Limited (Non Executive Independent Director)

Mr. Paramdeep Singh	Independent Director	-	Mr. Paramdeep Singh is a serial entrepreneur best known for co-founding JioSaavn, India's largest and fastest growing music streaming service, which was acquired in 2018 by Reliance Industries. Mr. Sing is also a co-founder, angel investor and sits on the board of several other institutionally – backed consumer technology ventures across media, sports and education.	6	5	Yes	0	1	0	0	0
Mr. Amar Raj Singh Bindra	Independent Director	-	Mr. Amar Raj Singh Bindra is a career banker and has 43 years of rich experience in the banking industry across OECD and Emerging markets. He is credit risk subject expert in the banking industry, with deep knowledge of the Asia region, having managed client and credit risk strategy over 5 global crises.	6	5	Yes	0	1	0	1	CRISIL LIMITED
Ms. Anuranjita Kumar	Independent Director	-	Ms. Anuranjita Kumar is a human resource veteran with over 25 years of experience working across the globe managing various assignments, including senior human resource roles in Asia, North America and Europe, through her stints at Citi Bank, Royal Bank of Scotland, and P&G.	6	1	NA	0	2	0	1	TBO TEK LIMITED

**Excludes directorship in the Company, private companies, foreign companies and companies under Section 8 of the Companies Act, 2013 "Act".*

*** Pertains to memberships/chairpersonships of the Audit Committee and Stakeholders' Relationship Committee of Indian public companies (excluding the Company) as per Regulation 26(1)(b) of the SEBI Listing Regulations.*

Further, number of memberships in Audit/Stakeholder Committee includes Chairpersonship, wherever applicable.

 # With reference to proviso to Regulation 17A(1) listed entity shall be only those whose equity shares are listed on a stock exchange.

Note:

(i) None of the Directors on the Board hold Directorships in more than 7 (seven) equity listed companies. Further, none of the Independent Directors ("IDs") of the Company serves as an ID in more than 7 (seven) equity listed companies. None of the Directors holds directorship in more than 20 (twenty) Indian companies, with not more than 10 (ten) public limited companies. None of the Directors is a member of more than 10 committees or acts as chairperson of more than 5 committees (being Audit Committee and Stakeholder Relationship Committee, as per Regulation 26(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") across all the public limited companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2024, have been made by the Directors.

(ii) 6 (Six) Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on May 01, 2023, August 04, 2023, October 27, 2023, December 21, 2023, February 05, 2024 and March 27, 2024. The necessary quorum was present for all the meetings.

(iii) Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("Act") along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Notwithstanding the number of directorships, as given above, the outstanding attendance record and participation of the directors in Board/Committee meetings indicate their commitment and ability to devote adequate time to their responsibilities as the Company's fiduciaries.

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

Details of Equity shares and Compulsorily Convertible Preference Shares (CCPS) 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	5,92,259	Self
		36,08,812	On behalf of Brijmohan Lal Om Parkash, partnership firm
		7,90,394	On behalf of Pawan Munjal Family Trust

Details of Compulsorily Convertible Preference Shares (CCPS) and held by non-executive directors (including independent directors) are as follows–

Name of Directors	Category	No. of CCPS held	Beneficiary
Dr. Pawan Munjal	Non-Executive Director	4,84,849	On behalf of M/s Brijmohan Lal Om Parkash, Partnership Firm
		18,18,181	On behalf of Pawan Munjal Family Trust

Apart from the above, none of the Non-Executive (including Independent) Directors hold any shares (on their own or on behalf of any other person on beneficial basis) in the Company as on March 31, 2024.

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.

Our definition of 'Independence' of Directors is derived from Section 149(6) of the Act and Regulation 16 of Listing Regulations. The Independent Directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the Directors as per the requirement of Regulation 25(9) of the Listing Regulations, the Board confirms, that the Independent Directors fulfill the conditions as specified under Schedule V of the Listing Regulations and are independent of the management. The Board includes four Independent Directors.

MEETING OF INDEPENDENT DIRECTORS

Schedule IV of the Companies Act, 2013 and the Rules made 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, Independent Directors inter alia discuss the issues arising out of Committee meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties 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.

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 24, 2023, 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 Chairman 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; and
- Discussion on Independent Director Familiarization Programme.

Directors' Induction and Familiarisation

The Board familiarisation Programme comprises the following: -

- Induction Programme for Independent Directors;
- Immersion sessions on business and functional issues; and
- Strategy sessions.

All Independent Directors on their appointment are taken through a detailed induction and familiarisation programme when they join the Board of your Company. The induction programme is an exhaustive one that covers the history, culture and background of the Company and its growth over the last several decades, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions. The programme also covers the Company's Compass Commitments.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees. The Board along with the Nomination and Remuneration Committee has laid down the criteria of performance evaluation of Board, its Committees and Individual Directors.

For Independent Directors, evaluation is carried out based on the criteria viz.

- the considerations which led to the selection of the Director on the Board and the delivery against the same
- contribution made to the Board/Committees;
- attendance at the Board/Committee Meetings;
- impact on the performance of the Board/Committees;
- Instances of sharing best and next practices, engaging with top management team of the Company;
- Participation in Strategy Board Meetings, etc.

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 2023-24, your Board met 6 (Six) times i.e. on May 01, 2023, August 04, 2023, October 27, 2023, December 21, 2023, February 05, 2024 and March 27, 2024 respectively. These meetings were scheduled well in advanced and 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;
- Minutes of meetings of the Board of Directors of subsidiary.
- 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;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services; and
- 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.

SUBSIDIARY

The Company has one 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 products to its customers such as (i) Home Loans, (ii) Loan Against Property etc.

The minutes of the Board Meetings of the subsidiary companies are shared with the Board of Directors on a quarterly basis. The Company have a material subsidiary as on the date of this Integrated Annual Report, having a net worth exceeding 10% of the consolidated net worth or income of 10% of the consolidated income of your Company.

BOARD LEVEL COMMITTEES

(i) AUDIT COMMITTEE

Meeting, Composition and Attendance

During the year under review, the Audit Committee met 5 (Five) times, i.e. on May 01, 2023, August 04, 2023, October 27, 2023, February 05, 2024 and March 27, 2024 respectively.

The composition of the Audit Committee as on date of this Report and the attendance details of meetings during FY 2023-24 is, given below:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Pradeep Dinodia	Chairman	5	5
Mrs. Renu Munjal*	Member	5	2
Mr. Vivek Chaand Sehgal*	Member	5	0
Mr. Abhimanyu Munjal#	Member	5	3
Mr. Amar Raj Singh Bindra#	Member	5	3
Mr. Paramdeep Singh#	Member	5	3

**Mrs. Renu Munjal and Mr. Vivek Chaand Sehgal ceased to be member of the Audit Committee w.e.f. August 04, 2023.*
#Mr. Abhimanyu Munjal, Mr. Amar Raj Singh Bindra has appointed as member of Audit Committee w.e.f. August 04, 2023.

The composition of the Audit Committee is in line with the provisions of Companies Act, 2013, NBFC Regulations and SEBI LODR regulations, as applicable. All the Members have the ability to read and understand the financial statements and have relevant finance and / or audit experience.

Mr. Pradeep Dinodia was present at the Annual General Meeting of the Company held on August 02, 2023, to answer the shareholders' queries, if any.

The Board has accepted all the recommendations made by the Audit Committee during the year.

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

Terms of reference

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and SEBI Listing Regulations and Guidelines issued by the Reserve Bank of India ("RBI").

The responsibilities of the Audit Committee, inter alia, include:

- To review the financial reporting process, the system of internal financial controls, the audit process, the Company's process for monitoring compliance with laws and regulations and the Code of Conduct of the Company;
- To recommend the appointment, remuneration and terms of appointment of Auditors of the Company and discuss with Auditors the nature and scope of their audit before commencement;
- To review and monitor the Auditor's independence and performance, and effectiveness of Audit process;
- To examine the financial statement, financial results and the Auditors' report thereon;
- To approve transactions or any subsequent modification to the transactions of the Company with related parties;
- To scrutinize inter-corporate loans and investments;
- To approve payment to statutory auditors for any other services rendered by the statutory auditors;
- To evaluate internal financial controls and risk management systems;
- To monitor end use of funds raised through public offers and related matters;
- To review the functioning of and compliance with the Company's Whistle Blower Policy;
- To review the performance of statutory and internal auditors, and adequacy of the internal control systems;
- To review findings of internal investigations, frauds, irregularities, etc.;
- To review Internal Audit Plan/ Calendar etc.

(ii) RISK MANAGEMENT COMMITTEE

Meeting, Composition and Attendance

During the year under review, the Risk Management Committee met 4 (Four) times, i.e. on April 24, 2023, August 02, 2023, October 26, 2023 and February 02, 2024 respectively.

The composition of the Risk Management Committee as on date of this Report and the attendance details of meetings during FY 2023-24 is, given below:

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	2
Mr. Abhimanyu Munjal	Member	4	4
Mr. Sanjay Kukreja	Member	4	3
Mr. Amar Raj Singh Bindra#	Member	4	2

**Mrs. Renu Munjal ceased to be member of the Risk Management Committee w.e.f. August 04, 2023.*
#Mr. Amar Raj Singh Bindra has appointed as member of Risk Management Committee w.e.f. August 04, 2023.

The composition of the Risk Management Committee is in line with the provisions of NBFC Regulations and SEBI Listing regulations, as applicable.

Terms of reference

The responsibilities of the Risk Management Committee, inter alia, include to oversee:

- To assist the Board in its oversight of various risks;

- To formulate a detailed Risk Management Policy and oversee implementation of the same, including evaluating the adequacy of risk management systems;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To review the appointment, removal and terms of remuneration of the Chief Risk Officer; and
- To review and analyse risk exposure related to specific issues and provide oversight of risk across the organization.

(iii) NOMINATION & REMUNERATION COMMITTEE

Meeting, Composition and Attendance

During the year under review, the Nomination & Remuneration Committee met 4 (Four) time i.e. on May 01, 2023, August 04, 2023, February 05, 2024 and March 27, 2024 respectively.

The composition of the Nomination & Remuneration Committee as on date of this Report and the attendance details of meetings during FY 2023-24 is, given below:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Pradeep Dinodia	Chairman	4	4
Dr. Pawan Munjal	Member	4	4
Mr. Vivek Chaand Sehgal*	Member	4	0
Mr. Paramdeep Singh#	Member	4	2

**Mr. Vivek Chaand Sehgal ceased to be member of the Nomination and Remuneration Committee w.e.f. August 04, 2023.*
#Mr. Paramdeep Singh has appointed as member of Nomination and Remuneration Committee w.e.f. August 04, 2023.

Mr. Pradeep Dinodia was present at the Annual General Meeting of the Company held on August 02, 2023, to answer the shareholders' queries, if any.

Terms of reference

The responsibilities of the Nomination & Remuneration Committee, inter alia, include to oversee:

- 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 performance of Independent Directors and the Board of Directors;
- 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 extend the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- 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".

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.

The Non-Executive Directors of the Company are paid sitting fees of Rs. 1,00,000 for attending each meeting of the Board and Committees of the Board, other than the meeting of 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, 2024 are given below:

(Amount in Rupees)

Particulars	Mrs. Renu Munjal	Mr. Abhimanyu Munjal
Salary*	11,71,70,587.00	8,21,02,518.00
Contribution - Provident Fund	72,91,773.00	39,66,133.00
- Super Annuation Fund	91,14,716.00	-
Variable Pay	**5,03,50,000.00**	15,10,50,000.00
Total	**18,39,27,076.00**	**23,71,18,651.00**
Period of Contract	September 1, 2020 to August 31, 2025	June 01, 2021 to May 31, 2026
Notice Period and Severance Fees	Managing Director, liable to retire by rotation. There is no separate provision for payment of Severance fees.	Joint Managing Director, liable to retire by rotation. There is no separate provision for payment of Severance fees.
Employee Stock Options ("ESOP")	Nil	Nil

** 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, 2024 are given below:

(Amount in Rupees)

Name of the Directors	Sitting Fees	Commission	Total
Dr. Pawan Munjal	10,50,000	-	10,50,000
Mr. Pradeep Dinodia	22,50,000	40,00,000	62,50,000
Mr. Sanjay Kukreja	-	-	-

Mr. Vivek Chaand Sehgal	2,00,000	40,00,000	42,00,000
Mr. Paramdeep Singh	Nil	Nil	Nil
Mr. Amar Raj Singh Bindra	12,00,000	Nil	12,00,000
Ms. Anuranjita Kumar	Nil	Nil	Nil

(iv) STAKEHOLDERS RELATIONSHIP COMMITTEE

Meeting, Composition and Attendance

During FY 2023-24, 1 (One) meeting of the Stakeholders Relationship Committee was held on April 24, 2023.

The composition of the Stakeholders Relationship Committee as on date of this Report and the attendance details of meetings during FY 2023-24 is, given below:

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

Mr. Pradeep Dinodia was present at the Annual General Meeting of the Company held on August 02, 2023, to answer the shareholders' queries, if any.

Terms of reference

The responsibilities of the Stakeholders Relationship Committee, inter alia, include to oversee:

- 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; and
- To look into matters that can facilitate better security-holders services and relations.

NAME, DESIGNATION AND ADDRESS OF THE COMPLIANCE OFFICER UNDER SEBI (LODR)REGULATIONS, 2015:

Mr. Shivendra Suman, Head – Compliance and Company Secretary
9, Community Centre, Basant Lok, Vasant Vihar, New Delhi – 110057
Telephone No. 011-49487150

E-mail: investors@herofincorp.com

INVESTORS COMPLAINTS

Details of Complaints received from the Equity shareholders and redressed during FY 2023-24 are, as follows:

Sr. No.	Description	Opening at the beginning of the financial year	Received during the financial year	Resolved during the financial year	Closing at the end of the financial year
1.	Complaints	5	NIL	NIL	5
	Total	**5**	**NIL**	**NIL**	**5**

During FY 2023-24, no complaints were received from the Debenture holders of the Company.

(v) CORPORATE SOCIAL RESPONSIBILITY

Meeting, Composition and Attendance

During the year under review, the members of the Corporate Social Responsibility Committee met on May 01, 2023 and February 05, 2024.

The composition of the Corporate Social Responsibility as on date of this Report and the attendance details of meetings during FY 2023-24 is, given below:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mrs. Renu Munjal	Chairperson	2	2
Dr. Pawan Munjal	Member	2	2
Mr. Pradeep Dinodia	Member	2	2
Mr. Abhimanyu Munjal	Member	2	2

Terms of reference

The responsibilities of the Corporate Social Responsibility, inter alia, include to oversee:

- 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; and
- To formulate and recommend to the Board an Annual Action Plan in pursuance of the CSR Policy and in accordance with the applicable Rules. Recommend alteration in such Plan to the Board of Directors, at any time during the financial year, based on the reasonable justification to that effect.

(vi) IT STRATEGY COMMITTEE

Meeting, Composition and Attendance

During the year under review, the members of the IT Strategy Committee met 4 (Four) times on April 18, 2023 and October 03, 2023, February 02, 2024 and March 27, 2024 respectively.

The composition of the IT Strategy Committee as on date of this Report and the attendance details of meetings during FY 2023-24 is, given below:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Pradeep Dinodia	Chairman	4	4
Mr. Abhimanyu Munjal	Member	4	4
Mr. Sanjay Kukreja	Member	4	3
Mr. Sajin Mangalathu	Member	4	4
Mr. Paramdeep Singh#	Member	4	3

 # Mr. Paramdeep Singh has appointed as member of IT Strategy Committee w.e.f. August 04, 2023.

Terms of reference

The responsibilities of the IT Strategy Committee, inter alia, include to oversee:

- To approve the IT strategy and policy documents;
- To recommend the appointment of IT / Information Systems ("IS") Auditor; and

- To review the IT / IS Audit report and provide its observation / recommendations to the Board.

As on March 31, 2024, the Company is in compliance with all the mandatory requirements specified in Regulation 17 to 27 of SEBI Listing Regulations except Regulations 17(1)(b), Regulation 19(1)(b) and 23 which have been made applicable to the Company as a High Value Debt Listed Entity effective September 7, 2021 on a 'comply or explain' basis until March 31, 2024. The Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchanges.

(vii) 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, 13 (Thirteen) 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 2023-24 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.

ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with 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 – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

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

(A) Details of the last 3 Annual General Meetings of the Company:

Financial Year	Location	Day, Date & Time	Summary of Special Resolution(s) Passed
Annual General Meeting			
2022-23	Video Conferencing (VC) / Other Audio-Visual Means (OAVM)/(e-AGM)	Wednesday, August 02, 2023 at 3:00 P.M	Special Resolution(s): • Approval for Adoption of Amended and Restated Articles of Association of the Company. • Approval for alteration of ESOP Scheme of the Company • Appointment of Mr. Paramdeep Singh (DIN:03579758) as an Independent Director of the Company. • Appointment of Mr. Amar Raj Singh Bindra (DIN:09415766) as an Independent Director of the Company.
2021-22	Video Conferencing (VC) / Other Audio-Visual Means (OAVM)/(e-AGM)	Friday, September 16, 2022 at 3:00 P.M	Special Resolution(s): • Approval for Adoption of Amended and Restated Articles of Association of the Company. • Alteration of Object Clause of the Memorandum of Association of the Company. • Appointment of Mr. Matthew Russell Michelini (DIN:0009692765) as Director of the Company. • Enhancement in the Limit of Borrowings from Rs. 40,000 crore to Rs. 55,000 crore. • To Provide the Security for Securing the Borrowings.

2020-21	Video Conferencing (VC) / Other Audio-Visual Means (OAVM)/(e-AGM)	Tuesday, September 14, 2021 at 5:00 P.M	Special Resolution(s): • Re-Appointment of Mr. Pradeep Dinodia (DIN: 00027995) as non-executive independent director of the Company for the second term of 5 (five) years. • Re-Appointment of Mr. Abhimanyu Munjal (DIN: 02822641) as Joint Managing Director & Chief Executive Officer (CEO) of the Company for the period of 5 (five) years and fixation of his remuneration. • Payment of Remuneration for the financial year 2020-21 to Mrs. Renu Munjal (DIN: 00012870), Managing Director and Mr. Abhimanyu Munjal (DIN: 02822641), Joint Managing Director & Chief Executive Officer (CEO) of the Company. • Revision in terms of remuneration to Mrs. Renu Munjal (DIN: 00012870), Managing Director of the Company.

The shareholders who participated at the last e-AGM sought clarifications on wide-ranging subjects such as Company strategy for IPO, Dividend payout, update on Hero Housing Finance Limited business, etc.

(B) During the year, no business has been transacted through Postal ballot.

(C) Person who conducted the postal ballot exercise : Not Applicable.

(D) Procedure for Postal Ballot:

Pursuant to the provisions of the Act, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot. Postal ballot notices and forms are dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs.

The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.

Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting.

FINANCIAL CALENDAR

For the financial year ended March 31, 2024, the financial results of the Company were announced on:

a)	First quarter ended June 30, 2023	August 04, 2023
b)	Second quarter ended September 30, 2023	October 27, 2023
c)	Third quarter ended December 31, 2023	February 05, 2024
d)	Fourth quarter ended March 31, 2024	May 03, 2024

For the year ending March 31, 2025, the financial results of the Company are likely to be announced on (Tentative and Subject to Change):

a)	First quarter ending on June 30, 2024	First week of August, 2024
b)	Second quarter ending on September 30, 2024	Fourth week of October, 2024
c)	Third quarter ending on December 31, 2024	Fourth week of January, 2024
d)	Fourth quarter ending on March 31, 2025	First week of May, 2025

MEANS OF COMMUNICATION

(a) Results:

The Company publishes limited reviewed un-audited standalone financial results on a half yearly basis and quarterly basis. However, the Company publishes the audited standalone and consolidated financial results for the complete financial year.

(b) Newspapers wherein results are normally published:

The quarterly/ 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, Management Discussion and Analysis (MDA) report, Auditor's 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.

(f) Official news releases

All financials and other vital official news releases and documents under the SEBI (LODR), 2015 are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

GENERAL SHAREHOLDERS' INFORMATION

i) **Annual General Meeting - date, time and venue:** Annual General Meeting (for the Financial Year 2023-24) Day: Tuesday

Date: August 21, 2024

Time: 11:30 A.M.

Venue: The Company will conduct the meeting through VC / OAVM, relevant details of which have been provided in the notice of AGM.

The Ministry of Corporate Affairs ("MCA") has vide its General Circular Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 2/2022, 10/2022 and 09/2023 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021, May 5, 2022, December 28, 2022 and September 25, 2023 respectively issued by the Ministry of Corporate Affairs and Circular no. SEBI/HO/DDHS/P/CIR/2023/0164 issued by SEBI (collectively referred to as 'Circulars'), Companies are allowed to hold Annual General Meeting through VC/OAVM up to September 30, 2024, without the physical presence of Members at a common venue. Hence, in compliance with the Circulars, the 33rd AGM of the Company is being held through Video Conferencing (VC)/ Other Audio Visual Means (OAVM). The deemed venue for the 33rd AGM shall be the Registered Office of the Company

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 Date:**

The Board has recommended dividend @ 100% i.e. Rs. 10/- per equity share for the financial year 2023-24. This dividend as recommended by the Board, if approved by the shareholders at their 33rd Annual General Meeting, shall be paid within 30 days from the date of conclusion of the 33rd Annual General Meeting, as under:

a) to all those members holding shares in physical form, as per the details provided to the Company by the share transfer agent of the Company, i.e. Link Intime, as on closing hours on Wednesday, August 14, 2024; and

b) to all those beneficial owners holding shares in electronic form as per beneficial ownership details provided to the Company by National Securities Depository Ltd. and Central Depository Services (India) Ltd., as of the end of the day on Wednesday, August 14, 2024.

Compulsorily Convertible Preference Shares: The Board of Directors have also approved the dividend @ 3% on face value of Rs. 550/- each on Class A & B Compulsorily Convertible Preference Shares i.e. Rs. 16.5 per CCPS on pro-rata basis.

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 2024-25 to the exchange within the stipulated time.

v) **Stock Code:** Not Applicable*

vi) **Market Price data- high, low during each month in last financial year: Not Applicable***

vii) **Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc:** Not Applicable*

viii) **In case the securities are suspended from trading, the directors report shall explain the reason thereof:** Not Applicable

ix) Share transfer system:

In terms of Regulation 61(4) read with Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form. All requests for transfer and/or dematerialisation of securities held in physical form, should be lodged with the office of the Company's Registrar and Transfer Agent for dematerialisation.

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 2023-24, 20,166 equity 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 and Compulsorily Convertible Preference 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 and Commercial Papers

M/s KFin Technologies Limited

Selenium Tower B, Plot Nos. 31 & 32,

Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032

Phone: 040 -67162222, Fax: 040-23001153

ix) Distribution of Shareholding as on 31st March 2024:

Categories	No. of Equity Shares held				No. of Compulsorily Convertible Preference Shares (CCPS) held			
	No. of fully paid up equity shares held	No. of partly paid up equity shares held	Total no. of equity shares held	Percentage of Shareholding	No. of fully paid up CCPS held	No. of partly paid up CCPS held	Total no. of CCPS held	Percentage of Shareholding
Promoters' Holding	10,12,56,432	0	10,12,56,432	79.54	1,81,81,815	0	1,81,81,815	50.00
Non - Promoters' Holding	2,60,49,678	564	2,60,50,242	20.46	1,81,81,821	0	1,81,81,821	50.00
Grand Total			12,73,06,674	100.00			3,63,63,636	100.00

xi) **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, 2024, 12,60,29,408 Equity Shares (98.99%) and 3,63,63,636 CCPS (100%) of the total share capital was held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

xii) **Outstanding Global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable**

xiii) **Plant locations: Not Applicable**

xiv) **Address for correspondence:**

Shareholders/investors can correspond with the Company at the following address:

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

Company Secretary and Compliance Officer
Mr. Shivendra Kumar Suman
Tel No: 011-46044100; 011-49487150
Email: investors@herofincorp.com Website: www.herofincorp.com
Or
Any query relating to the financial statements of the Company can be addressed to:
Mr. Sajin Purushothaman Mangalathu, Chief Financial Officer.

xv) **Credit Rating:**
The list of credit ratings for all instruments has been provided in the Directors' Report.

xvi) **Dates of book closure:**

The register of members and share transfer books of the Company will remain closed from Thursday, August 15, 2024 to Wednesday, August 21, 2024 (both days inclusive) for the purpose of payment of dividend.

xvii) **Dividend Payment:**

**The equity shares of the Company are not listed on the stock exchanges and hence certain details are not applicable to the Company.*

UNCLAIMED DIVIDENDS

As per section 124(5) of the Companies Act, 2013 (the 'Act'), any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund (the 'Fund') set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the previous financial years has already been transferred by the Company to the said Fund from September 2015 onwards.

Unpaid/unclaimed dividend for the year 2015-16 shall be due for transfer to the Fund in October 2023. Members are requested to verify their records and send their claim, if any, for 2015-16, before such amounts become due for transfer.

Communications are being sent to members who have not yet claimed dividend for 2014-15, requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

The followings are the details of unclaimed dividends which are due to be transferred to the Fund in the coming years including current year. Further, members who have not claimed the dividends till date are requested to verify their records and send their claim, if any, before the same becomes due for transfer to IEPF:

TABULAR DISTRIBUTION OF DIVIDEND PAYMENT SINCE 2016-17

Year	Dividend %age	Date of Declaration	Date of Payment	Last Date of claiming of Unpaid Dividend
2022-23	Nil	–	–	–
2021-22				
2020-21	10	14/09/2021	17/09/2021	14/10/2028
2019-20	25.5	15/09/2020	18/09/2020	15/10/2027
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

The Company has uploaded the details of unclaimed dividend on the Company's website https://www.herofincorp.com/ and also on website specified by the Ministry of Corporate Affairs http://www.iepf.gov.in/IEPF/services.html

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 that all communications/ monetary benefits are received promptly, all shareholders holding shares in physical form are requested to notify to the Company the following:

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.

VOTING THROUGH ELECTRONIC MEANS

In accordance with the Companies (Management and Administration) Rules, 2014 and MCA circulars, the Company will also provide e-voting facility for members attending the ensuing AGM through VC or OAVM. Shareholders who are attending the AGM through VC or OAVM and who have not already cast their votes by remote e-voting shall be able to exercise their right of voting at the meeting. The cut-off date to determine the number of shareholders who are eligible to vote thereat, as per the said Rules, shall be July 26, 2024 and the remote e-voting shall be open for a period of 3 (Three) days, from August 18, 2024 (9.00 a.m. IST) till August 20, 2024 (5.00 p.m. IST) (both days inclusive). Detailed procedure is given in the Notice of AGM and is also placed on the Company's website www.herofincorp.com Shareholders may get in touch with the Company Secretary at investors@herofincorp.com for further assistance.

OTHER DISCLOSURES:

Particulars	Details
Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.	There are no material related party transactions during the year under review that have potential conflict with the interest of the Company.
Details of non-compliance by the Company, penalties, strictures imposed on the listed entity by Stock Exchange(s) or the Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years.	Nil
Details of establishment of Vigil Mechanism /Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.	In compliance with the applicable provisions of the Companies Act, 2013 and other applicable regulations, the Audit Committee of the Company recommended the Board of Directors for the approval of the policy/ mechanism on dealing with whistle blowers. However, the Audit Committee reviews Whistle Blower cases on quarterly basis. 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.
Web link where policy for determining 'material' subsidiaries is disclosed.	HFCL-Policy on Material Subsidiary (herofincorp.com) https://herofincorp.com/aboutus
Web link where policy on dealing with related party transactions;	The policy on dealing with related party transactions is disclosed on the Company' website, link for which is https://www.herofincorp.com/company-policies
Disclosure of commodity price risks and commodity hedging activities.	Not Applicable
Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).	Not Applicable

<table>
<tr><td>A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.</td><td>The Company has obtained certificate from M/s SGS ASSOCIATES LLP that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is reproduced at the end</td></tr>
<tr><td>Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof.</td><td>During FY 2023-24, all the recommendations of the various Committees of the Board were accepted by the Board.</td></tr>
<tr><td>Total fees for all services paid by the listed entity to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part.</td><td>M/s. B R Maheswari & Co. LLP (Firm Registration No: 001035N/ N500050) and M/s. Price Waterhouse LLP (Firm Registration No: 301112E/E300264) were appointed as the Joint Statutory Auditors of the Company with effect from December 16, 2021.

The particulars of payment of fees to Statutory Auditors for FY 2023-24 is given below:

<table>
<tr><th>Particulars</th><th>Amount (in Rs. Cr)</th></tr>
<tr><td>Audit Fees</td><td>1.19</td></tr>
<tr><td>Limited Review</td><td>0.66</td></tr>
<tr><td>Certification Fees</td><td>0.07</td></tr>
<tr><td>Group Reporting and others</td><td>-</td></tr>
<tr><td>Out of pocket expenses</td><td>0.09</td></tr>
<tr><td>Total</td><td>2.01</td></tr>
</table>

Further no fees were paid to any entity in the network firm/network entity of which the Statutory Auditor is a part.</td></tr>
<tr><td>Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.</td><td>During FY 2023-24, no complaints Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 were accepted by the Board.</td></tr>
<tr><td>Disclosure by the Company of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.</td><td>HFCL has Rs. 107.75 crores amount outstanding from Ather energy Limited.</td></tr>
<tr><td>Familiarization Program</td><td>Details of familiarisation programmes imparted to Independent Directors is disclosed on its website at: https:// www.herofincorp.com/about</td></tr>
</table>

NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS ABOVE, WITH REASONS THEREOF SHALL BE NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS ABOVE, WITH REASONS THEREOF SHALL BE DISCLOSED:

Composition of the Board

Currently, the composition of the Board is in compliance with the requirements of the Companies Act, 2013. In view of the provisions under the SEBI Listing Regulations relating to Board composition which have been made applicable to High Value Debt Listed entities, the Company shall reconstitute its Board within the specified timelines.

THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (A) TO (I) OF REGULATION 62(1A) OF SEBI LISTING REGULATIONS SHALL BE MADE IN THE SECTION ON CORPORATE GOVERNANCE OF THE ANNUAL REPORT:

As on March 31, 2024, the Company is in compliance with all the mandatory requirements specified in Regulation 17 to 27 of SEBI Listing Regulations except Regulations 17(1)(b) which have been made applicable to the Company as a High Value Debt Listed Entity effective September 7, 2021 on a 'comply or explain' basis until March 31, 2023. The Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchanges.

DECLARATION SIGNED BY THE MANAGING DIRECTOR STATING THAT THE MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL HAVE AFFIRMED COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT:

The Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website (www.herofincorp.com).

All the Directors of the Board and Senior Management Personnel of the Company have affirmed compliance with the respective Codes. A declaration signed by the Managing Director to this effect is reproduced at the end of this report and marked as Annexure C.

COMPLIANCE CERTIFICATE FROM EITHER THE AUDITORS OR PRACTICING COMPANY SECRETARIES REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE SHALL BE ANNEXED WITH THE DIRECTORS' REPORT:

The Company has obtained compliance certificate from the Practising Company Secretaries M/s SGS Associates LLP, Company Secretaries on Corporate Governance. The same is reproduced at the end of this report and marked as Annexure III.

Annexure - I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Hero Fincorp Limited
CIN U74899DL1991PLC046774
34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi - 110057

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hero Fincorp Limited having CIN U74899DL1991PLC046774 and having its registered office at 34, Community Center, Basant Lok, Vasant Vihar, New Delhi - 110057 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:-

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Dr. PAWAN MUNJAL	00004223	16/12/1991
2.	Mrs. RENU MUNJAL	00012870	11/07/1992
3.	Mr. ABHIMANYU MUNJAL	02822641	01/06/2016
4.	Mr. PRADEEP DINODIA	00027995	29/05/2016
5.	Mr. SANJAY KUKREJA	00175427	15/09/2016
6.	Mr. PARAMDEEP SINGH	03579758	01/05/2023
7.	Ms. ANURANJITA KUMAR	05283847	05/02/2024
8.	Mr. AMAR RAJ SINGH BINDRA	09415766	01/05/2023

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SGS ASSOCIATES LLP**
Company Secretaries
FRN L2021DE011600

CS D.P. GUPTA
FCS: 2411
M.NO: 1509 / ICSI PR: 5321/2023
UDIN: A021089E000233609

Place: Gurugram
Date: May 03, 2024

Annexure - II

DECLARATION BY THE MANAGING DIRECTOR

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the financial year ended March 31, 2024.

For Hero FinCorp Limited

Renu Munjal
Managing Director
Place: Gurugram
Date: May 03, 2024

ANNEXURE - C

CORPORATE GOVERNANCE CERTIFICATE

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Hero FinCorp Limited (hereinafter referred as 'the Listed Entity'), having its Registered Office at 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057 India. Secretarial Review was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and to provide my/our observations thereon.

Based on my verification of the Listed Entity's books, papers, minutes books, forms and returns filed and other records maintained by the Listed Entity and also the information provided by the Listed Entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, I hereby report that the Listed Entity has, during the review period covering the financial year ended on 31st March, 2024 complied with the statutory provisions listed hereunder in the manner and subject to the reporting made hereinafter:

We have examined:

a) All the documents and records made available to us, and the explanations provided by the Listed Entity,
b) The filings/submissions made by the Listed Entity to the stock exchanges,
c) Website of the Listed Entity,
d) Any other document/filing, as may be relevant, which has been relied upon to make this certification,

for the financial year ended 31st March 2024 ("Review Period") in respect of compliance with the provisions of:

a) The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, and guidelines issued thereunder; and
b) The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder, and the Regulations, circulars, and guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: Not applicable for the Review Period.
c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not applicable for the Review Period.
d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not applicable for the Review Period.
e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021: Not applicable for the Review Period.
f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and circulars/guidelines issued thereunder and based on the above examination, we hereby report that during the Review Period the compliance status of the Listed Entity is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations /Remarks by PCS
1.	**Secretarial Standards:** The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI)	Yes	None
2.	**Adoption and timely updation of the Policies:** • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities. • All the policies are in conformity with SEBI Regulations and have been reviewed & timely updated as per the regulations/ circulars/guidelines issued by SEBI.	Yes Yes	None None
3.	**Maintenance and disclosures on Website:** • The Listed entity is maintaining a functional website. • Timely dissemination of the documents/ information under a separate section on the website • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website.		
4.	**Disqualification of Director:** None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	None
5.	**Details related to Subsidiaries of listed entities have been examined w.r.t:** (a) Identification of material subsidiary companies (b) Requirement with respect to disclosure of material as well as other subsidiaries	NA Yes	The listed entity does not have material subsidiary. None
6.	**Preservation of Documents:** The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	None

7.	**Performance Evaluation:** The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	None
8.	**Related Party Transactions:** (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) The listed entity shall provide detailed reason along with confirmation whether the transactions were subsequently approved /ratified/ rejected by the Audit committee, in case no prior approval has been obtained.	Yes NA	None The Listed Entity has obtained prior approval of the Audit committee for all related party transactions.
9.	**Disclosure of events or information:** The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	None
10.	**Prohibition of Insider Trading:** The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	None
11.	**Actions taken by SEBI or Stock Exchange(s), if any:** No action(s) has been taken against the listed entity/its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein	Yes	None
12.	**Additional Non-compliances, if any:** No additional non-compliance observed for any SEBI regulation/circular/guidance note etc.	Yes	None

Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sr. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations/ Remarks by PCS*
1.	**Compliances with the following conditions while appointing/re-appointing an auditor**		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or	NA	No instance of resignation during the Review Period.
	ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or	NA	
	iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year	NA	
2.	**Other conditions relating to resignation of statutory auditor**		
	i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee: a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity, and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.	NA	No instance of resignation during the Review Period.

	b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the company, the auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable. c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor. ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.	NA	No such instances were reported by the Auditors.
3.	The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure-A in SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019.	NA	No instance of resignation during the Review Period.

a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
Not applicable										

b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
Not applicable										

For SGS ASSOCIATES LLP
Company Secretaries
Firm Reg. L2021DE011600

CS D P GUPTA
CP No.: 1509 / M.No. F2411
UDIN: A021089E000233611

Place: New Delhi
Date: May 03, 2024

ANNEXURE - D

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2023-24

1. **Brief outline on CSR Policy of the Company.**

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;

2. Composition of CSR Committee:

Sl No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Renu Munjal	MD & Chairperson	2	2
2	Dr. Pawan Munjal	Chairman - Board of Directors & Member	2	2
3	Mr. Pradeep Dinodia	Independent Director & Member	2	2
4	Mr. Abhimanyu Munjal	Jt. MD & CEO and Member	2	2

3. **Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

The policy and CSR Projects approved by the board are available on the Company's website, www.herofincorp.com on the following link: https://www.herofincorp.com/investor-relations/company-policies.

The Composition of CSR Committee is available on the Company's website, www.herofincorp.com on the following link: https://www.herofincorp.com/about-us

4. **Provide the Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

Not applicable. Average CSR obligation for the three immediately preceding financial years has been lesser than Rs. 10,00,00,000/-.

5. (a) Average net profit of the company as per sub-section (5) of section 135.

2020-21	Rs. 51.17 crore
2021-22	Rs. (314.82) crore
2022-23	Rs. 960.16 crore
Total	**Rs. 696.51 crore**
Average Net Profit	**Rs. 232.17 crore**

(b) Two percent of average net profit of the company as per sub-section (5) of section 135– Rs. 4,64,34,087.03

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years- **NIL**

(d) Amount required to be set off for the financial year, if any – **NIL**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)] – **Rs. 4,64,34,087.03**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - **Rs. 4,98,79,464**

(b) Amount spent in Administrative Overheads – **NIL**

(c) Amount spent on Impact Assessment, if applicable – **NA**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)) – **Rs. 4,98,79,464**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount (in Rs.)	Date of transfer	Name of the Fund	Amount	Date of transfer
4,98,79,464	NIL	NA	NA	NIL	N.A.

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in Rs.)
(1)	**(2)**	**(3)**
(i)	Two percent of average net profit of the company as per section 135(5)	4,64,34,087.03
(ii)	Total amount spent for the Financial Year	4,98,79,464
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	34,45,376.97
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	34,45,376.97

7. *Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:*

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (In Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per sub-section (5) of section 135, if any.		Amount remaining to be spent in succeeding Financial Years. (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of transfer.		
	Total	0	0	0				

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year

● Yes ○ NO

If Yes, enter the number of Capital assets created/acquired: 1

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
1	Dental Equipment Charitable Medical Centre, B-31/C, Kailash Colony, New Delhi	110048	01.09.23	6,10,000	CSR00016622	Arya Samaj Kailash and Greater Kailash 1	E-367A, Greater Kailash, New Delhi-110048 Kailash colony

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: N.A.

For Hero Fincorp Limited
Renu Munjal
Chairperson, CSR Committee
Managing Director
DIN: 00012870

Place: Gurugram
Date: May 03, 2024

Annexure - E

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024

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

To,

The Members

HERO FINCORP LIMITED

CIN U74899DL1991PLC046774

34, Community Center, 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 M/S. Hero Fincorp Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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, 2024 ("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:

I have examined the books, papers, minute books, forms and returns filed with Regulatory Authorities, and other records maintained by the Company for the financial year ended on 31st March 2024 according to the provisions of:

a) The Companies Act, 2013 (the "Act") and the rules made there under.

b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.

c) The Depositories Act, 1996 and the Regulations and Byelaws framed there under.

d) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

e) The Following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992: -

1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to the Company during the period under review)

2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended to date.

3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. (Not Applicable to the Company during the period under review).

4. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not Applicable to the Company during the period under review)

5. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021.

6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client.

7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations,2021 (Not Applicable to the Company during the period under review); and

8. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018. (Not Applicable to the Company during the period under review)

9. The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) 2015.

(vi) The Company is a Non-banking Finance Company, registered under the Reserve Bank of India Act, 1934. The rules regulations & directions issued by the RBI from time to time are specifically applicable to the company. The company is primarily engaged in providing financing activities of various kinds of personal, SMEs & corporate loans, etc. We have reviewed the compliances on test check basis and the compliances of the applicable laws placed in the meetings of the Board, we are of the view that the Company has adequate systems to ensure the compliances of the Laws specifically applicable to it.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and report that the Company generally complied with the same regarding the Board of Directors, their committees, and the meetings of the shareholders of the Company.

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Director(s), Non-executive Directors, Independent Directors, and Woman Director(s). The changes in the composition, if any, 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 at least seven days in advance (except where the consent was obtained to place the same at shorter notice) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be, and the abstain notes, if any, due to conflict of interest or otherwise have been duly recorded in the Minutes Book.

We further Report that the Company has two major events during the year under review as follows:

(i) The company has raised funds through the issue of NCD's on Private Placement and Commercial papers during the period under review.

(ii) The Company has made alterations to the Articles of Association in due compliance of the Companies Act 2013.

I 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 sector specific applicable laws, rules, regulations, and guidelines.

For SGS ASSOCIATES LLP
Company Secretaries
Firm Regn No. L2021DE011600

CS D.P. Gupta
Partner
CP No.: 1509 /M. N. FCS 2411
ICSI PR No. 5321 of 2023
UDIN: F002411F000282196

Place: New Delhi
Date: May 03, 2024

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of the Report.

Annexure - A

ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE (UNQUALIFIED)

To,
The Members
Hero FinCorp Limited
CIN U74899DL1991PLC046774
34, Community Center, Basant Lok, Vasant Vihar,
New Delhi - 110057

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. 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 a 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.

3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of the laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test check basis.

6. 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.

For SGS ASSOCIATES LLP
Company Secretaries
Firm Regn No. L2021DE011600

CS D.P. Gupta
Partner
CP No.: 1509 /M. N. FCS 2411
ICSI PR No. 5321 of 2023
UDIN: F002411F000282196

Place: New Delhi
Date: May 03, 2024

ANNEXURE - F

RELATED PARTY TRANSACTION POLICY

1. Introduction

Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015.

The Board of Directors of the Company has adopted the following policy and procedures with regard to materiality of Related Party Transactions and also on dealing with them as defined below.

Parties based on the Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015 and other laws and regulations applicable to the Company.

2. Definitions

These definitions should be read together with the definitions contained in SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, and Companies Act, 2013 and if there is any divergence in the definitions mentioned herein then the definitions contained in the regulations and act shall prevail.

"Act" means the Companies Act, 2013

"Audit Committee" means the Committee of the Board formed under Section 177 of the Act.

"Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest

"Company" means Hero FinCorp Limited.

"Designated Securities means specified securities, non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares, Indian depository receipts, securitised debt instruments, security receipts, units issued by mutual funds and any other securities as may be specified by the Board.

"Director" means a person as defined in Section 2(34) of the Companies Act, 2013.

"Half Year" means the period of six months commencing on the first day of April or October of a financial year.

"High Value Debt Listed Entities" means a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of INR 500 Crore and more.

"Key Managerial Personnel" shall mean the officers/ employees of the Company as defined in Section 2(51) of the Companies Act, 2013.

"Listed Entity" means an entity which has listed, on a recognised stock exchange(s), the designated securities issued by it or designated securities issued under schemes managed by it, in accordance with the listing agreement entered into between the entity and the recognised stock exchange(s).

"Material modifications" means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.

"Material Related Party Transaction" means a transaction entered individually or taken together with previous transactions during a financial year value of which exceeds INR 1,000 Crores or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower as per the last audited financial statements of the Company.

"Material Subsidiary" means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

"Non-Convertible Debt Securities" means 'debt securities' as defined under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

"Promoter" means the person/ entity as defined in regulation 2(oo) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or a person as defined in section 2(69) of the Companies Act, 2013.

"Promoter Group" means the person/ entity as defined in regulation 2(pp) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

"Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Relative" with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder.

"Related Party" means an individual, entity, firm, body corporate or person as definedin Section 2(76) of the Act and regulation 2(zb) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

"Related party transaction" means any transactions as given under clause (a) to (g) of section 188(1) of the Act or transfer of resources, services or obligations between:

a. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

b. a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

Regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Following shall not be considered as related party transaction:

a. The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

b. the following corporate actions by the listed entity which are uniformly applicable/ offered to all shareholders in proportion to their shareholding:

i. payment of dividend;
ii. subdivision or consolidation of securities;
iii. issuance of securities by way of a rights issue or a bonus issue; and
iv. buy-back of securities.

c. acceptance of fixed deposits.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 or in SEBI (LODR) Regulations, 2015 or such other regulations as applicable from time to time

3. Applicability

This policy shall be applicable on all related party transactions entered into by and between Hero FinCorp Limited and its related parties and shall come into effect from the 01st day of April, 2022.

4. Review and approval of Related Party Transactions

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee. Further, members of the audit committee who are Independent Director shall approve related party transaction and member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of such transaction.

The approval policy framework is given below:

a. Audit Committee approval: Prior approval of audit committee is required for the following

- Where Company is a party;
- Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
- With effect from April 1, 2023, where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- Transaction of the Company and/ or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related parties of the Company or any of its subsidiaries.

b. Board approval: Following transaction shall require approval/ of the Board:

- In case any Related Party Transactions as referred to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, such transactions shall be affected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.
- Material Related Party Transactions not in ordinary course or not on an arm's length basis shall require prior approval of the board.

c. Shareholders' approval: Following transaction shall require approval of the shareholders:

- All material related party transactions whether in ordinary course of business and/ or arm's length basis or not shall require approval of the shareholders and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not;
- All transactions exceeding the threshold limit as specified in section 188 of the Act;

5. **Procedure for omnibus approval of Related Party Transactions**

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the company in accordance with rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and subject to the following conditions:

a. Audit committee shall review the following for granting approval to the proposed related party transaction.

i. Type, material terms and particulars of the proposed transaction;

ii. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);

iii. Tenure of the proposed transaction (particular tenure shall be specified);

iv. Value of the proposed transaction;

v. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:

vi-a) details of the source of funds in connection with the proposed transaction;

vi-b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,

- nature of indebtedness;
- cost of funds; and
- tenure;

vi-c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

vi-d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

vii. Justification as to why the RPT is in the interest of the listed entity;

viii. A copy of the valuation or other external party report, if any such report has been relied upon;

ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

b. On the basis of the above information, Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

c. Omnibus approval resolution shall specify the following: -

i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;

ii. the indicative base price / current contracted price and the formula for variation in the price if any; and

Further, where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

d. Audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

6. Information to be provided to Audit Committee for approval of Related party transactions

Audit Committee shall approve the related party transaction on the basis of receipt of information as mentioned in point 5(a) of this policy.

7. Information to be provided to Shareholders for approval of Related party transactions

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

a. Summary of the information provided by the management of the listed entity to the audit committee as specified in point 5(a) of this policy;

b. Justification for why the proposed transaction is in the interest of the listed entity;

c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 6(a) of this policy; (The requirement of disclosing source of funds and cost of funds shall not be applicable on the company.)

d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;

e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;

8. Reporting of Related party transactions

a. Disclosure in Annual Report: Company shall make the disclosure of related party in its annual report in compliance with the Accounting Standard further company shall make the disclosure of transactions entered into with any person or entity belonging to the promoter/ promoter group which holds 10% or more shareholding in the listed entity in the format prescribed in the relevant accounting standards for annual results.

b. Disclosure in Corporate Governance Report: Company shall make the disclosure of its materially significant related party transactions in its Corporate Governance report.

c. Disclosure to the regulator: Company shall submit to the stock exchanges disclosures of the related party transactions in the format specified by SEBI on the day of disclosure of financial statement to the SEBI.

d. Website Disclosure: Company shall publish the disclosure of related party transactions furnished to SEBI on its website.

9. Review of the Policy

The Policy shall be reviewed on an annual basis pursuant to any regulatory amendment or for any reason as deemed appropriate by the Board of the company.

ANNEXURE - G

NOMINATION AND REMUNERATION POLICY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'), the Board of Directors is required to constitute the Nomination and Remuneration Committee. The Company has already constituted Nomination & Remuneration Committee.

Nomination and Remuneration Policy herein is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto, Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs.

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to Directors. Remuneration for the Executive Directors, Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) shall consist 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 ("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.

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
- (i) Members of the Core Management Team other than the Board of Directors including Functional Heads,,
- (ii) Reporting to the Board, including those who are heads of Control, Assurance and Vigilance functions. This would include all members of management one level below the executive directors.

- "Company" means "Hero FinCorp Limited."
- "CTC" means cost that occurs to the company in a year on each employee.
- "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.
- "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;
- There is effective governance of Compensation and alignment of compensation practices with prudent risk taking.
- The Compensation practices are within the regulatory framework stipulated from time to time
- 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, KMP and Officers 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. The appointment and / or removal of personnel in Senior management shall be reviewed by Jt. MD & CEO.

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/Jt. Managing Director & CEO 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. CHAIRPERSON

a) Committee shall be chaired by an Independent Director.

b) Chairperson 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 Chairperson.

d) Chairperson 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. IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required under the Act and SEBI Regulations

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 Chairperson 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/Jt. Managing Director & CEO/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/Jt. Managing Director& CEO/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.

- **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. The removal of personnel in Senior management shall be reviewed by Jt. MD & CEO.

- **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.

  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/ Incentives
  - 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.
  - In the event there are no profits or inadequate profits then an amount, in the form of Incentive Payment, as recommended by NR Committee and approved by the Board of Directors shall be paid to the Executive Directors and in compliance with regulatory provisions as applicable.

  (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

XIV Remuneration payable to Non-Executive & Independent Directors

The Non-Executive Directors of the company would be paid sitting fees of INR 1,00,000 for each meeting of the Committees and Board.

The Non-Executive and/ or Independent Directors will also be entitled to remuneration by way of commission aggregating up to 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Companies Act 2013 in addition to the sitting fees for attending the meetings of the Board and any Committee thereof

XV 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.

The compensation will inter alia, include basic salary, allowances, perquisites, loans and / or advances as per relevant HR policies, retirement benefits, performance linked payout, benefits under welfare schemes, etc. besides long term incentives / ESOPS / RSUs / Performance Shares or such other means as maybe decided by the NRC,

To meet the organization objective of attracting, rewarding and retaining talent, compensation is delivered through a holistic composition of instruments as given below:

(a) Fixed Pay

(b) Performance based Variable Pay

(c) Non-cash Benefits

(d) Guaranteed / Committed / Discretionary bonus/Ex-gratia

Fixed Pay

Fixed Pay comprises of Basic Salary, Allowances, Retirals and other benefits each of which have a monetary ceiling.

Performance based Variable Pay:

Performance based Variable Pay shown as part of CTC in the service letter is an indicative amount considering 'On Target' performance across Company and Department / LOB and Individual performance. Actual payout towards the Annual Performance Based Variable Pay will be determined at the end of the Performance Year based on the eligibility criteria and performance measures as determined by the Company from time to time.

Non-cash benefits:

Additional rewards may be determined based on specific projects that Hero Fincorp may undertake towards given objectives. Achievement of such objectives may result in the team member(s) getting duly recognized and rewarded.

Guaranteed / Committed / Discretionary bonus / Ex-gratia :

Such bonuses are not consistent with the principles of meritocracy and the Company shall not encourage such payouts, limiting its usage to a case to case basis, where such a payout is made for the purpose of retention / attraction for a fixed term not being part of CTC / Performance based Variable pay. However, in case of special circumstances the CHRO in consultation with Jt. Managing Director & CEO may consider and allow such payment.

XVI Performance Framework

In HFCL Meritocracy is the backbone of the performance and potential recognition framework. The Performance Management and pay Policy revolves around the Four 'P' approach:

- People
- Position
- Performance
- Potential

All employees of Hero FinCorp will be subject to annual performance review as per approved performance management process of the Company. Meritocracy will be promoted by ensuring rigorous performance differentiation.

Internally, performance ratings of all Hero FinCorp Employees would be spread across a normal distribution curve. The employees will be rated on the basis of achievements of these goals and also a defined competency framework as modified from time to time. The frequency of the review and weightages of these depend on the level within the organization as determined by the management from time to time.

The rating obtained by an employee will be used as an input to determine compensation decisions. Compensation given as pay or rewards 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. Performance based Variable pay is calculated using a combination of individual performance, department performance and organizational performance. Company holds Grade wise differentiation in the ratio of performance based variable pay and fixed pay upholding risk and reward.

For the reason of a specific job role (such as driver, runner, any other role which does not have a direct impact on business) or cases of long leave or medical condition or for employees where an investigation is under process, there could be cases of employees "Not Rated' in the cycle, which would not be part of Distribution curve.

HFCL encourages constant review culture. Communicating frequently with employees and providing them with valuable feedback on a regular-basis helps us become agile as an organization. It also helps us ensure alignment between employees, managers and organization as a whole. Accordingly, HFCL will promote quarterly and half yearly reviews and will deploy suitable reward, recognition, performance-based variable pay programs following the review.

Appropriate salary band and grade structure will be designed to ensure the organization is managed efficiently and effectively. The structure will be reviewed by the Company's leadership from time to time.

Compensation review may happen during mid-year or otherwise on a case to case basis. For compensation revision and/or annual performance-based variable payout and/or any other discretionary bonus / reward, employee must be in good standing as determined by the Company in its sole discretion, without violation of any company policy and/or procedure, in each case.

Deferred compensation (performance based Variable Pay / Incentives) earned by employees may be subject to clawback in the event of subdued or negative financial performance of the Company and/or the relevant line of business or employee misconduct as described in the Employee Progressive Disciplinary Policy, in any year.

The compensation structure and / or any cases as mentioned above maybe reviewed and determined by the CHRO from time to time and approved by Jt. MD & CEO where Jt. MD & CEO is the L1 manager and for all other full time staff by CHRO.

XVII Delegation of Authority

The delegation of authority to review, approve and ratify any compensation intervention at a Company or individual level has been laid down, unless otherwise mentioned in the Compensation Policy. Any special compensation intervention not mentioned in the authorisation schedule that may be taken up at a Company, function or individual level is subject to the approval of the Managing Director / Jt. Managing Director & CEO and CHRO, and shall be informed to the NRC.

XVIII. Malus and Claw back

Compensation will be aligned to both financial and non-financial indicators of performance including controls like risk management, process perspective, customer perspective and others.

- Acts of gross negligence and integrity breach shall be covered under the purview of the compensation policy. Errors of judgment shall not be construed to be breaches under this note.
- The deferred part of the performance based variable pay (performance bonus) will be subject to malus, under which, the Company will prevent vesting of all or part of the performance based variable pay in the event of an enquiry determining gross negligence or integrity breach.
- Employees will be required to sign claw back agreements for the performance based variable pay. In a claw back arrangement, the employee will agree to return, in case asked for, the previously paid performance based variable pay to the Company in the event of an enquiry determining gross negligence or integrity breach, taking into account relevant regulatory stipulations.

Malus and clawback may be applied for following circumstances

a) Fraud, misfeasance, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information pertaining to the bank or any of its affiliates;

b) Wilful misinterpretation / misreporting of financial performance of the bank;

c) Material failure in risk management controls or material losses due to negligent risk-taking which are attributable to the employee, whether directly or indirectly;

d) Non-disclosure of material conflict of interest by the employee or any misuse of official powers;

e) An act of wilful, reckless or grossly negligent conduct which is detrimental to the interest or reputation of the bank or any of its affiliates, monetarily or otherwise;

f) Material breach of Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance for which the NRC, in its discretion, deems it necessary to apply malus or / and clawback provisions;

XIX Diversity of Board

The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

Accordingly, the Committee shall:

- assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
- make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
- periodically review and report to the Board requirements, if any, in relation to diversity on the Board

XX. Reporting to RBI within 2 days post the date of exit/separation of Key Managerial Personnel (KMP) & Senior Management Personnel (SMP)

Company shall be required to inform to RBI within two working days on the exit of KMP & SMP.

The following information required to be furnished to RBI on exit of any KMP & SMP:

(a) Name and Contact details of the SMP/Non-Executive Director (NED).

(b) Designation of SMP.

(c) Manner of exit and its effective date.

(d) Reasons cited by the SMP/NED for resignation

(e) Tenure of SMP/NED in the last held position.

(f) Portfolios handled by the SMP for three years prior to exit

(g) Time period of association of the SMP/NED with the entity.

XXI. MINUTES OF COMMITTEE MEETING

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

XXII. 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.

XXIII. Review

This policy will be reviewed at appropriate time, as decided by the NRC and with the approval of the Board. The utility and interpretation of this policy will be at the sole discretion of the NRC/Board.

ANNEXURE - H

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, 2024

S. No.	Particulars	ESOP Scheme 2017
1.	Options Granted	35,26,179
2.	Options Vested	8,78,344**
3.	Options Exercised	Nil
4.	The total no. of shares arising as a result of exercise of option	Nil
5.	Options Lapsed	9,69,650
6.	The Exercise Price	
7.	Variation of terms of Options	
8.	Total No. of Options in Force	25,56,529
9.	Employee wise details:	
	i) Key Managerial Personnel	2,13,900
	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.	
	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.	

**Vested Options: 3,25,888 till 31st March'24 basis the terms of ESOP Letter

Vested options: 5,52,456/ can be exercised only after IPO.

ANNEXURE - I

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

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

Name of Directors/ Key Managerial Personnel ("KMP") and Designation	Remuneration of Director/ KMP for FY 2023-24 (Rs. crore)	Percentage (%) increase in Remuneration in FY 2023-24	Ratio of the remuneration to the median employee's remuneration
Executive Directors			
Mrs. Renu Munjal - Managing Director	18.39	38%	229.87
Mr. Abhimanyu Munjal – Joint Managing Director & CEO	23.71	69%	296.37
Non-Executive Directors^			
Dr. Pawan Munjal	0.10	50%	1.25
Mr. Sanjay Kukreja	-	-	
Non-Executive and Independent Directors^			
Mr. Pradeep Dinodia	0.22	69%	2.75
Mr. Amar Raj Singh Bindra	0.10	-	1.25
Mr. Paramdeep Singh	0.13	-	1.62
Ms. Anuranjita Kumar	0.01	-	0.12
Employees & KMP			
Mr. Jayesh Jain – Chief Financial officer (1-Apr-23 to 21-May-23)	1.28	NA	16.00
Mr. Sajin Purushothaman Mangalathu– Chief Financial Officer (4th Aug'23 to 31st March'24)	1.70	NA	21.30
Mr. Shivendra Suman - Company Secretary	1.52	26.67%	19.00

^Includes sitting fees and commission

2. Independent Directors are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. Remuneration details for Independent Directors in the above table, is comprised of sitting fees and commission.
4. The median remuneration of employees of the Company during the FY was Rs. _8.00 lakhs.
5. Median salary of employees in current year has increased by 7.5% in comparison to the previous year.
6. The number of permanent employees on the rolls of Company as on March 31, 2024 was 3509 (previous year 2987).
7. Average percentage increase made in the salary of employees other than the managerial personnel in last FY i.e. 2023-24 was 10 %.
8. 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

ANNEXURE - J

HERO FINCORP LIMITED NCLT MIS MARCH 31, 2024

Customer Name	Case Details	HFCL Claim Amount (In Cr)	NCLT Status
HEMA ENGINEERING INDUSTRIES LIMITED	M/s P.R. Rolling Mills Pvt. Ltd. Versus M/s Hema Engineering Industries Ltd. CP (IB)-900(ND)/2020	269	Company in Liquidation
LAKSHMI PRECISION SCREWS LIMITED	M/s Hind Tradex Ltd. Versus M/s Lakshmi Precision Screws Ltd. CP(IB)155/Chd/Hry/2018	11.54	Resolution Plan
MAGPPIE INTERNATIONAL LTD	M/s Jay Packaging Versus Magppie International Ltd. C.P.(IB)-2924/2019	2.63	Resolution Plan
NEWGEN SPECIALTY PLASTICS LTD	Dynamic Star Securities & Allied Services Versus Newgen Speciality Plastics Ltd. C.P.(IB)-1251/ND/2018	5.2	Company in Liquidation
PANDHARI MILK PRIVATE LIMITED	Pawar Milk Suppliers Versus Pandhari Milk Pvt. Ltd. C.P.(IB)-2139/MB/2019	4	Company in Liquidation
PRATIBHA KRUSHI PRAKRIYA LTD	American Express Banking Corp. Versus Pratibha Krushi Prakriya Ltd. C.P.(IB)-1852/I&BP/2019	10.58	Company in Liquidation
REGENT GRANITO INDIA LIMITED	Keshav Multipack (India) Pvt. Ltd. Versus Regent Granito India Ltd C.P.(IB)-206/2018	15.69	Company in Liquidation
TALWALKARS BETTER VALUE FITNESS LIMITED	Axis Bank Limited Versus Talwalkar Healthclubs Limited C.P.(IB)-1056/2020	66.03	Company in Liquidation
SHREEDHAR MILK FOODS LIMITED	Pankhuri Investments and Securities Ltd. Versus Shreedhar Milk Foods Ltd. C.P.(IB)-625-PB/2018	14.8	Company in Liquidation

Customer Name	Case Details	HFCL Claim Amount (In Cr)	NCLT Status
DIGITAL MICRON ROTO PRINT PVT LTD	Radha Krishna Acua Pvt. Ltd. Versus Digital Micron Roto Print Pvt. Ltd. C.P.(IB)-21/9/2019	0.18	Company in Liquidation
SOUTHERN BATTERIES PRIVATE LIMITED	Alahabad Bank Versus Southern Batteries Pvt Ltd C.P.(IB)-357/2019	5.11	Company in Liquidation
EMKAY AUTOMOBILE INDUSTRIES LIMITED	Swastik Pipe Lmtd. Versus Emkay Automobiles Industries Ltd. C.P.(IB)-3173/ND/2019 New Delhi	5.54	CIRP
SRS MEDITECH LIMITED	Durga Enterprises Versus SRS Meditech Ltd. C.P.(IB)-64/2018	4.93	Resolution Plan
HEMA AUTOMOTIVE PRIVATE LIMITED	Five Ess Precision Components Pvt. Ltd. Vs. Hema Automotive Pvt. Ltd. C.P. (IB) 822/2021	53	Company in Liquidation
WORLDS WINDOW IMPEX INDIA P LTD	State Bank of India Versus Worlds Window Impex India Pvt Ltd C.P.(IB)-376/2020	6.15	CIRP
XALTA FOODS AND BEVERAGES PVT LTD	Super Print Services Versus Xalta Foods and BeveragesPvt Ltd C.P.(IB)-702/2018	3.51	Company in Liquidation
ESS DEE ALUMINIUM LTD	Cytech Coating Pvt. Ltd. Versus ESS DEE Aluminium Ltd. C.P.(IB) - 1284/KB/2019 Kolkata	35.79	Company in Liquidation
UNIVERSAL BUILDWELL PVT LTD	PALLAVI JOSHI BAKHRU CREDITOR Versus UNIVERSAL BUILDWELL PVT. LTD. C.P.(IB)-456/2018	30.98	Resolution Plan
APEX MRI CENTRE PRIVATE LIMITED	Reliance Commercial Finanace Versus Apex MRI CentrePvt Ltd. C.P.(IB)-369/2018	2.36	Company in Liquidation

Customer Name	Case Details	HFCL Claim Amount (In Cr)	NCLT Status
SHILPI CABLE TECHNOLOGIES LIMITED	Macquarie Bank Ltd. Versus Shilpi Cable Technologies Ltd. C.P.(IB)-64/PB/2017	25.79	Company in Liquidation
TRIMAX IT INFRASTRUCTURE AND SERVICES LIMITED	Corporation Bank Versus Trimax IT Infrastructure Ltd. C.P.(IB)-3457/2018	25.57	Resolution Plan
RAJMANGAL MILK AND AGRO FOODS PRIVATE LIMITED	ICICI Bank Limited Vs. Rajmangal Milk Agro Foods Pvt. Ltd. C.P. (IB) no 524/MB/IBC/2022	2.34	Company in Liquidation
SANT DNYANESHWAR HOSPITAL PVT LTD	Dr. Vikas Pandurang Sabale Vs. Sant Dnyaneshwar Hospitals Pvt. Ltd. C.P. (IB) 1806/2019	0.30	CIRP
WORLDS WINDOW INFRASTRUCTURE AND LOGISTICS PVT LTD	SREI Infrasructure Finance Ltd. Vs. Worlds Window Infrastructure and Logistics Pvt. Ltd. C.P. (IB) 943/2020	10.62	CIRP
BEOWORLD PRIVATE LIMITED	DSV Air & Sea Pvt. Ltd. Vs. Beoworld Pvt. Ltd. C.P. (IB) 322/2020	3.44	CIRP
DCP INDIA PRIVATE LIMITED	HFCL Vs. DCP INDIA CP (IB) 205/2021	25.83	CIRP
RCI INDUSTRIES AND TECHNOLOGIES LIMITED	Standard Chartered Bank Singapore	4.7	CIRP
NIPMAN FASTENER INDUSTRIES PVT LTD	Joneja Bright Steels Pvt. Ltd. Versus Nipman Fastener Industries Pvt. Ltd. C.P.(IB) 908/2022	14.15	CIRP
ALSTRONG ENTERPRISES INDIA PRIVATE LIMITED	SREI Infrasructure Finance Ltd. Vs. Alstrong Enterprises India Pvt. Ltd. C.P. (IB) 913/2020	22.74	CIRP

Customer Name	Case Details	HFCL Claim Amount (In Cr)	NCLT Status
FEEDBACK INFRA PRIVATE LIMITED	Federal Bank Limited Vs. Feedback Infra Pvt Ltd C.P. (IB) 545/2023	54	CIRP
CMI LIMITED	Canara Bank Vs. CMI Limited C.P.(IB) 820/PB/2022	14.81	CIRP
FEEDBACK ENERGY DISTRIBUTION COMPANY LIMITED	IndusInd Bank Vs. Feedback Energy Distribution Company Limited C.P.(IB) 477/2023	7	CIRP

Independent Auditor's Report
To the Members of Hero FinCorp Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have jointly audited the accompanying standalone financial statements of Hero FinCorp Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2024, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.

2. 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 ("the 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 March 31, 2024, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our joint audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards 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.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	**How our audit addressed the key audit matter**
Assessment of impairment loss allowance against Loans based on Expected Credit Losses ("ECL") Model	
Assessment of impairment loss allowance basis expected credit losses (ECL) on Loans (Refer Notes 8, 29 and 43.2.3 to the standalone financial statements)	How our audit addressed the key audit matter The audit procedures performed by us to assess appropriateness of the impairment allowance under ECL on loans included the following:

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The loan balances aggregating to Rs. 45,161.56 crores (excluding CROMS balances) and the associated impairment allowances aggregating to INR 1,558.29 crores as at March 31, 2024 are significant to the standalone financial statements and involve exercise of judgement by the management of the Company around the determination of the impairment allowance in line with the Expected Credit Loss (‘ECL’) model specified under Ind AS 109 ‘Financial Instruments’.

Impairment allowances under the ECL model include management’s estimate of the expected losses within the loan portfolios at the balance sheet date and involves judgement in two main variables, viz. ‘Probability of Default’ and ‘Loss Given Default’ as specified under Ind AS 109.

Quantitative factors like days past due, behaviour of the portfolio, historical losses incurred on defaults and macro-economic data points and qualitative factors like nature of the underlying loan, deterioration in credit quality, reduction in the value of security, correlation of macro-economic variables to determine expected losses, uncertainty over realisability of security, judgement in relation to management overlays and related Reserve Bank of India (RBI) guidelines, to the extent applicable, etc. have been taken into account in the ECL computation.

In view of significant management judgement and estimates, and the complexity of the ECL model, we determined this to be a key audit matter.</td><td>● We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over:

i. the assumptions used in the calculation of ECL and its various aspects such as determination of Probability of Default, Loss Given Default, Exposure at Default, Staging of Loans, etc.;

ii. the completeness and accuracy of source data used by the management in the ECL computation; and

iii. Computation of ECL.

● We, along with the assistance of our internal experts, verified the appropriateness of the methodology and models used by the Company and reasonableness of the assumptions used within the computation process to derive the impairment allowance in line with the Board approved ECL policy;

● We verified on a test check basis the completeness and accuracy of the source data used;

● We recomputed the impairment allowance for a sample of loans across the portfolio, to check arithmetical accuracy and compliance with the requirements of Ind AS 109 in the ECL computation;

● We evaluated the reasonableness of the judgement involved in management overlays forming part of the impairment allowance, and the related approvals; and

● We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements.

Based on the procedures performed above, we considered the management’s assessment of impairment loss allowance under ECL on Loans to be reasonable.</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Information Technology ("IT") Systems and controls impacting Standalone Financial Statements</td></tr>
<tr><td>The IT environment of the Company is complex and involves a large number of independent and interdependent IT systems used in the financial operations of the Company for processing and recording a large volume of transactions.

Appropriate IT general controls and IT application controls are required to ensure that such IT systems are able to process the data as required, completely, accurately, and consistently for reliable financial reporting.

We have identified certain key IT systems ("in-scope" IT systems) which have an impact on the financial reporting process and the related controls testing as a key audit matter because of the dependency on these IT/ERP systems used by the Company for processing financial transactions and their impact on the financial records and financial reporting process of the Company.</td><td>Our procedures with respect to this matter included the following:

➢ In assessing the controls over the IT systems of the Company, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems. We evaluated the design and tested the operating effectiveness of relevant IT general controls over the "in-scope" IT systems and IT dependencies identified as relevant for our audit of the standalone financial statements of the Company. On such "in-scope" IT systems, we tested key IT general controls with respect to the following domains:

● Program change management, which includes that program changes are moved to the production environment as per defined procedures and relevant segregation of environment is ensured;

● User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to check that privilege access to applications, operating systems and databases in the production environment were granted only to authorised personnel;

● Program development (if any), which includes controls over IT application development or implementation and related infrastructure, which are relied upon for the preparation of standalone financial statements of the Company and

● IT operations, which includes job scheduling, monitoring, data backup and recovery.

➢ We also evaluated the design and tested the operating effectiveness of relevant IT General Controls over applications which are used within the key business process, and also tested the relevant manual, IT dependent and automated controls, automated calculations, interfaces, segregation of duties and system generated reports, as applicable.

We communicated the control observations which were noted during the course of our audit to the Management and/or to those charged with governance and tested a combination of compensating controls and/or performed alternative audit procedures, where necessary.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Valuation of Financial Instruments (Level 3) issued by the Company	
Refer notes 18, 26.1 and 42 to the standalone financial statements The Company has issued financial instruments which are measured at fair value in accordance with the fair value hierarchy as specified in Ind-AS 113 'Fair Value Measurement' and the corresponding fair value change is recognised in the Statement of Profit and Loss. These financial instruments are categorised as Level 3 in the fair valuation hierarchy, as their valuation is based on inputs which are not observable either directly or indirectly. The valuation of these financial instruments involves judgement around the determination of the fair value in line with the requirements of the Ind AS 109 "Financial Instruments" and Ind AS 113. The management has engaged valuation experts (management's experts) for determination of fair values, which involves selection of appropriate valuation methodology, and use of assumptions in relation to inputs to the valuation model. In view of the complexity of the valuation methodology and inherent subjectivity in the valuation of Level 3 instruments, this has been considered as a key audit matter.	The audit procedures performed by us with respect to this matter included the following: • We understood and evaluated the design and tested the operating effectiveness of the controls in relation to the valuation of financial instruments categorised as Level 3 in the fair valuation hierarchy. • We read the terms of agreement to identify conditions that were relevant to the classification and valuation of financial instruments. • With the involvement of the auditor's expert, we assessed the appropriateness of the methodology adopted by the Management's expert including that of selection of valuation technique and reasonableness of the assumptions used in the determination of fair value of the financial instruments. • We checked that the terms of the financial instruments are appropriately considered by the management's expert in the fair value determination. • We assessed the adequacy and appropriateness of presentation and disclosures in relation to financial instruments in the standalone financial statements. Based on the procedures performed above, we considered the fair valuation of the financial instruments carried out by the management to be reasonable.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the standalone financial statements

6. The Company's Board of Directors is 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 standalone financial position, standalone financial performance, changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

8. 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.

9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 standalone 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 management.
- Conclude on the appropriateness of management's 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.

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.

12. 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 auditor's 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

13. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. 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 except for the matters stated in paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

    (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone 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 Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 14(b) above on reporting under Section 143(3)(b) and paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended)

(g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 37.2 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6, 8, 29, 43.2.3 to the standalone financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

iv (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 43.8 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43.8 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

vi Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. Other than one accounting software where the audit log is not maintained in case of modification by certain users with specific access (debug) and three accounting software where no audit trail has been enabled at the database level to log any direct data changes, the audit trail feature has operated throughout the year for all relevant transactions recorded in the software. During the course of performing our procedures, other than the aforesaid instances where the question of our commenting does not arise, we did not notice any instance of audit trail feature being tampered with.

Further, the Company has used payroll processing software, which is operated by a third party software service provider, for maintaining its books of account and in the absence of SOC 1 Type 2 report, we are unable to comment whether the audit trail feature of the aforesaid software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with.

15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 24101119BKFOBK4281

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 24081075BKFDJH7691

Place: Gurugram
Date: May 03, 2024

Annexure A to Independent Auditor's Report

Referred to in paragraph 14 (g) of the Independent Auditor's Report of even date to the members of Hero FinCorp Limited on the standalone financial statements for the year ended March 31, 2024

Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Hero FinCorp Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 Act.

Auditor's Responsibility

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

6. 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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 financial statements

7. 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.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 24101119BKFOBK4281

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 24081075BKFDJH7691

Place: Gurugram
Date: May 03, 2024

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Hero FinCorp Limited on the standalone financial statements as of and for the year ended March 31, 2024

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 13 (ii) to the standalone financial statements, are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in the standalone financial statements does not arise. Refer note 13(i) to the standalone financial statements.

ii (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks or financial institutions on the basis of security of loan receivables. The Company has filed quarterly returns or statements with such banks or financial institutions, and the differences noted in such quarterly return or statements with the unaudited books of account were trivial. Refer Note 17.8 to the standalone financial statements.

iii. (a) Based on our examination and the information and explanations given to us, reporting under clause 3(iii)(a) of the Order is not applicable to the Company as it is a non-banking financial company registered with the Reserve Bank of India engaged in the business of granting loans.

(b) Based on our examination and the information and explanations given to us, in respect of the aforesaid investments / loans, in our opinion, the terms and conditions under which such loans were granted/ investments were made are not prejudicial to the Company's interest. The Company has not made an advance in the nature of loans / given any guarantee / provided any securities.

(c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a non-banking financial company engaged in the business of granting loans to retail customers and corporate customers, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 46.30 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of the loans, the total amount overdue for more than ninety days as at March 31, 2024 is Rs. 733.52 Crore. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 43.2.3 in the standalone financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2024.

(e) Based on our examination and the information and explanations given to us, reporting under clause 3(iii)(e) of the Order is not applicable to the Company as it is a non-banking financial company registered with the Reserve Bank of India, engaged in the business of granting loans.

(f) The loans granted during the year, including to promoters/related parties had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand.

iv. In our opinion, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it, if any. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI, engaged in the business of granting loans.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Further, the provisions of sub-section (1) of Section 73 are not applicable to the Company as it is a non-banking financial company registered with RBI, engaged in the business of granting loans.

vi. The Central Government of India has not specified the maintenance of cost records under sub- section (1) of Section 148 of the Act for any of the services of the Company. Accordingly, reporting under clause 3(vi) of the Order is not applicable to the Company.

vii. (a) In our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including goods and services tax, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.

(b) The particulars of statutory dues referred to in sub-clause (a) as at March 31, 2024 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	9.11	2013-14 2014-15	Commissioner (Appeals) of Income Tax	Amount paid under protest is Rs. 3.69 crore
Income Tax Act, 1961	Income tax	0.33	2006-07 2009-10	The High Court of Delhi	Amount paid under protest is Rs. 0.14 crore
Income Tax Act, 1961	Income tax	82.98	2017-18	Commissioner (Appeals) of Income Tax	Amount paid under protest is Rs. 24.33 crore
Income Tax Act, 1961	Income tax	198.95	2016-17	Commissioner (Appeals) of Income Tax	Amount paid under protest is Rs. 25.73 crore
Income Tax Act, 1961	Income tax	0.40	2019-20	Commissioner (Appeals) of Income Tax	
Income Tax Act, 1961	Income tax	16.72	2020-21	Commissioner (Appeals) of Income Tax	Amount paid under protest is Rs. 11.35 crore
Delhi Value added Tax Act	Value added tax	0.20	2013-14 2014-15	Objection hearing Authority (Trade & Tax department)	

viii. There are no transactions previously unrecorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) On the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, the term loans have been applied for the purposes for which they were obtained except for Rs. 1,379.70 crore which were pending to be utilised and temporarily parked in liquid assets of the company as at March 31, 2024. Refer note 17.7 to the standalone financials statement.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary, associates or joint ventures, if any.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary, associates, joint ventures, if any.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, except for 21 instances aggregating Rs. 0.72 crore and for which the Management has taken appropriate steps for recovery of dues, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of such case by the Management. Refer note 46.18 to the standalone financial statements.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended) was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause. As explained by the management, there were certain complaints having an immaterial impact, if any, in respect of which investigations are ongoing as on the date of our report and our consideration of the complaints having any bearing on our audit is based on the information furnished to us by the management.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Refer note 38 to the standalone financial statements.

xiv. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an Systemically Important Non Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide certificate of Registration No. 14.00266.

(b) The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Hero Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) ("the group") has One CIC as part of the Group as detailed in Note 38 to the financial statements. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the company during the year and accordingly the reporting under clause 3(xviii) of the Order is not applicable.

xix. On the basis of the financial ratios (Refer Note 43.3.1, 46.1 and 46.27 to the Standalone Financial Statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 24101119BKFOBK4281

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 24081075BKFDJH7691

Place: Gurugram
Date: May 03, 2024

Standalone Balance Sheet as at March 31, 2024

₹ in Crore

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Assets			
Financial assets			
Cash and cash equivalents	4	28.34	630.62
Bank balance other than cash and cash equivalents	5	43.94	41.22
Derivative financial instruments	6	133.67	115.83
Trade receivables	7	10.07	1.30
Loans	8	44,929.90	36,213.00
Investments	9	2,432.89	2,298.81
Other financial assets	10	133.68	144.52
Non-financial assets			
Current tax assets (net)	11	153.62	146.41
Deferred tax assets (net)	12	369.02	375.94
Property, plant and equipment	13	153.41	57.39
Right-of-use assets	13.1	101.31	39.52
Intangible assets	13.2	9.24	9.35
Other non-financial assets	14	66.18	56.72
Total assets		**48,565.27**	**40,130.63**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables	15		
- Total outstanding dues of micro enterprises and small enterprises; and		0.21	0.13
- Total outstanding dues of creditors other than micro enterprises and small enterprises		415.29	475.47
Debt securities	16	6,295.31	6,261.51
Borrowings (other than debt securities)	17	31,854.86	23,930.45
Subordinated liabilities	18	3,549.22	3,191.72
Lease liabilities	19	109.85	45.87
Other financial liabilities	20	393.75	827.86
Non-financial liabilities			
Current tax liabilities (net)	21	40.85	1.03
Provisions	22	61.38	48.31
Other non-financial liabilities	23	69.00	59.66
Total liabilities		**42,789.72**	**34,842.01**

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Equity			
Equity share capital	24	127.31	127.31
Other equity	25	5,648.24	5,161.31
Total equity		**5,775.55**	**5,288.62**
Total liabilities and equity		**48,565.27**	**40,130.63**
Material accounting policies	**3**		
Notes to the standalone financial statements	**1 to 50**		

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

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

Pawan Munjal
Chairman
(DIN No. : 00004223)
Gurugram

Renu Munjal
Managing Director
(DIN No. : 00012870)
Gurugram

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

Pradeep Dinodia
Director
(DIN No. : 00027995)
Gurugram

Sajin Mangalathu
Chief Financial Officer
Gurugram

Shivendra Suman
Company Secretary
Gurugram

Date: May 03, 2024

This is the Standalone Balance Sheet referred to in our report of even date

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

Sharad Vasant
Partner
Membership Number: 101119
Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: Gurugram
Date: May 03, 2024

Standalone Statement of Profit and Loss for the year ended March 31, 2024

₹ in Crore

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	26		
Interest income		6,977.30	5,363.69
Dividend income		0.71	0.74
Profit on sale of investments (net)		61.32	76.18
Rental income		-	0.11
Insurance commission		113.99	21.22
Others charges		601.92	541.83
Total revenue from operations		**7,755.24**	**6,003.77**
Other income	27	49.45	29.16
Total income		**7,804.69**	**6,032.93**
Expenses			
Finance costs	28	2,795.31	1,964.00
Net loss on fair value changes	26.1	346.46	302.05
Impairment on financial instruments	29	1,708.14	1,204.79
Employee benefits expenses	30	579.23	448.62
Depreciation and amortization	13	51.87	29.15
Other expenses	31	1,398.48	1,371.72
Total expenses		**6,879.49**	**5,320.33**
Profit before tax		**925.20**	**712.60**
Tax expense:	12		
(i) Current tax		307.46	197.70
(ii) Deferred tax (credit) (net)		15.82	57.57
Total tax expense		**323.28**	**255.27**
Profit after tax		**601.92**	**457.33**
Other comprehensive income/ (loss)			
a) Items that will not be reclassified to profit or loss:-			
Remeasurement of gains/ (losses) on defined benefit plans	34	(1.76)	1.02
Income tax relating to items that will not be reclassified to profit or loss	12	0.44	(0.26)
Sub-total (a)		**(1.32)**	**0.76**
b) Items that may be reclassified to profit or loss:-			
Cash flow hedge reserve		(33.61)	(1.22)
Income tax relating to items that may be reclassified to profit or loss	12	8.46	0.31
Sub-total (b)		**(25.15)**	**(0.91)**

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Other comprehensive income/ (loss) for the year, net of tax		**(26.47)**	**(0.15)**
Total comprehensive income/ (loss) for the year, net of tax		**575.45**	**457.18**
Earnings per equity share	32		
Basic (in ₹)		47.28	35.92
Diluted (in ₹)		47.19	35.89
Material accounting policies	**3**		
Notes to the standalone financial statements	**1 to 50**		

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

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

Pawan Munjal
Chairman
(DIN No. : 00004223)
Gurugram

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Managing Director
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Pradeep Dinodia
Director
(DIN No. : 00027995)
Gurugram

Sajin Mangalathu
Chief Financial Officer
Gurugram

Shivendra Suman
Company Secretary
Gurugram

Date: May 03, 2024

This is the Standalone Statement of Profit and Loss referred to in our report of even date

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

Sharad Vasant
Partner
Membership Number: 101119
Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: Gurugram
Date: May 03, 2024

Standalone Statement of Changes in Equity for the year ended March 31, 2024

A. Equity share capital

For the year ended March 31, 2024 — ₹ in Crore

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
127.31	-	-	#	127.31

For the year ended March 31, 2023 — ₹ in Crore

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
127.31	-	-	-	127.31

 # Below rounding off norms.

B. Other Equity

For the year ended March 31, 2024

₹ in Crore

Particulars	Reserves and surplus				Other comprehensive income/ (loss)		Stock options outstanding account	Total
	Statutory reserve	Securities premium	General reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve		
As at April 1, 2023	**356.82**	**3,940.30**	**131.02**	**708.10**	**-**	**(1.75)**	**26.82**	**5,161.31**
Profit/ (loss) for the year	-	-	-	601.92	-	-	-	601.92
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(1.32)	(25.15)	-	(26.47)
Transfer to retained earnings	-	-	-	(0.16)	1.32	-	(1.16)	-
Total comprehensive income/ (loss) for the year	-	-	-	601.76	-	(25.15)	(1.16)	575.45
Dividend paid on equity shares	-	-	-	(103.12)	-	-	-	(103.12)
Transfer from retained earnings to statutory/ general reserve	120.38	-	-	(120.38)	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Securities premium received	-	0.01	-	-	-	-	-	0.01
Share based payment charge	-	-	-	-	-	-	14.59	14.59
As at March 31, 2024	**477.20**	**3,940.31**	**131.02**	**1,086.36**	**-**	**(26.90)**	**40.25**	**5,648.24**

For the year ended March 31, 2023 | **₹ in Crore**

Particulars	**Reserves and surplus**				**Other comprehensive income/ (loss)**		**Stock options outstanding account**	**Total**
	Statutory reserve	**Securities premium**	**General reserve**	**Retained earnings**	**Remeasurements of defined benefit plans**	**Cash flow hedge reserve**		
As at April 1, 2022	**265.35**	**3,946.30**	**131.02**	**341.48**	**-**	**(0.84)**	**27.33**	**4,710.64**
Profit/ (loss) for the year	-	-	-	457.33	-	-	-	457.33
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	0.76	(0.91)	-	(0.15)
Transfer to retained earnings	-	-	-	0.76	(0.76)	-	-	-
Total comprehensive income/ (loss) for the year	-	-	-	458.09	-	(0.91)	-	457.18
Dividend paid on equity shares	-	-	-	-	-	-	-	-
Transfer from retained earnings to statutory/ general reserve	91.47	-	-	(91.47)	-	-	-	-
Share issue expenses	-	(6.00)	-	-	-	-	-	(6.00)
Share based payment charge	-	-	-	-	-	-	(0.51)	(0.51)
As at March 31, 2023	**356.82**	**3,940.30**	**131.02**	**708.10**	**-**	**(1.75)**	**26.82**	**5,161.31**

Material accounting policies **3**

Notes to the standalone financial statements **1 to 50**

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

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

Pawan Munjal Chairman (DIN No. : 00004223) Gurugram	**Renu Munjal** Managing Director (DIN No. : 00012870) Gurugram	**Abhimanyu Munjal** Jt. Managing Director & CEO (DIN No. : 02822641) Gurugram	**Pradeep Dinodia** Director (DIN No. : 00027995) Gurugram
Date: May 03, 2024		**Sajin Mangalathu** Chief Financial Officer Gurugram	**Shivendra Suman** Company Secretary Gurugram

This is the Standalone Statement of Changes in Equity referred to in our report of even date

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 Place: Gurugram Date: May 03, 2024	**Sudhir Maheshwari** Partner Membership Number: 081075 Place: Gurugram Date: May 03, 2024

Standalone Statement of Cash Flows for the year ended March 31, 2024

₹ in Crore

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A.	**Cash flow from operating activities**		
	Profit before tax	**925.20**	**712.60**
	Adjustments for:		
	Interest income	(6,977.30)	(5,363.69)
	Finance costs	2,795.31	1,964.00
	Depreciation and amortization	51.87	29.15
	Impairment on financial instruments	1,708.15	1,204.79
	Dividend income from investments	(0.71)	(0.74)
	Employee share based payment expense	18.09	(0.73)
	Net loss on sale of property, plant and equipment	0.99	1.45
	Net loss on fair value changes	346.46	302.05
	Profit on sale of investments	(61.32)	(76.18)
	Cash inflow from interest on loans	6,735.98	5,030.50
	Cash inflow from interest on fixed deposits	8.93	21.24
	Cash outflow towards finance costs	(2,458.28)	(1,592.78)
	Operating profit before working capital changes	**3,093.37**	**2,231.66**
	Working capital adjustments		
	(Increase)/ decrease in trade receivables	(8.77)	0.67
	Increase in loans	(10,287.41)	(8,498.64)
	(Increase)/ decrease in bank balance other than cash and cash equivalents	(3.33)	98.84
	(Increase)/ decrease in other financial assets	10.83	(52.49)
	Increase in other non financial assets	(13.82)	(0.39)
	Increase in derivative financial instruments	(51.45)	(115.13)
	Increase/ (decrease) in other financial liabilities	(437.79)	463.07
	Increase/ (decrease) in trade payables	(60.10)	186.23
	Increase in other non financial liabilities	9.34	7.40
	Increase in provisions	11.30	5.74
	Net cash used in operating activities before income tax	**(7,737.83)**	**(5,673.04)**
	Income tax paid (net of refund)	(274.85)	(228.83)
	Net cash used in operating activities (A)	**(8,012.68)**	**(5,901.87)**

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(125.60)	(35.89)
	Proceeds from sale of property, plant and equipment	3.48	2.29
	Dividend received	0.71	0.74
	Interest received on investments	110.00	48.94
	Purchase of investments	(12,678.29)	(14,638.30)
	Sale of investments	12,593.11	14,200.48
	Investment in subsidiary	-	(300.00)
	Net cash used in investing activities (B)	**(96.59)**	**(721.74)**
C	**Cash flow from financing activities**		
	Proceeds from conversion of partly paid equity shares to fully paid	0.02	-
	Proceeds from issue of compulsorily convertible preference shares	-	2,000.00
	Proceeds from issue of debt securities	5,136.50	4,963.52
	Repayment of debt securities	(5,325.00)	(4,495.00)
	Proceeds from issue of borrowings (other than debt securities)	21,892.37	17,705.72
	Repayment of borrowings (other than debt securities)	(14,071.85)	(13,930.66)
	Proceeds from issue of subordinated liabilities	55.00	255.00
	Repayment of lease liability	(29.60)	(12.38)
	Dividend paid on equity shares	(102.94)	-
	Dividend paid on compulsorily convertible preference shares	(47.51)	-
	Share issue expenses paid	-	(6.00)
	Net cash generated from financing activities (C)	**7,506.99**	**6,480.20**
D	**Net decrease in cash and cash equivalents (A+B+C)**	**(602.28)**	**(143.41)**
	Cash and cash equivalents at the beginning of the year	630.62	774.03
	Cash and cash equivalents at the end of the year*	**28.34**	**630.62**
	* Components of cash and cash equivalents		
	Balances with banks (current accounts)	28.34	218.56
	Deposit with banks (original maturity less than three months)	0.00	412.06
		28.34	**630.62**

(i) The Statement of Cash Flows 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 and on behalf of Board of Directors

Hero FinCorp Limited

Pawan Munjal	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Chairman	Managing Director	Jt. Managing Director & CEO	Director
(DIN No. : 00004223)	(DIN No. : 00012870)	(DIN No. : 02822641)	(DIN No. : 00027995)
Gurugram	Gurugram	Gurugram	Gurugram
		Sajin Mangalathu	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
Date: May 03, 2024		Gurugram	Gurugram

This is the Standalone Statement of Cash Flows referred to in our report of even date

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

Sharad Vasant
Partner
Membership Number: 101119
Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: Gurugram
Date: May 03, 2024

Notes to Standalone Financial Statement for the year ended March 31, 2024

Note 1: Corporate information

Hero FinCorp Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on December 16, 1991. The Company is registered as 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 (hereinafter 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 – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

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 03, 2024.

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 defined benefit plans and other long term employee benefit plans measured at fair value, financial instruments carried at fair value through profit or loss and share-based payments. The method used to measure 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 is 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.

The financial statements are prepared on a going concern basis as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.3 New Accounting Standards issued but not effective / Recent Accounting Developments

The Ministry of Corporate Affairs (MCA) on 31st March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, whereby certain important changes have been made to Indian Accounting Standards (Ind AS). The following changes are applicable from annual reporting periods beginning on or after 1 April 2023:

Amendments to Ind AS 12 Income Taxes - The amendment requires entities to recognize a separate deferred tax asset (DTA) and deferred tax liability (DTL) when the temporary differences arising on the initial recognition of an asset and liability are equal. An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented.

Amendments to Ind AS 1 Presentation of Financial Statements - The amendment replaces the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. The amendments also clarify that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

Amendments to Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - To clarify the interaction between an accounting policy and an accounting estimate, paragraph 32 of Ind AS 8 has been amended to state that: "An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such cases, an entity develops an accounting estimate to achieve the objective set out by the accounting policy".

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the company's accounting policy already complies with the now mandatory treatment.

2.4 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.

2.5 Use of estimates and judgments

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may not be in line with these estimates. The estimates and underlying assumptions are under ongoing consideration. 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 is 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.

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. Judgments and estimates take into account liquidity and model inputs associated with such items as credit risk (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 upon the Company's historical experience and credit assessment and including forward looking information.

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

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 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 lifecycle of the instruments, as well expected changes to Company 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 requires 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.

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 judgement is required to conclude on these estimates.

2.6 Measurement of fair value

The Company's certain accounting policies and disclosures require fair value measurement, for 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 to the extent 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.

Note 3: Material accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized at the trading date, i.e., which is the date on which 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 after initial recognition, except if and during the period in which the Company changes its financial asset's business model.

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. 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 purchased or originated credit impaired (POCI).

However, 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 modification of terms and conditions

A financial asset, such as a loan to a customer, is derecognized 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 amended 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.

(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 an "impaired credit" where one or more events that adversely impact 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 Company applies the ECL model in accordance with Ind AS 109 for recognizing impairment loss on financial assets. For recognizing impairment loss, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly,12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is calculated on a collective basis for certain products, 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 is an 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 and other financial assets 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 and other financial assets, 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

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.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as financial liabilities. They are recognized initially at their transaction price, net of transaction costs, and subsequently measured at amortized cost using the effective interest method where the time value of money is significant.

(e) 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 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 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 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 represents 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.

(f) 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 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 of 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.

(g) 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.

(h) 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 an outflow of resources is remote.

Contingent assets are not recognized 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 recognized in the year in which the change occurs.

(i) 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 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 (regarded as 'Stage 3') 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). If the financial asset is no longer credit impaired i.e. all the outstanding dues are recovered, the company reverts to calculating interest income on a gross basis.

Other financial charges

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

Other 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.

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.

(j) 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 bonuses 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.

Equity-settled share based payments:

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.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions are not met.

Cash-settled share based payments:

For cash-settled share based payments, the fair value of the amount payable to employees is recognized as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefits expenses.

(k) 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.

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, 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.

(l) 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.

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

- has a legally enforceable right to set off the recognized amounts; and
- 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 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 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 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 Company recognizes 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 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 tax deductible temporary differences associated with investments in subsidiaries, 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.

Goods and services tax input creditt

Goods and services tax input credit is recognized in the books of account in the period in which the supply of goods or service is received and when there is no uncertainty in availing/utilizing the credits.

Expenses and assets are recognized net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included.

  The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(m) Foreign Currency Transactions

Transactions in foreign currencies 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.

(n) 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 allowed when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(o) Borrowing at amortised cost

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in Statement of Profit and Loss over the period of the borrowings using the effective interest method. 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. In this case, the fee is deferred until the draw down occurs and amortized over the period of the facility to which it relates.

(p) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognized at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognized in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in Finance Cost in the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

(q) 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.

(r) 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.

Note 4: Cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks (current accounts)	28.34	218.56
Deposit with banks (original maturity less than three months)	-	412.06
Total	**28.34**	**630.62**

Note 5: Bank balance other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Dividend accounts (earmarked accounts)	0.57	0.43
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	43.37	40.79
Total	**43.94**	**41.22**

Note 6: Derivative financial instruments

₹ in Crore

Particulars	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Currency derivatives						
Cross Currency swaps	4,759.73	140.49	6.66	3,934.83	123.13	7.26
Forward Contract	25.59		0.16	39.42		0.04
	4,785.32	**140.49**	**6.82**	**3,974.25**	**123.13**	**7.30**

The Company enters into derivatives for risk management purposes (refer note 43.5). Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. Refer note 43.5 & 43.6 for foreign currency risk management and interest rate sensitivity on derivative financial instruments respectively.

Note 7: Trade receivables

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	10.07	1.30
(iii) Receivables which have significant increase in credit risk	-	-
(iv) Receivables - credit impaired	-	-
	10.07	1.30
Less : Impairment loss allowance	-	-
Total	**10.07**	**1.30**

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 38 for receivables from related parties.

Trade Receivables - Ageing

As at March 31, 2024 ₹ in Crore

Particulars	Outstanding for					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables considered good	9.47	0.32	0.28	-	-	10.07
ii. Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
iii. Undisputed trade receivables- credit impaired						
iv. Disputed Trade Receivables- considered good	-	-	-	-	-	-
v. Disputed Trade Receivables-which have significant increase in credit risk						
vi. Disputed trade receivables-credit impaired	-	-	-	-	-	-

As at March 31, 2023 ₹ in Crore

Particulars	Outstanding for					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables- considered good	1.30	-	-	-	-	1.30
ii. Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
iii. Undisputed trade receivables- credit impaired	-	-	-	-	-	-
iv. Disputed Trade Receivables- considered good	-	-	-	-	-	-
v. Disputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-
vi. Disputed trade receivables-credit impaired	-	-	-	-	-	-

There are no unbilled amount as at March 31, 2024 and March 31, 2023.

Note 8. Loans

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
A. Loans - Amortised cost		
Bills purchased and bills discounted	1,651.41	1,269.07
Term loans	43,508.05	34,528.84
Clearcorp Repo Order Matching System (CROMS)	1,326.63	2,000.70
Loans to employees	2.10	1.71
Total- Gross (A)	46,488.19	37,800.32
Less : Impairment loss allowance on loans	(1,558.29)	(1,587.32)
Total - Net (A)	**44,929.90**	**36,213.00**
B. Secured/ Unsecured		
(a) Secured by tangible assets	24,584.43	20,890.48
(b) Secured by other assets	1,359.10	1,380.83
(c) Unsecured	20,544.66	15,529.01
Total - Gross (B)	46,488.19	37,800.32
Less : Impairment loss allowance on loans	(1,558.29)	(1,587.32)
Total - Net (B)	**44,929.90**	**36,213.00**
C. Loans in India		
(a) Public sector	-	-
(b) Others	46,488.19	37,800.32
Total - Gross (C)	46,488.19	37,800.32
Less : Impairment loss allowance on loans	(1,558.29)	(1,587.32)
Total - Net (C)	**44,929.90**	**36,213.00**

8.1 No loans and advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013) that are repayable on demand or without specifying any terms or period of repayment.

8.2 Loans receivable from private companies in which a director is a director or a member (also refer note 38)

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Secured, considered good	107.75	214.50
Unsecured, considered good	-	50.00

Note 9: Investments

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
In India		
At fair value through profit or loss		
In equity instruments (quoted)	0.65	0.32
In equity instruments (unquoted)	6.98	6.98
In preference instruments(quoted)	-	9.00
In alternative investment Fund (unquoted)	0.04	0.07
In mutual funds (unquoted)	301.03	-
In commercial paper (quoted)	-	145.33
In certificate of deposits (quoted)	-	74.87
In treasury bills (quoted)	956.36	623.36
In government securities (quoted)	367.83	225.21
In corporate bonds (quoted)	-	410.88
In security receipts (unquoted)	-	2.53
In optional Convertible debentures (unquoted)	-	0.26
Others (Refer note 9.1 below)		
Investment in Subsidiary Company	800.00	800.00
Total- Gross	2,432.89	2,298.81
Less: Allowance for impairment	-	-
Total- Net	**2,432.89**	**2,298.81**

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

9.2 The Company does not have any investment outside India

Note 10: Other financial assets

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits (at amortised cost) (unsecured, considered good)	11.28	12.76
Receivable from collection agency	111.87	129.73
Other receivable	10.53	2.03
Total	**133.68**	**144.52**

Note 11: Current tax assets (net)

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Advance income tax	791.99	874.44
Less : Provision for tax	(638.37)	(728.03)
Total	**153.62**	**146.41**

Note 12 : Tax expenses & Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax (a)		
Current year	295.20	197.70
Previous year	12.26	-
Deferred tax (b)		
Attributable to–		
Origination and reversal of temporary differences	15.82	57.57
Tax expense recognised in Statement of profit and loss	**323.28**	**255.27**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

B. Income tax recognised in other comprehensive income

₹ in Crore

	For the year ended March 31, 2024			For the year ended March 31, 2023		
Particulars	**Before tax**	**Deferred tax expense/ (benefit)**	**Net of tax**	**Before tax**	**Deferred tax expense/ (benefit)**	**Net of tax**
Remeasurements of defined benefit plan	(1.76)	0.44	(1.32)	1.02	(0.26)	0.76
Cash flow hedge reserve	(33.61)	8.46	(25.15)	(1.22)	0.31	(0.91)

C. Reconciliation of effective tax expense

₹ in Crore

	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax	**925.20**	**712.60**
Other comprehensive income/ (loss) for the year	(35.37)	(0.20)
Tax using the Company's domestic tax rate	223.95	179.30
Effect of:		
Non-deductible expenses and exempt income	91.92	78.66
Others	7.41	(2.74)
Effective tax expense	**323.28**	**255.22**

D. Recognised deferred tax assets/ (liabilities)

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

₹ in Crore

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/ (liabilities)	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Provisions for employee benefit	15.44	12.16	-	-	15.44	12.16
Depreciation*	0.73	1.96	-	-	0.73	1.96
Impairment allowance on loans	376.50	388.95	-	-	376.50	388.95
Effect of EIR on interest income	(18.59)	(17.14)	-	-	(18.59)	(17.14)
Other temporary differences	5.66	5.25	10.73	15.24	(5.06)	(9.99)
Net deferred tax (assets)/ liabilities	**379.74**	**391.18**	**10.73**	**15.24**	**369.02**	**375.94**

E. Movement in deferred tax on temporary differences

₹ in Crore

	Balance as at April 1, 2022	Recognised in profit or loss during 2022-23	Recognised in OCI during 2022-23	Balance as at March 31, 2023	Recognised in profit or loss during 2023-24	Recognised in OCI during 2023-24	Balance as at March 31, 2024
Provisions for employee benefit	10.71	1.71	(0.26)	12.16	2.84	0.44	15.44
Depreciation*	2.21	(0.25)	-	1.96	(1.23)	-	0.73
Impairment allowance on loans	395.37	(6.42)	-	388.95	(12.45)	-	376.50
Effect of EIR on interest income	24.41	(41.55)	-	(17.14)	(1.45)	-	(18.59)
Other temporary differences	0.76	(11.06)	0.31	(9.99)	(3.53)	8.46	(5.06)
Net deferred tax (assets)/ liabilities	**433.46**	**(57.57)**	**0.05**	**375.94**	**(15.82)**	**8.90**	**369.02**

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

Note 13 : Property, plant and equipment

₹ in Crore

Particulars	Own use							Assets given on operating lease	Total
	Building	Plant and equipment	Furniture and fixtures	Vehicles	Data processing equipment	Office equipment	Leasehold Improvements	Vehicles	
Cost									
As at April 1, 2022	**3.58**	**1.10**	**3.12**	**28.20**	**53.76**	**5.04**	**-**	**1.90**	**96.70**
Additions during the year	-	-	0.04	14.68	17.84	0.55	-	-	33.11
Disposals during the year	-	-	-	6.22	0.41	0.05	-	1.90	8.58
As at March 31, 2023	**3.58**	**1.10**	**3.16**	**36.66**	**71.19**	**5.54**	**-**	**-**	**121.23**
Additions during the year	-	3.42	8.60	30.15	25.70	17.38	37.85	-	123.10
Disposals during the year	-	-	-	5.15	6.51	0.96	-	-	12.62
As at March 31, 2024	**3.58**	**4.52**	**11.76**	**61.66**	**90.38**	**21.96**	**37.85**	**-**	**231.71**
Depreciation									
As at April 1, 2022	**0.29**	**0.36**	**0.89**	**12.09**	**36.84**	**2.65**	**-**	**1.16**	**54.28**
Disposals during the year	-	-	-	3.21	0.36	0.03	-	1.23	4.83
Depreciation charge for the year	0.06	0.08	0.31	3.48	9.50	0.89	-	0.07	14.39
As at March 31, 2023	**0.35**	**0.44**	**1.20**	**12.36**	**45.98**	**3.51**	**-**	**-**	**63.84**
Disposals during the year	-	-	-	2.42	5.68	0.05	-	-	8.15
Depreciation charge for the year	0.06	0.12	0.43	6.25	12.21	1.69	1.85	-	22.61
As at March 31, 2024	**0.41**	**0.56**	**1.63**	**16.19**	**52.51**	**5.15**	**1.85**	**-**	**78.30**
Net carrying amount									
As at March 31, 2023	**3.23**	**0.66**	**1.96**	**24.30**	**25.21**	**2.03**	**-**	**-**	**57.39**
As at March 31, 2024	**3.17**	**3.96**	**10.13**	**45.47**	**37.87**	**16.81**	**36.00**	**-**	**153.41**

Note - (i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The title deed of the immovable property is held in the name of the company.

13.1. Right-of-use assets

₹ in Crore

Particulars	Building
Cost	
As at April 1, 2022	**60.24**
Additions during the year	10.74
Disposals during the year	7.60
As at March 31, 2023	**63.38**
Additions during the year	87.24
Disposals during the year	4.41
As at March 31, 2024	**146.21**
Accumulated amortization	
As at April 1, 2022	**21.60**
Disposals during the year	7.55
Amortization charge for the year	9.81
As at March 31, 2023	**23.86**
Disposals during the year	3.99
Amortization charge for the year	25.03
As at March 31, 2024	**44.90**
Net carrying amount	
As at March 31, 2023	**39.52**
As at March 31, 2024	**101.31**

13.2. Intangible assets

₹ in Crore

Particulars	Computer software
Cost	
As at April 1, 2022	**38.80**
Additions during the year	0.07
Disposals during the year	-
As at March 31, 2023	**38.87**
Additions during the year	4.11
Disposals during the year	-
As at March 31, 2024	**42.98**
Accumulated amortization/ impairment	
As at April 1, 2022	**24.57**
Disposals during the year	-
Amortization charge for the year	4.95
As at March 31, 2023	**29.52**
Disposals during the year	-
Amortization charge for the year	4.22
As at March 31, 2024	**33.74**
Net carrying amount	
As at March 31, 2023	**9.35**
As at March 31, 2024	**9.24**

Note: The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the current or previous year.

Note 14: Other non-financial assets

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances	1.51	3.12
Prepaid expenses	26.55	17.77
Others	38.12	35.83
Total	**66.18**	**56.72**

Note 15 : Trade payables

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	0.21	0.13
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	415.29	475.47
Total	**415.50**	**475.60**

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

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.21	0.13
(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	**0.21**	**0.13**

15.2 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.

As at March 31, 2024

₹ in Crore

Particulars	Unbilled	Outstanding for				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	0.21	-	-	-	0.21
ii. Others	385.10	28.69	1.50	-	-	415.29
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

As at March 31, 2023

₹ in Crore

Particulars	Unbilled	Outstanding for: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i. MSME	-	0.13	-	-	-	0.13
ii. Others	438.92	28.41	8.14	-	-	475.47
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-
v. Disputed Dues - Others		-	-	-	-	-

Note 16 : Debt securities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 16.1 and 16.2)	2,618.07	3,341.60
Unsecured		
Commercial papers (refer note 16.3 and 16.4)	3,677.24	2,919.91
Total	**6,295.31**	**6,261.51**
Debt securities in India	6,295.31	6,261.51
Debt securities outside India	-	-
Total	**6,295.31**	**6,261.51**

16.1 Terms of fully paid up privately placed secured redeemable non convertible debentures (NCD):

₹ in Crore

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2024		As at March 31, 2023	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07492	April 27, 2020	April 27, 2023	7.85%	-	-	3,500	350.00
INE957N07666	February 28, 2022	February 28, 2024	6.20%	-	-	1,500	150.00
INE957N07583	March 19, 2021	March 15, 2024	6.50%	-	-	1,000	100.00
INE957N07609*	May 20, 2021	May 20, 2024	3m T-bill + 2.00%	-	-	2,000	200.00

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2024		As at March 31, 2023	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07534	November 03, 2020	May 21, 2024	Zero Percent (XIRR 6.38%)	250	25.00	250	25.00
INE957N07625	July 20, 2021	July 19, 2024	3m T-bill + 1.75%	2,150	215.00	2,150	215.00
INE957N07633	August 03, 2021	August 02, 2024	6.25%	2,000	200.00	2,000	200.00
INE957N07641	August 11, 2021	August 09, 2024	Zero Percent (XIRR 6.25%)	1,500	150.00	1,500	150.00
INE957N07724	December 13, 2022	August 13, 2024	Zero Percent (XIRR 8.28%)	1,390	139.00	1,390	139.00
INE957N07526	September 10, 2020	September 10, 2024	7.30%	1,500	150.00	1,500	150.00
INE957N07716	November 22, 2022	November 22, 2024	8.44%	2,650	265.00	2,650	265.00
INE957N07708	November 22, 2022	December 20, 2024	Zero Percent (XIRR 8.44%)	200	20.00	200	20.00
INE957N07740	December 30, 2022	December 30, 2024	8.25%	350	35.00	350	35.00
INE957N07617	July 14, 2021	April 15, 2025	Zero Percent (XIRR 6.57%)	500	50.00	500	50.00
INE957N07500	July 24, 2020	July 24, 2025	Zero Percent (XIRR 7.55%)	250	25.00	250	25.00
INE957N07682	July 29, 2022	July 29, 2025	7.99%	4,000	400.00	4,000	400.00
INE957N07542	November 03, 2020	November 03, 2025	6.95%	1,000	100.00	1,000	100.00
INE957N07567	January 19, 2021	January 19, 2026	Zero Percent (XIRR 6.90%)	250	25.00	250	25.00
INE957N07674	May 04, 2022	May 04, 2027	7.60%	3,000	300.00	3,000	300.00
INE957N07732	December 27, 2022	December 27, 2028	9.55%	2,500	250.00	2,500	250.00

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2024		As at March 31, 2023	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07591	May 07, 2021	May 07, 2031	7.35%	250	25.00	250	25.00
INE957N07757	May 12, 2023	May 12, 2026	8.35%	5,000	50.00	-	-
INE957N07773	February 02, 2024	February 02, 2029	8.60%	2,500	25.00	-	-
Sub total				**31,240**	**2,449.00**	**31,740**	**3,174.00**
Interest accrued on Secured NCDs					169.81		168.87
EIR adjustments					(0.74)		(1.27)
Grand Total				**31,240**	**2,618.07**	**31,740**	**3,341.60**

* INE957N07609 was redeemed on May 19, 2023 as put option was exercised by the investor.

16.2 The debentures are fully secured by first pari-passu charge by way of hypothecation of receivables.

16.3 Terms of repayment of Commercial papers:

Particulars	Repayment	As at March 31, 2024	As at March 31, 2023
Discount rate	Within 12 months	7.90% p.a. to 8.95%	6.07% p.a. to 8.36%

16.4 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.

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

16.6 During the period presented there were no defaults in the repayment of principal and/or interest.

Note 17 : Borrowings (other than debt securities)

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Term loan from banks and financial institutions (Secured) (refer note 17.1)	24,130.64	17,966.76
Term loan from banks - Foreign Currency Loan (Secured) (refer note 17.2)	25.59	39.42
External commercial borrowing (Secured) (refer note 17.3)	4,759.73	3,934.83
Loan repayable on demand from banks		
- Cash credit (Secured) (refer note 17.4)	423.89	319.37
- Working capital demand loans (Secured) (refer note 17.4)	2,315.01	1,470.07
- Working capital demand loans (Unsecured) (refer note 17.4)	200.00	200.00
Total	**31,854.86**	**23,930.45**
Borrowing in India	27,095.13	19,995.62
Borrowing outside India	4,759.73	3,934.83
Total	**31,854.86**	**23,930.45**

17.1 Secured term loans from banks and financial institutions are secured by a first pari-passu charge by way of hypothecation of receivables are as follows:

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Secured term loans (before interest accrued but not due and EIR adjustment)	24,095.63	17,961.07
Carrying interest rate (in %)	6.10% p.a to 9.68% p.a	6.05% p.a to 9.30% p.a

Terms of repayment as at March 31, 2024:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Monthly	More than 3 years	60	526.32	41	359.65	21	184.21	6	52.63	**1,122.81**
Quarterly	2 to 3 Years	22	750.97	2	11.11	-	-	-	-	**762.08**
Quarterly	More than 3 years	223	5,975.47	186	5,290.08	129	3,749.90	140	3,236.16	**18,251.61**
Semi-annual	2 to 3 Years	1	100.00	2	200.00	1	100.00	-	-	**400.00**
Semi-annual	More than 3 years	17	925.41	6	284.72	2	62.50	2	62.50	**1,335.13**
Annually	More than 3 years	5	301.00	4	352.67	2	252.67	2	252.67	**1,159.01**
Bullet	2 to 3 Years	2	400	1	250.00	-	-	-	-	**650.00**
Bullet	More than 3 years	-	-	-	-	1	415.00	-	-	**415.00**
Interest accrued but not due										**54.26**
EIR Adjustments										**(19.26)**
	Total		**8,979.17**		**6,748.23**		**4,764.28**		**3,603.96**	**24,130.64**

Terms of repayment as at March 31, 2023:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Monthly	More than 3 years	64	576.32	64	576.32	45	409.65	35	336.84	**1,899.13**
Quarterly	2 to 3 Years	57	1,673.65	18	728.75	-	-	-	-	**2,402.40**
Quarterly	More than 3 years	132	2,944.49	105	2,746.35	68	2,060.92	51	1,689.10	**9,440.86**
Semi-annual	More than 3 years	26	1,455.41	18	847.71	8	255.56	-	-	**2,558.68**
Annually	More than 3 years	7	361.00	6	351.00	4	186.00	2	72.00	**970.00**
Bullet	2 to 3 Years	-	-	2	400.00	-	-	-	-	**400.00**
Bullet	More than 3 years	3	190.00	2	100.00	-	-	-	-	**290.00**
Interest accrued but not due										**26.05**
EIR Adjustments										**(20.36)**
Total		**289**	**7,200.87**	**215**	**5,750.13**	**125**	**2,912.13**	**88**	**2,097.94**	**17,966.76**

17.2 Foreign currency loan are fully secured by a first pari-passu charge by way of hypothecation of receivables.

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying interest rate* (in %)	5.74%	4.52%

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender

Terms of repayment as at March 31, 2024:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet*	Upto 1 Year	1	25.29	-	-	-	-	-	-	**25.29**
Interest accrued but not due										**0.30**
EIR adjustments										**-**
	Total	**1**	**25.29**	**-**	**-**	**-**	**-**	**-**	**-**	**25.59**

Terms of repayment as at March 31, 2023:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet*	Upto 1 Year	1	38.22	-	-	-	-	-	-	38.22
Interest accrued but not due										1.20
EIR adjustments										-
	Total	**1**	**38.22**		**-**		**-**		**-**	**39.42**

*The maturity of the instrument is categorized based on the terms of foreign currency loan and estimation of prepayment of the facility.

17.3 External commercial borrowings are secured by a first pari-passu charge by way of hypothecation of receivables.

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying interest rate* (in %)	4.94% p.a. to 7.16% p.a.	4.89% p.a. to 6.41% p.a.

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender

Terms of repayment as at March 31, 2024:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet	More than 3 years	8	1,108.84	11	3,163.45	1	150.61	2	301.24	**4,724.14**
Interest accrued but not due										**55.38**
EIR Adjustments										**(19.79)**
	Total	**8**	**1,108.84**	**11**	**3,163.45**	**1**	**150.61**	**2**	**301.24**	**4,759.73**

Terms of repayment as at March 31, 2023:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet	More than 3 years	-	-	7	949.27	10	2,972.98	-	-	3,922.25
Interest accrued but not due										44.63
EIR Adjustments										(32.05)
	Total	**-**	**-**	**7**	**949.27**	**10**	**2,972.98**	**-**	**-**	**3,934.83**

17.4 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 receivables. Terms of repayment of cash credit facilities and working capital demand loans:

Instrument	Repayment	As at March 31, 2024	As at March 31, 2023
Carrying interest rate			
Cash Credit facilities	On Demand	7.82% p.a to 9.10% p.a	7.00% p.a to 8.80% p.a
Working Capital demand loans	On Demand	6.95% p.a. to 9.23% p.a.	7.58% p.a. to 8.55% p.a.

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

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

17.7 The term loans have been applied for the purposes for which they were obtained except for ₹ 1,379.70 crore (March 31, 2023 : ₹ 1,311.81 crore) which were pending to be utilised and temporarily parked in liquid assets as at March 31, 2024.

17.8 Quarterly returns or statements of receivables, current assets etc. filed by the Company with the banks, financial institutions or others are in agreement with the books of account, except the insignificant differences.

17.9 There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

Note 18 : Subordinated liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Subordinated liabilities (unsecured)		
At amortised cost		
Redeemable non-convertible debentures-Tier II (refer note 18.1 to 18.3)	937.98	881.67
Designated at fair value through profit or loss		
Compulsorily convertible preference shares (CCPS) (refer note 18.4 to 18.8)	2,611.24	2,310.05
3,63,63,636 CCPS of face value ₹ 550 each (March 31, 2023: 3,63,63,636 CCPS of face value ₹ 550 each)		
Total	**3,549.22**	**3,191.72**
Subordinated liabilities in India	2,325.86	2,109.46
Subordinated liabilities outside India	1,223.36	1,082.26
Total	**3,549.22**	**3,191.72**

18.1 Terms of repayment of non-convertible debentures-Tier II:

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2024		As at March 31, 2023	
				Number of NCDs	Amount ₹ in Crore	Number of NCDs	Amount ₹ in Crore
INE957N08011	September 15, 2015	September 15, 2025	9.35%	1,000	100.00	1,000	100.00
INE957N08029	August 03, 2016	August 03, 2026	8.98%	1,000	100.00	1,000	100.00
INE957N08037	June 20, 2017	June 18, 2027	8.52%	1,000	100.00	1,000	100.00
INE957N08045	December 06, 2018	November 24, 2028	9.81%	1,250	125.00	1,250	125.00
INE957N08052	February 05, 2020	February 05, 2030	8.85%	1,000	100.00	1,000	100.00
INE957N08060	March 04, 2020	March 04, 2030	8.49%	250	25.00	250	25.00
INE957N08078	December 11, 2020	December 11, 2030	7.65%	450	45.00	450	45.00
INE957N08086	July 18, 2022	July 16, 2032	8.65%	100	100.00	100	100.00
INE957N08094	October 21, 2022	October 21, 2032	8.65%	55	55.00	55	55.00
INE957N08102	December 01, 2022	December 01, 2032	8.65%	100	100.00	100	100.00
INE957N08110	January 05, 2024	January 05, 2034	9.00%	5,500	55.00	-	-
Interest accrued but not due				-	35.47	-	35.17
EIR adjustments				-	(2.49)	-	(3.50)
				11,705	**937.98**	**6,205**	**881.67**

18.2 No subordinated debts is guaranteed by directors and/or others.

18.3 During the period presented there were no defaults in the repayment of principal and/or interest.

18.4 During the previous year, 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 crore. 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 and conditions of such preference shares, they are required to be classified as a financial liability.

In accordance with Ind AS 32 'Financial Instruments: Presentation', the Company had classified these CCPS as a financial liability 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.

If these 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, 2024 would be higher by ₹ 348.69 crore (March 31, 2023: ₹ 310.05 crore) and total equity would be higher by ₹ 2,611.24 crore (March 31, 2023: ₹ 2,310.05 crore) and subordinated liabilities would be lower by ₹ 2,611.24 crore as at March 31, 2024 (March 31, 2023: ₹ 2310.05 crore).

18.5 Each CCPS is a compulsorily and fully convertible preference share, convertible into Equity Shares, as per the terms and conditions as laid out in agreement. The holders of CCPS shall not be entitled to any voting rights with respect to such CCPS, except in accordance with the Companies Act, 2013.

18.6 Amount raised through issuance of CCPS has been used for purpose for which they are raised as stated in the agreement.

18.7 Subject to terms and conditions as laid out in agreement, the holder of each CCPS shall be entitled to receive dividends in cash annually, in respect of each CCPS, at minimum annual cumulative rate of 3% (Three Percent) on the face value of such CCPS upto the date of expiry of QIPO period. The board of directors has approved the payment of dividend of 3% p.a. per CCPS for the year ended March 31, 2024.

18.8 As per the terms of issuance of CCPS, in the event, QIPO is not completed on or prior to the expiry of QIPO period, the coupon for the CCPS will change to 16% p.a. from 3% p.a. after the expiry of QIPO period till the date of conversion of such CCPS.

Note 19 : Lease liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (Refer note 41)	109.85	45.87
Total	**109.85**	**45.87**

Note 20. Other financial liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Unclaimed dividend (refer note 20.1)	0.57	0.43
Book overdrafts	89.72	584.90
Other payables		
Salaries and wages payable	105.29	71.14
Security deposits	0.08	0.11
Margin money from customers	53.91	26.55
Others	144.18	144.74
Total	**393.75**	**827.86**

20.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2024 and March 31, 2023 which are required to be credited to the Investor Education and Protection Fund.

Note 21: Current tax liabilities (net)

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for income tax	295.20	197.88
Less : Advance tax	(254.35)	(196.85)
Total	**40.85**	**1.03**

Note 22: Provisions

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
-Provision for gratuity (refer note 34.2)	35.33	27.83
-Provision for compensated absences (refer note 34.3)	26.05	20.48
Total	**61.38**	**48.31**

Note 23: Other non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Unamortised interest on margin money deposits	29.58	14.61
Statutory dues payable	39.42	45.05
Total	**69.00**	**59.66**

Note 24 : Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount ₹ in Crore	Number of shares	Amount ₹ in Crore
Authorised				
Equity shares of ₹10 each	30,00,00,020	300.00	30,00,00,020	300.00
	30,00,00,020	**300.00**	**30,00,00,020**	**300.00**
Issued				
Equity shares of ₹10 each	12,73,06,674	127.31	12,73,06,674	127.31
	12,73,06,674	**127.31**	**12,73,06,674**	**127.31**
Subscribed				
Equity shares of ₹ 10 each (fully paid up)	12,73,06,110	127.31	12,73,05,868	127.31
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)	564	#	806	#
Total	**12,73,06,674**	**127.31**	**12,73,06,674**	**127.31**

Below rounding off norms.

24.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	Amount ₹ in Crore	Number of Shares	Amount ₹ in Crore
Equity shares of ₹ 10 each (Fully Paid up)				
Opening balance	12,73,05,868	127.31	12,73,05,868	127.31
Issued during the year	-	-	-	-
Converted into fully paid up during the year	242	#	-	-
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)				
Opening balance	806	#	806	#
Issued during the year	-	-	-	-
Converted into fully paid up share during the year Rs. 10 each	(242)	#	-	-
Outstanding at the end of the year	**12,73,06,674**	**127.31**	**12,73,06,674**	**127.31**

Below rounding off norms.

24.2 Terms/ rights, preference and restriction attached to equity shares of ₹ 10 each

(i) The Company has only one class of equity share having face value of ₹ 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.

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

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Equity shares				
Hero MotoCorp Ltd.	5,24,31,893	41.19	5,24,31,893	41.19
Bahadur Chand Investment Pvt. Ltd.	2,58,96,764	20.34	2,58,96,764	20.34
Otter Limited	1,28,82,170	10.12	1,28,82,170	10.12

Mr. Pawan Munjal (refer note 24.4 below)	36,08,812	2.83	36,08,812	2.83
Ms. Renu Munjal (refer note 24.4 below)	40,94,737	3.22	40,94,737	3.22
Ms. Santosh Munjal (refer note 24.4 below)	3,23,600	0.25	3,23,600	0.25
Mr. Suman Kant Munjal (refer note 24.4 below)	40,94,737	3.22	40,94,737	3.22
Total Brijmohan Lall Om Parkash (Partnership firm)	**1,21,21,886**	**9.52**	**1,21,21,886**	**9.52**

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

24.5 Shareholding of Promoters

S. No.	Promoter Name	As at March 31, 2024			As at March 31, 2023		
		No. of shares	Percentage of total shares(in %)	Percentage of change during the year	No. of shares	Percentage of total shares(in %)	Percentage of change during the year
1	Hero Motocorp Limited	5,24,31,893	41.19	-	5,24,31,893	41.19	-
2	Bahadur Chand Investments Private Limited	2,58,96,764	20.34	-	2,58,96,764	20.34	-
3	Brijmohan Lal Om Parkash (partnership Firm)	1,21,21,886	9.52	-	1,21,21,886	9.52	-
4	Hero Investcorp Private Limited	34,33,008	2.70	-	34,33,008	2.70	-
5	Munjal Acme Packaging Systems Private Limited	19,21,968	1.51	-	19,21,968	1.51	-
6	Pawan Munjal Family Trust	7,90,394	0.62	-	7,90,394	0.62	-
7	RK Munjal and Sons Trust	7,90,394	0.62	-	7,90,394	0.62	-
8	Renu Munjal	4,10,740	0.32	-	4,10,740	0.32	-
9	Annuvrat Munjal	3,42,945	0.27	-	3,42,945	0.27	-
10	Munjal Family Trust *	1,50,682	0.12	0.12	-	0.00	-
11	Sunil Kant Munjal	3,14,502	0.25	-	3,14,502	0.25	-
12	Abhimanyu Munjal	1,50,681	0.12	(0.12)	3,01,363	0.24	-
13	Pawan Munjal	5,92,259	0.47	-	5,92,259	0.47	-

S. No.	Promoter Name	As at March 31, 2024			As at March 31, 2023		
		No. of shares	Percentage of total shares(in %)	Percentage of change during the year	No. of shares	Percentage of total shares(in %)	Percentage of change during the year
14	Survam Trust	2,43,905	0.19	-	2,43,905	0.19	-
15	Ujjwal Munjal	2,24,420	0.18	-	2,24,420	0.18	-
16	Rahul Munjal	2,24,166	0.18	-	2,24,166	0.18	-
17	Supria Munjal	1,90,978	0.15	-	1,90,978	0.15	-
18	Vasudha Dinodia	1,90,978	0.15	-	1,90,978	0.15	-
19	Akshay Munjal	1,87,324	0.15	-	1,87,324	0.15	-
20	Suman Kant Munjal	1,84,534	0.15	-	1,84,534	0.15	-
21	Radhika Uppal	1,04,805	0.08	-	1,04,805	0.08	-
22	Vidur Munjal	99,531	0.08	-	99,531	0.08	-
23	Geeta Anand	99,423	0.08	-	99,423	0.08	-
24	Aniesha Munjal	91,704	0.07	-	91,704	0.07	-
25	Shefali Munjal	45,675	0.04	-	45,675	0.04	-
26	Renuka Munjal	16,373	0.01	-	16,373	0.01	-
27	Mukta Munjal	4,500	0.00	-	4,500	0.00	-

* Beneficial Owner of these shares is Abhimanyu Munjal

24.6 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.

24.7 Employee stock options

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

24.8 Compulsorily convertible preference shares (CCPS)

Refer note 18.4 to 18.8 for terms and rights attached to Compulsorily convertible preference shares (CCPS).

Note 25: Other equity

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Securities premium		
Opening balance as at reporting date	**3,940.30**	**3,946.30**
Add: Additions during the year	0.01	-
Less: Share issue expenses	-	(6.00)
Closing balance as at reporting date	**3,940.31**	**3,940.30**
Statutory reserve		
Opening balance as at reporting date	**356.82**	**265.35**
Add: Transferred from retained earnings	120.38	91.47
Closing balance as at reporting date	**477.20**	**356.82**
Stock options outstanding account		
Opening balance as at reporting date	**26.82**	**27.33**
Add: Charge during the year	14.59	(0.51)
Less: Transferred to retained earnings	(1.16)	-
Closing balance as at reporting date	**40.25**	**26.82**
General reserve		
Opening balance as at reporting date	**131.02**	**131.02**
Add: Transfer from retained earning	-	-
Closing balance as at reporting date	**131.02**	**131.02**
Other comprehensive income/ (loss)		
Opening balance as at reporting date	**-**	**-**
Add: Other comprehensive income/ (loss) for the year	(1.32)	0.76
Less: Transferred to retained earnings	1.32	(0.76)
Closing balance as at reporting date	**-**	**-**
Cash flow hedge reserve		
Opening balance as at reporting date	**(1.75)**	**(0.84)**
Add: Other comprehensive income/ (loss) for the year	(25.15)	(0.91)
Closing balance as at reporting date	**(26.90)**	**(1.75)**
Retained earnings		
Opening balance as at reporting date	**708.10**	**341.48**
Add: Profit / (loss) for the year	601.92	457.33
Add: Other comprehensive income/ (loss) for the year	(1.32)	0.76
Add: Transfer from ESOP reserve	1.16	-
Less: Dividend paid on equity shares	(103.12)	-
Less: Transfers to statutory reserve	(120.38)	(91.47)
Closing balance as at reporting date	**1,086.36**	**708.10**
Total	**5,648.24**	**5,161.31**

Nature of other equity:

Securities premium:

Securities premium is used to record the premium on issuance of shares. 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 Company and its subsidiary. 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.

Cash flow hedge reserve:

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Retained earnings:

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

Note 26: Revenue from operations

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on:		
- Loans (at amortised cost)	6,873.63	5,297.97
- Investments (FVTPL)	95.35	48.94
- Fixed deposits	8.32	16.78
Dividend income	0.71	0.74
Profit on sale of investments	61.32	76.18
Rental income	-	0.11
Insurance commission	113.99	21.22
Others charges	601.92	541.83
Total	**7,755.24**	**6,003.77**

26.1 Net gain / (loss) on fair value changes

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On financial instruments designated at fair value through profit or loss	(348.69)	(310.05)
(ii) Others	2.23	8.00
Total net gain/(loss) on fair value changes (A)	**(346.46)**	**(302.05)**
(B) Fair value changes		
(i) Unrealised gain/(loss)	(346.46)	(302.05)
Total net gain/(loss) on fair value changes (B)	**(346.46)**	**(302.05)**

Note 27: Other income

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Fees on value added services	46.27	25.70
Other income	3.18	3.46
Total	**49.45**	**29.16**

Note 28: Finance costs

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	434.47	364.67
- Interest on borrowings (other than debt securities)	2,274.18	1,531.44
- Interest on subordinated liabilities	77.15	63.96
- Interest on lease liabilities	9.51	3.93
- Others	-	-
Total	**2,795.31**	**1,964.00**

Note 29: Impairment on financial instruments

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Impairment allowance (on loans measured at amortised cost)#	(29.03)	10.55
Settlement loss and bad debts written off *#	1,737.17	1,194.24
Total	**1,708.14**	**1,204.79**
* Net off recoveries from bad debts written off cases	374.04	425.20
# Including the impairment allowance as of the derecognition date	1,421.32	963.04

Note 30: Employee benefits expenses

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	512.37	409.42
Contribution to provident and other funds (refer note 34.1)	24.03	18.59
Employee share based payment expense (refer note 45)	27.56	6.65
Gratuity expense (refer note 34.2)	7.77	6.36
Staff welfare expenses	7.50	7.60
Total	**579.23**	**448.62**

Note 31. Other expenses

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	2.45	1.48
Rates and taxes	0.58	1.13
Insurance	15.05	14.97
Repairs and maintenance		
-Building	5.04	3.04
-Vehicle	0.41	0.32
Contractual staff cost	269.83	239.77
Recruitment and training	6.39	16.75
Loan processing fee	15.49	15.85
Communication	9.74	13.72
Printing and stationery	6.14	8.58
Bank charges	28.47	30.70

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Travelling and conveyance	67.81	52.43
Loss on sale of property, plant and equipment (net)	0.99	1.45
Advertisement and marketing	41.77	32.75
Information technology	161.18	126.09
Loan collection charges	663.18	715.19
Legal and professional	64.51	71.72
Auditor's remuneration (refer note 31.1)	2.01	1.71
Expenditure towards corporate social responsibility (CSR) (refer note 31.2)	4.99	3.24
Miscellaneous*	32.45	20.83
Total	**1,398.48**	**1,371.72**

* Includes donation of ₹ 8.00 crore made to Bharatiya Janata Party under section 182 of the Companies Act, 2013 (previous year Nil).

31.1: Auditor's remuneration

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Audit fee	1.19	0.95
Limited review	0.66	0.57
Certification fees	0.07	0.08
Out of pocket expenses	0.09	0.11
Total	**2.01**	**1.71**

31.2: Expenditure on Corporate Social Responsibility (CSR)

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Gross amount required to be spent by the company during the year	4.64	1.17
(b) Amount approved by the Board to be spent during the year	4.99	4.39
(c) Amount spent during the year on:	-	-
i) Construction/acquisition of any assets	-	-
ii) On purpose other than (i) above	4.99	4.39
(d) Shortfall at the end of the year	-	-
(e) Total of previous years shortfall	-	1.16

(f) Reason for shortfall	-	-
(g) Nature of CSR activities	#	#
(h) Amount carried forward from previous year for setting off in the current year		-
(i) Excess amount spent during the year carried forward to subsequent year	0.35	2.06
(j) The company has spent excess/(short) amount and details of the same are as follows:-		

₹ in Crore

Financial Year	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Balance not carried forward to next year	Balance carried forward to next year
2022-23	(1.16)	1.17	4.39	-	2.06
2023-24	-	4.64	4.99	-	0.35

Promoting education including skill development

Note 32: 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, 2024	As at March 31, 2023
Net profit for the year (₹ in crore) **(A)**	601.92	457.33
Calculation of weighted average number of equity shares		
Number of equity shares outstanding at the beginning of the year	12,73,06,674	12,73,06,674
Number of equity shares issued during the year	-	-
Number of equity shares outstanding at the end of the year	12,73,06,674	12,73,06,674
Nominal value of equity share (in ₹)	10	10
Weighted average number of equity shares outstanding during the year (B)	12,73,06,273	12,73,06,271
Basic earnings per share of face value of ₹ 10 each (A) / (B)	47.28	35.92
Weighted average number of potential dilutive equity shares (C)	12,75,60,202	12,74,23,670
Dilutive earnings per share of face value of ₹ 10 each (A) / (C)	47.19	35.89

Weighted average number of equity shares (diluted)		
Weighted average number of equity shares outstanding during the year	12,73,06,273	12,73,06,271
Add: Number of potential equity share in respect of employee stock option scheme and partly paid up shares	2,53,929	1,17,399
Weighted average number of potential dilutive equity shares	12,75,60,202	12,74,23,670

Note 33: 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.
The break-up of revenue from interest income and other income is provided in note 26.

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 34: Retirement benefit plan

34.1 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:

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employer's contribution to provident fund	22.03	16.70
Employer's contribution to superannuation fund	1.00	0.94
Employer's contribution to national pension scheme	1.00	0.95
	24.03	**18.59**

34.2 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:

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	27.83	24.32
Included in statement of profit and loss:		
Current service cost	5.73	4.76
Interest expense	2.04	1.60
Benefits paid	(2.03)	(1.83)
	5.74	**4.53**
Remeasurement (gains)/losses in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from :		
- demographic assumptions	-	(0.33)
- financial assumptions	1.12	(0.25)
- experience adjustment	0.64	(0.44)
	1.76	**(1.02)**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**35.33**	**27.83**

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:

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	5.73	4.76
Net interest expense	2.04	1.60
Total	**7.77**	**6.36**

iii) Expense recognised in Other comprehensive (income)/loss:

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Remeasurement (gains) / (losses)		
Actuarial loss / (gain) arising from :		
- demographic assumptions	-	(0.33)
- financial assumptions	1.12	(0.25)
- experience adjustment	0.64	(0.44)
Total	**1.76**	**(1.02)**

iv) Plan characteristics and associated risks

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liabilty.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. increase in the maximum limit on gratuity of Rs. 20,00,000).

v) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.15%	7.30%
Withdrawal rate		
Up to 30 years	22.00%	22.00%
31 - 44 years	22.00%	22.00%
Above 44 years	22.00%	22.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
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.

vi) 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, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	34.19	36.55	27.00	28.73
Salary growth rate (- / + 1%)	36.52	34.20	28.71	27.00
Attrition rate (- / + 50%)	33.98	36.89	27.02	28.73
Mortality rate (- / + 10%)	35.33	35.33	27.83	27.83

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.

vii) 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, 2023: Nil)

viii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

₹ in Crore

Duration (years)	As at March 31, 2024	As at March 31, 2023
within the next 12 months	15.09	13.36
Between 2 to 5 years	16.32	11.60
Above 5 years	14.55	10.72

As at March 31, 2024, the weighted-average duration of the defined benefit obligation was 3 years (March 31, 2023: 3 years)

34.3 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 ₹ 26.05 crore (March 31, 2023: ₹ 20.48 crore) as per the actuarial report.

Note 35: Maturity analysis of assets and liabilities

The table below shows a maturity analysis of assets and liabilities. Loans is net of impairment loss allowance on loans considering realizability, the amount recoverable from Stage 3 assets is classified under after 12 months.

₹ in Crore

Assets	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	28.34	-	28.34	630.62	-	630.62
Bank balance other than cash and cash equivalents	43.94	-	43.94	41.22	-	41.22
Derivative financial instruments	84.84	48.83	133.67	(0.04)	115.87	115.83
Trade receivables	10.07	-	10.07	1.30	-	1.30
Loans	21,182.60	23,747.30	44,929.90	18,148.80	18,064.20	36,213.00
Investments	1,625.26	807.63	2,432.89	1,481.20	817.61	2,298.81
Other financial assets	122.36	11.32	133.68	132.37	12.15	144.52
Non financial assets						
Current tax assets (net)	-	153.62	153.62	-	146.41	146.41
Deferred tax assets (net)	-	369.02	369.02	-	375.94	375.94
Property, plant and equipment	-	153.41	153.41	-	57.39	57.39
Right-of-use assets	-	101.31	101.31	-	39.52	39.52
Intangible assets	-	9.24	9.24	-	9.35	9.35
Other non-financial assets	63.45	2.73	66.18	56.24	0.48	56.72
Total assets	**23,160.86**	**25,404.41**	**48,565.27**	**20,491.71**	**19,638.92**	**40,130.63**

₹ in Crore

Liabilities	As at March 31, 2024 Within 12 months	As at March 31, 2024 After 12 months	As at March 31, 2024 Total	As at March 31, 2023 Within 12 months	As at March 31, 2023 After 12 months	As at March 31, 2023 Total
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	0.21	-	0.21	0.13	-	0.13
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	415.29	-	415.29	467.33	8.14	475.47
Debt securities	5,019.77	1,275.54	6,295.31	3,847.66	2,413.85	6,261.51
Borrowing (other than debt securities)	13,157.90	18,696.96	31,854.86	9,297.26	14,633.19	23,930.45
Subordinated liabilities	35.47	3,513.75	3,549.22	34.26	3,157.46	3,191.72
Lease Liabilities	23.65	86.20	109.85	8.81	37.06	45.87
Other financial liabilities	337.75	56.00	393.75	802.76	25.10	827.86
Non financial liabilities						
Current tax liabilities (net)	40.85	-	40.85	1.03	-	1.03
Provisions	25.50	35.88	61.38	22.22	26.09	48.31
Other non - financial liabilities	45.93	23.07	69.00	45.51	14.15	59.66
Total liabilities	**19,102.32**	**23,687.40**	**42,789.72**	**14,526.97**	**20,315.04**	**34,842.01**
Net	**4,058.54**	**1,717.01**	**5,775.55**	**5,964.74**	**(676.12)**	**5,288.62**

Note 36: Change in liabilities arising from financing activities

₹ in Crore

Particulars	April 1, 2023	Cash flows	Others	March 31, 2024
Debt securities*	6,261.51	(188.50)	222.30	6,295.31
Borrowings other than debt securities	23,930.45	7,820.52	103.89	31,854.86
Subordinated liabilities	3,191.72	7.49	350.01	3,549.22
Lease Liabilities	45.87	(29.60)	93.58	109.85
Total liabilities from financing activities	**33,429.55**	**7,609.91**	**769.78**	**41,809.24**

₹ in Crore

Particulars	April 1, 2022	Cash flows	Others	March 31, 2023
Debt securities*	5,570.08	468.52	222.91	6,261.51
Borrowings other than debt securities	20,020.09	3,775.06	135.30	23,930.45
Subordinated liabilities	617.60	2,255.00	319.12	3,191.72
Lease Liabilities	43.60	(12.38)	14.65	45.87
Total liabilities from financing activities	**26,251.37**	**6,486.20**	**691.98**	**33,429.55**

* Others debt securities represent discount on commercial paper amortised during the year.

Note 37: Contingent liabilities and commitments

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
37.1 Capital commitment		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for*	3.73	5.42
(ii) Undrawn committed credit lines	1,547.00	903.69
Total	**1,550.73**	**909.11**
*Net of advances paid	**1.51**	**3.12**

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
37.2 Contingent liability		
VAT matters under appeal	0.20	0.20
Income tax matters		
Appeals/ Writ by the company	112.60	312.09
Appeals by the Income tax department	0.33	0.33
Bank Guarantee*	0.25	0.25
Total	**113.38**	**312.87**

* The Company has provided bank guarantee to National Stock Exchange to comply with the requirement of Recovery Expense Fund as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020.

(a) The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

37.3 Litigations constitute the pending litigations filed by customers/vendors/ex-employees/others against the Company for service deficiency/title claims/monetary claims, etc. which is in the course of business as usual. Asides the above the Company in its rightful entitlement initiates appropriate legal proceedings for recovery of loan and enforcing security interest. A provision is created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels and assessment of such contingency as 'low', 'medium' or 'high'. In respect of the open litigations, the Management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, its operations and cash flows.

Note 38: Related party transactions

List of Related parties:

A Related party where control exists irrespective whether transactions have occurred or not

(a) Subsidiary of the Company:

Hero Housing Finance Limited

B Other related parties where transactions have occurred during the year

(a) Parties having significant influence over the Company:

Hero MotoCorp Limited

Bahadur Chand Investment Private Limited - Core Investment Company

(b) Key managerial personnel (KMP):

Mr. Pawan Munjal – Chairman

Ms. Renu Munjal – Managing Director

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

Mr. Pradeep Dinodia - Non-Executive Director

Mr. Vivek Chaand Sehgal - Non-Executive Director (upto February 05, 2024)

Mr. Sanjay Kukreja - Non-Executive Director

Mr. Matthew Russell Michelini - Non-Executive Director (w.e.f August 03, 2022 upto February 05, 2024)

Mr. Jayesh Jain – Chief Financial Officer (upto May 21, 2023)#

Mr. Sajin Mangalathu - Chief Financial Officer (w.e.f August 04, 2023)#

Mr. Shivendra Kumar Suman – Company Secretary#

Mr. Amar Raj Singh Bindra - Non-Executive Director (w.e.f May 01,2023)

Ms. Anuranjita Kumar - Non-Executive Director (w.e.f February 05,2024)

identified as per the provisions of Companies Act, 2013

(c) Enterprises over which key management personnel and their relatives exercise significant influence:

Hero Investcorp Private Limited

Hero Solar Energy Private Limited

Brijmohan Lall Om Prakash (Partnership Firm)

Munjal Acme Packaging Systems Private Limited

Cosmic Kitchen Private Limited

Ather Energy Private Limited

Hero Mind Mine Institute Private limited

BML Munjal University

Motherson Lease Solution Limited (upto February 05, 2024)

Hamari Asha Foundation

Elvy Lifestyle Private Limited

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Loan given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150.00**	**-**	**150.00**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	150.00	-	150.00
Loan repaid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**156.96**	**352.46**	**156.96**	**352.46**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	106.75	133.80	106.75	133.80
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	50.21	176.08	50.21	176.08
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	-	-	42.58	-	42.58
Margin money paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.04**	**-**	**3.04**	**-**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	3.04	-	3.04	-
Investment in equity shares	**-**	**300.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300.00**
Hero Housing Finance Limited	-	300.00	-	-	-	-	-	-	-	-	-	-	-	300.00

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Issuance of compulsorily convertible preference shares	**-**	**-**	**-**	**700.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**-**	**780.00**
Hero MotoCorp Limited	-	-	-	700.00	-	-	-	-	-	-	-	-	-	700.00
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	80.00	-	80.00
Purchase of property, plant and equipment	**-**	**0.03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.03**
Hero Housing Finance Limited	-	0.03	-	-	-	-	-	-	-	-	-	-	-	0.03
Sale of property, plant and equipment	**1.27**	**0.08**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.27**	**0.08**
Hero Housing Finance Limited	1.27	0.08	-	-	-	-	-	-	-	-	-	-	1.27	0.08
Subvention income	**-**	**-**	**2.88**	**3.06**	**-**	**-**	**-**	**-**	**-**	**-**	**0.55**	**-**	**3.43**	**3.06**
Hero MotoCorp Limited	-	-	2.88	3.06	-	-	-	-	-	-	-	-	2.88	3.06

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	0.55	-	0.55	-
Rental income	**3.17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.17**	**-**
Hero Housing Finance Limited	3.17	-	-	-	-	-	-	-	-	-	-	-	3.17	-
Interest received/ accrued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22.23**	**38.74**	**22.23**	**38.74**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	21.65	17.16	21.65	17.16
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	0.58	18.23	0.58	18.23
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	-	-	3.35	-	3.35
Interest waiver	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.38**	**-**	**0.38**	**-**
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	0.38	-	0.38	-
Lease rental received	**-**	**-**	**-**	**0.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.11**
Hero MotoCorp Limited	-	-	-	0.11	-	-	-	-	-	-	-	-	-	0.11

₹ in Crore

Items \ Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Other Income	**2.85**	**3.44**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.85**	**3.44**
Hero Housing Finance Limited	2.85	3.44	-	-	-	-	-	-	-	-	-	-	2.85	3.44
Processing fees received	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.88**	**-**	**1.88**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	1.88	-	1.88
Reimbursement for sale of operating lease vehicles	**-**	**-**	**-**	**0.21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.21**
Hero MotoCorp Limited	-	-	-	0.21	-	-	-	-	-	-	-	-	-	0.21
Employee's training expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.53**	**0.22**	**0.53**	**0.22**
BML Munjal University	-	-	-	-	-	-	-	-	-	-	0.44	-	0.44	-
Hero Mind Mine Institute Private limited	-	-	-	-	-	-	-	-	-	-	0.09	0.22	0.09	0.22

₹ in Crore

Related Party / Items	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Staff welfare expense and others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.22**	**0.93**	**2.22**	**0.93**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	-	-	2.22	0.93	2.22	0.93
Business Promotion Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.39**	**0.42**	**0.39**	**0.42**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	-	-	0.12	0.42	0.12	0.42
Hamari Asha Foundation	-	-	-	-	-	-	-	-	-	-	0.27	-	0.27	-
Induction Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**0.02**	**-**
Hamari Asha Foundation	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02	-
General Office Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.03**	**-**	**0.03**	**-**
Elvy Lifestyle Private Limited	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03	-

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Sourcing Commission Income	**-**	**0.15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.15**
Hero Housing Finance Limited	-	0.15	-	-	-	-	-	-	-	-	-	-	-	0.15
ESOP cross charge received	**0.07**	**0.18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.07**	**0.18**
Hero Housing Finance Limited	0.07	0.18	-	-	-	-	-	-	-	-	-	-	0.07	0.18
Director sitting fee/ commission	**-**	**-**	**-**	**-**	**1.27**	**0.24**	**-**	**-**	**-**	**-**	**-**	**-**	**1.27**	**0.24**
Directors and their relatives	-	-	-	-	1.27	0.24	-	-	-	-	-	-	1.27	0.24

₹ in Crore

Items \ Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Dividend paid on equity shares	**-**	**-**	**63.45**	**-**	**2.95**	**-**	**-**	**-**	**-**	**-**	**14.20**	**-**	**80.60**	**-**
Directors and their relatives	-	-	-	-	2.95	-	-	-	-	-	-	-	2.95	-
Bahadur Chand Investment Private Limited	-	-	20.98	-	-	-	-	-	-	-	-	-	20.98	-
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	9.82	-	9.82	-
Hero Investcorp Private Limited	-	-	-	-	-	-	-	-	-	-	2.78	-	2.78	-
Hero MotoCorp Limited	-	-	42.47	-	-	-	-	-	-	-	-	-	42.47	-
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	-	0.04	-	0.04	-
Munjal Acme Packaging Systems Private Limited	-	-	-	-	-	-	-	-	-	-	1.56	-	1.56	-

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Dividend paid on compulsorily convertible preference shares	**-**	**-**	**16.63**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.90**	**-**	**18.53**	**-**
Hero MotoCorp Limited	-	-	16.63	-	-	-	-	-	-	-	-	-	16.63	-
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	1.90	-	1.90	-
Dividend received	**-**	**-**	**0.02**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**0.01**
Hero MotoCorp Limited	-	-	0.02	0.01	-	-	-	-	-	-	-	-	0.02	0.01
Reimbursement of expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.05**	**-**	**-**	**-**	**0.05**	**-**
Key Management Personnel	-	-	-	-	-	-	-	-	0.05	-	-	-	0.05	-
Short term employee benefits**	**-**	**-**	**-**	**-**	**42.11**	**27.36**	**-**	**-**	**3.63**	**4.44**	**-**	**-**	**45.74**	**31.80**
Directors	-	-	-	-	42.11	27.36	-	-	-	-	-	-	42.11	27.36

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Key Management Personnel	-	-	-	-	-	-	-	-	3.63	4.44	-	-	3.63	4.44
Post-employment benefits#	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* *Parties having significant influence over the Company.*

** *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.*

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Outstanding balances at the year end														
Investment in equity shares	**800.00**	**800.00**	**0.65**	**0.32**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**800.65**	**800.32**
Hero Housing Finance Limited ((Maximum outstanding during the year ₹ 800.00 crore (Previous year ₹ 800.00 crore)	800.00	800.00	-	-	-	-	-	-	-	-	-	-	800.00	800.00
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 0.65 crore (Previous year ₹ 0.40 crore))	-	-	0.65	0.32	-	-	-	-	-	-	-	-	0.65	0.32
Issuance of compulsory convertible preference shares	**-**	**-**	**700.00**	**700.00**	**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**80.00**	**780.00**	**780.00**
Hero MotoCorp Limited	**-**	**-**	**700.00**	**700.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**700.00**	**700.00**

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	80.00	80.00	80.00	80.00
Loan outstanding at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**107.75**	**264.50**	**107.75**	**264.50**
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 214.63 crore (Previous year ₹ 220.35 crore)	-	-	-	-	-	-	-	-	-	-	107.75	214.50	107.75	214.50
Hero Solar Energy Pvt Limited ((Maximum outstanding during the year ₹ 50.25 crores (Previous year ₹ 225.75 crores))	-	-	-	-	-	-	-	-	-	-	-	50.00	-	50.00

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Outstanding margin money at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.44**	**5.48**	**2.44**	**5.48**
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 5.48 crore (Previous year ₹ 5.48 crore))	-	-	-	-	-	-	-	-	-	-	2.44	5.48	2.44	5.48
Amount payable at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.15**	**-**	**0.15**	**-**
Cosmic Kitchen Private Limited ((Maximum outstanding during the year ₹ 0.17 crore (Previous year ₹ 0.29 crore)	-	-	-	-	-	-	-	-	-	-	0.15	-	0.15	-

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Amount receivable as at year end	**5.15**	**0.03**	**0.05**	**0.02**	**-**	**-**	**-**	**-**	**-**	**-**	**0.27**	**-**	**5.47**	**0.05**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 3.35 crores (Previous year ₹ 3.29 crores))	-	-	0.05	0.02	-	-	-	-	-	-	-	-	0.05	0.02
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 0.38 crore (Previous year Nil)	-	-	-	-	-	-	-	-	-	-	0.27	-	0.27	-
Hero Housing Finance Limited ((Maximum outstanding during the year ₹ 5.15 crore (Previous year ₹ 4.06 crore))	5.15	0.03	-	-	-	-	-	-	-	-	-	-	5.15	0.03

* *Parties having significant influence over the Company.*

Notes:

1. Dividend related transactions are on actual payment/ receipt basis.

Note 39: 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). 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.

39.1 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 intangible assets (excluding right-of-use 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.

39.2 Regulatory Capital

Refer note no 46.1 for regulatory capital.

Note 40: Events after balance sheet date

There have been no significant events after the reporting date that requires disclosure in these financial statements.

Note 41: Leases

(i) Statement showing carrying value of right of use assets ₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
At the beginning of the year	**39.52**	**38.64**
Additions	87.24	10.74
Deductions/ Adjustments	0.42	0.05
Depreciation	25.03	9.81
At the year end	**101.31**	**39.52**

(ii) Amount recognized in Profit/ Loss ₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation charge for right-of-use assets	25.03	9.81
Interest expense (included in finance cost)	9.51	3.93
Variable lease payments	-	-
Income from sub-leasing right-of-use assets	2.54	-
Expenses related to short term leases and leases of low value assets	2.45	1.48

(iii) Maturity analysis of undiscounted lease liability ₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	32.59	12.65
One to Five years	89.72	37.82
More than five years	12.13	7.22
Total Payments	**134.44**	**57.69**

(iv) Cash Flows ₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
The total cash outflow of leases	31.11	13.64

(v) Future Commitments ₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Future undiscounted lease payments to which leases are not commenced	6.16	81.94

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 Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ in Crore

As at March 31, 2024	Carrying amount						Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	At Cost	Total	Level 1	Level 2	Level 3
Financial assets									
Cash and cash equivalents#	-	-	28.34	-	**-**	**28.34**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	43.94	-	**-**	**43.94**	-	-	-
Derivative financial instruments	-	-	-	133.67	**-**	**133.67**	-	133.67	-
Trade receivables#	-	**-**	10.07	-	**-**	**10.07**	-	-	-
Loans	-	**-**	44,929.90	-	**-**	**44,929.90**	-	-	44,912.72
Investments##	1,632.89	**-**	-	-	800.00	**2,432.89**	301.68	1,324.19	7.02
Other financial assets#	-	**-**	133.68	-	**-**	**133.68**	-	-	-
	1,632.89	**-**	**45,145.93**	**133.67**	**800.00**	**47,712.49**	**301.68**	**1,457.86**	**44,919.74**
Financial liabilities									
Trade payable#									
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	0.21	-	**-**	**0.21**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	415.29	-	**-**	**415.29**	-	-	-
Debt securities	-	-	6,295.31	-	**-**	**6,295.31**	-	-	6,292.50

₹ in Crore

As at March 31, 2024	Carrying amount						Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	At Cost	Total	Level 1	Level 2	Level 3
Borrowing (other than debt securities)	-	-	31,854.86	-	-	**31,854.86**	-	-	31,841.81
Subordinated liabilities	2,611.24	-	937.98	-	-	**3,549.22**	-	-	3,539.56
Lease Liabilities#	-	-	109.85	-	-	**109.85**	-	-	-
Other financial liabilities	-	-	393.75	-	-	**393.75**	-	-	-
	2,611.24	**-**	**40,007.25**	**-**	**-**	**42,618.49**	**-**	**-**	**41,673.87**

As at March 31, 2023	Carrying amount						Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	At Cost	Total	Level 1	Level 2	Level 3
Financial assets									
Cash and cash equivalents#	-	-	630.62	-	-	**630.62**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	41.22	-	-	**41.22**	-	-	-
Derivative financial instruments	-	-	-	115.83	-	**115.83**	-	115.83	-
Trade receivables#	-	-	1.30	-	-	**1.30**	-	-	-
Loans	-	-	36,213.00	-	-	**36,213.00**	-	-	36,307.31
Investments##	1,498.81	-	-	-	800.00	**2,298.81**	0.32	1,479.65	18.84
Other financial assets#	-	-	144.52	-	-	**144.52**	-	-	-
	1,498.81	**-**	**37,030.66**	**115.83**	**800.00**	**39,445.30**	**0.32**	**1,595.49**	**36,326.15**

As at March 31, 2023	Carrying amount						Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	At Cost	Total	Level 1	Level 2	Level 3
Financial liabilities									
Trade payable#									
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	0.13	-	-	**0.13**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	475.47	-	-	**475.47**	-	-	-
Debt securities	-	-	6,261.51	-	-	**6,261.51**	-	-	6,236.41
Borrowing (other than debt securities)	-	-	23,930.45	-	-	**23,930.45**	-	-	23,893.76
Subordinated liabilities	2,310.05	-	881.67	-	-	**3,191.72**	-	-	3,198.42
Lease Liabilities#	-	-	45.87	-	-	**45.87**	-	-	-
Other financial liabilities#	-	-	827.86	-	-	**827.86**	-	-	-
	2,310.05	**-**	**32,422.96**	**-**	**-**	**34,733.01**	**-**	**-**	**33,328.59**

* *This includes fair value of financial instruments subsequently measured at amortised costs for which fair value as at reporting date is disclosed as per requirements of Ind AS 107 Financial Instruments : Disclosures.*

\# *The carrying amount of cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, other financial assets, trade payable, lease liabilities 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) Changes in level 3 financial instruments (Valued at FVTPL)

₹ in Crore

	Financial Assets		Financial Liabilities	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Opening balance	18.84	23.87	2,310.05	-
Acquisitions during the year	-	-	-	2000.00
Disposals/repayments during the year	11.79	8.67	47.51	-
Fair value gains/(losses) recognised in profit or loss*	(0.03)	3.64	(348.69)	310.05
Gains/(losses) recognised in other comprehensive income	-	-	-	-
Closing balance	**7.02**	**18.84**	**2,611.24**	**2,310.05**
*includes unrealised gain/(loss) recognized in profit or loss related to assets and liabilities held at the end of the reporting period	(0.03)	(2.00)	(348.69)	(310.05)

(c) 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 (discounted basis the weighted average yield of recently disbursed loans) of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans.

Debt securities, borrowings (other than debt securities) and subordinated liabilities (other than compulsorily convertible preference shares (CCPS)

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.

Compulsorily Convertible Preference Shares (CCPS)

Fair value is estimated by using a discounted cash flow model based on management expected cash flows (determined using monte carlo simulations), discount rates (market inputs adjusted for the company specific risk) and terms of CCPS. The significant unobservable inputs include risk adjusted discount rate. Increase in the discount rate by 100 bps would decrease the fair value by ₹ 25.32 crore and decrease in discount rate by 100 bps would increase the fair value by ₹ 25.58 crore.

Investments

Investment in alternate investment fund and mutual fund is recorded at fair value determined by third party based on net asset value method. Investment in government securities, commercial paper, treasury bills, certificate of deposits, corporate bonds etc. are fair valued 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 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 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 policies 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.

43.2 *Credit risk*

Credit risk arises from loans, cash and cash equivalents, bank balance other than cash and cash equivalents, investments, trade receivables 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

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. Funds are invested after taking into account parameters like safety, liquidity and post-tax returns etc. The credit worthiness of such banks and financial institutions is evaluated by the Management on an ongoing basis and is considered to be high.

(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
- Nature of security
- 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 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 by the management on quarterly basis.

(b) Definition of default

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further in compliance with RBI circular dated November 12, 2021, Cases, where borrower had crossed 90 days past due, continued to be considered as Stage 3 (credit-impaired) for ECL calculations till the time all the due contractual payments are paid by the borrower.

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.

The month-on-month outstanding balances and count of active accounts 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 variable to compute the final PD estimate.

(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 actual recoveries and 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. Regardless of the change in credit grades, if contractual payments are more than 30 days past due , the credit risk is deemed to have increase 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 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 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 Consumer Prices (% change pa; av), Domestic Demand (% real change pa), Real GDP (% change pa), Lending Interest Rate (%) etc. The selection of these variables was made basis statistical analysis and relevance to the business.

The macro- economic variables were regressed using a regression model against the log-odds of the weighted average PDs to forecast the forward-looking PDs 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.

Macro economic indicator	Scenario	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4
Domestic demand (% real change pa)	Base	8.40	8.70	9.70	7.70	1.20	2.50	3.50	5.50
	Best	9.24	9.57	10.67	8.47	1.32	2.75	3.85	6.05
	Worst	5.88	6.09	6.79	5.39	0.84	1.75	2.45	3.85
Real GDP (% change pa)	Base	4.60	4.70	7.20	6.00	8.20	7.20	5.70	6.00
	Best	5.06	5.17	7.92	6.60	9.02	7.92	6.27	6.60
	Worst	3.22	3.29	5.04	4.20	5.74	5.04	3.99	4.20
Services (% change pa)	Base	7.69	7.58	7.47	7.36	7.25	7.14	7.03	6.92
	Best	8.46	8.34	8.22	8.10	7.98	7.86	7.74	7.62
	Worst	5.39	5.31	5.23	5.15	5.08	5.00	4.92	4.85
Consumer prices (% change pa; av)	Base	5.40	5.70	4.30	3.90	3.70	4.30	4.50	5.00
	Best	4.86	5.13	3.87	3.51	3.33	3.87	4.05	4.50
	Worst	7.02	7.41	5.59	5.07	4.81	5.59	5.85	6.50

Private consumption (real % change pa)	Base	17.50	15.00	15.70	9.60	(10.90)	(4.40)	2.10	8.50
	Best	19.25	16.50	17.27	10.56	(11.99)	(4.84)	2.31	9.35
	Worst	12.25	10.50	10.99	6.72	(7.63)	(3.08)	1.47	5.95
Lending interest rate (%)	Base	14.50	14.00	14.00	13.80	13.40	13.00	12.70	12.30
	Best	13.05	12.60	12.60	12.42	12.06	11.70	11.43	11.07
	Worst	18.85	18.20	18.20	17.94	17.42	16.90	16.51	15.99
Gross fixed investment (% real change pa)	Base	(3.00)	(1.70)	2.80	2.30	26.10	16.80	8.30	3.10
	Best	(3.30)	(1.87)	3.08	2.53	28.71	18.48	9.13	3.41
	Worst	(2.10)	(1.19)	1.96	1.61	18.27	11.76	5.81	2.17

43.2.2 Analysis of risk concentration

The Company's concentrations of risk are managed by client/counterparty and industry sector.

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Maximum credit exposure to any individual client or counterparty	352.91	300.07

43.2.3 Analysis of portfolio

An analysis of changes in gross carrying amount in relation to Loan portfolio is as follows:

₹ in Crore

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3*	Total	Stage 1	Stage 2#	Stage 3	Total
Gross carrying amount opening balance	34,789.76	977.41	2,033.15	37,800.32	26,085.60	1,741.83	2,401.03	30,228.46
New assets originated (refer note 1and 2 below)	27,352.94	467.08	467.61	28,287.63	24,427.80	422.25	334.75	25,184.80
Assets repaid (excluding write offs)(refer note 2 below)	(16,679.36)	(400.64)	(260.71)	(17,340.71)	(14,370.60)	(1,141.48)	(364.24)	(15,876.32)

Transfers from Stage 1	(1,686.64)	639.37	1,047.27	-	(1,389.12)	498.58	890.54	-
Transfers from Stage 2	60.79	(240.31)	179.52	-	84.01	(400.01)	316.00	-
Transfers from Stage 3	13.72	3.06	(16.78)	-	57.15	14.67	(71.82)	-
Settlement loss and bad debts written off ** (refer note 3 below)	(503.25)	(285.16)	(1,470.64)	(2,259.05)	(105.08)	(158.43)	(1,473.11)	(1,736.62)
Gross carrying amount closing balance	**43,347.96**	**1,160.81**	**1,979.42**	**46,488.19**	**34,789.76**	**977.41**	**2,033.15**	**37,800.32**

** Principal overdue and total interest overdue (as per contractual terms) of more than 90 days cases is as follows:*

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Principal Overdue for more than 90 days (Number of cases)	2,04,724	2,05,737
Principal Overdue for more than 90 days cases (₹ in Crore)	540.70	416.50
Total Interest overdue (as per contractual terms) for more than 90 days cases (₹ in Crore)	192.82	192.19

Further, stage 3 also includes carrying value of loans which are tagged as NPA / Stage 3 as per RBI circular dated 12 November 2021 and contractual value of loans under other facilities of such NPA customer which are less than 90 days, however tagged as NPA / Stage 3.

** Interest overdue on bad debts written off cases is as follows:

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Interest overdue on bad debts written off cases	147.73	117.45

#Stage 3 assets is net of interest income on impaired portion of loan assets amounting to ₹ 111.86 crore (March 31, 2023 : ₹ 113.20 crore)

Reconciliation of Impairment loss allowance in relation to Loan portfolio is as follows:

₹ in Crore

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3*	Total	Stage 1	Stage 2#	Stage 3	Total
Impairment allowance-opening balance	360.95	217.90	1,008.47	1,587.32	184.51	341.64	1,050.62	1,576.77
New assets originated (refer note 1 and 2 below)	179.19	105.08	278.21	562.48	149.72	90.94	171.12	411.78
Effect of change in estimate/ repayment	48.05	156.82	624.94	829.81	63.80	(60.30)	558.31	561.81
Transfers from Stage 1	(14.64)	5.46	9.18	-	(12.06)	4.28	7.78	-
Transfers from Stage 2	10.42	(47.17)	36.75	-	15.26	(72.19)	56.93	-
Transfers from Stage 3	7.01	1.60	(8.61)	-	20.92	5.79	(26.71)	-
Settlement loss and bad debts written off	(325.54)	(184.46)	(911.32)	(1,421.32)	(61.20)	(92.26)	(809.58)	(963.04)
Impairment allowance - Closing balance	**265.44**	**255.23**	**1,037.62**	**1,558.29**	**360.95**	**217.90**	**1,008.47**	**1,587.32**

An analysis of Expected credit loss rate:

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate*	0.61%	21.99%	52.42%	3.35%	1.04%	22.29%	49.60%	4.20%

* 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 stage 1, stage 2, and stage 3 is based on period/ year end staging. Interest accruals on existing loans that remain unpaid at the end of the year, are classified under new assets originated as per their opening stage category.

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 is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Contractual amount of financial assets that has been written off that were still subject to enforcement activity	2,087.28	1,622.18

Note 4: Loan assets involving one time resolution vide RBI Circular dated August 06, 2020 and May 05, 2021, were classified under Stage 2 as on March 31, 2022 considering the significant increase in credit risk at that point in time. Taking into account the repayment behaviour of the customer, such loans have been appropriately classified as per their actual days past due as on March 31, 2023 and March 31, 2024.

Note 5: 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 ₹ 1,576.77 crore to ₹ 1,587.32 crore as at March 31, 2023. Further, the same has decreased to ₹ 1,558.29 crore as at March 31, 2024.

During the year ended March 31, 2024, expected credit loss rate in stage III has increased from 49.60% to 52.42% and overall expected credit loss rate has decreased from 4.20% to 3.35% as compared to year ended March 31, 2023. The portfolio composition has improved with greater concentration in Stage 1 in March 31, 2024 (~93%) as compared to March 31, 2023 (~92%) thereby resulting in a lower overall ECL%.

43.2.4 ***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, corporate loan, two wheeler loan and pre owned car loan are all secured loans whereas products like business loan and personal loan generally do not carry any collateral security.

For loan against property, properties (residential, commercial, industrial, mixed use, etc.) are generally acceptable collateral. 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 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 3.0 times and above. For loan against shares, a minimum cover of 2.0 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. The loan to value for refinance of pre-owned car can be up to 175%

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 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. Collaterals related to credit impaired assets are revalued for assessment /provisioning purposes and distress value is considered. The Company has an in-house team of technical managers who oversee the property valuation activity undertaken by empaneled technical valuers.

As at March 31, 2024 ₹ in Crore

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL (G)
1,254.01	1,403.96	481.33	90.78	1,976.07	(722.06)	523.29

As at March 31, 2023 ₹ in Crore

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL (G)
1,300.87	1,152.43	586.64	280.56	2,019.63	(718.77)	512.83

Note 1: Including Buyout Portfolio

Note 2: Stage 3 TOS and Total ECL is of the secured assets

Note 3: The total collateral value is the fair market value of the collaterals and the distress value of the collaterals has been used to compute the total ECL allowances.

43.3 *Liquidity risk*

Liquidity risk arises as the Company has contractual financial liabilities that are required to be serviced and redeemed as per committed timelines and in the business of lending where funds are required for the disbursement and creation of financial assets to address the going concern of Company. Liquidity risk management is imperative to the Company as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with its operations. The Company uses various liquidity monitoring tools to measure and gauge the liquidity risk as per necessary guidelines stipulated by the RBI. The Company with the help of the Asset and Liability Committee (ALCO), 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. To effectively manage the fallout of COVID-19 related pandemic, the Company has been continuously maintaining adequate level of liquidity buffers in terms of High Quality Liquid Assets to manage LCR norms by RBI, which acts as a safeguard against any likely disruption in the funding and market liquidity.

43.3.1 *Contractual maturities of financial instruments*

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at reporting date.

₹ in Crore

As at March 31, 2024	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	415.50	415.50	-	-	415.50
Debt securities*	6,295.31	5,244.58	1,486.50	30.51	6,761.59
Borrowings (other than debt securities)*	31,854.86	15,177.05	20,883.51	48.79	36,109.35
Subordinate liabilities*#	3,549.22	140.54	752.61	610.84	1,503.99
Lease liabilities	109.85	32.59	89.72	12.13	134.44
Other financial liabilities	393.75	343.50	57.16	23.99	424.65
Total undiscounted financial liabilities	**42,618.49**	**21,353.76**	**23,269.50**	**726.26**	**45,349.52**

₹ in Crore

As at March 31, 2023	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade Payables	475.60	467.46	8.14	-	475.60
Debt securities*	6,261.51	4,059.45	2,528.16	306.23	6,893.84
Borrowings (other than debt securities)*	23,930.45	10,876.17	16,318.84	-	27,195.01
Subordinate liabilities*#	3,191.72	123.10	694.61	704.37	1,522.08
Lease liabilities	45.87	12.65	37.82	7.22	57.69
Other financial liabilities	827.86	803.27	23.23	16.64	843.14
Total undiscounted financial liabilities	**34,733.01**	**16,342.10**	**19,610.80**	**1,034.46**	**36,987.36**

* The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amounts may change as market interest rates change.

\# In respect of Compulsorily Convertible Preference Shares (CCPS) issued during the year, the Company has only considered a mandatory pay-out of preference dividend of 3% p.a. for the purpose of liquidity risk, as such CCPS are likely to be converted into the entity's own shares as estimated by the management as on March 31, 2024. Also refer to Note 18.8

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. Cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, and other financial assets do not have any interest and market risk exposure due to the nature of balances.

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:

₹ in Crore

Financial assets	Floating	Fixed rate
March 31, 2024	9,711.00	36,777.19
March 31, 2023	7,170.20	30,630.12
Financial liabilities		
March 31, 2024	31,282.63	10,416.76
March 31, 2023	24,241.35	9,142.32

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 (₹ in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
1.00%	(141.01)	(107.77)
(1.00%)	141.01	107.77

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds, G-secs, T-Bills, money market instruments etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Investments carried at FVTPL valued using quoted prices in active market	1,632.89	1,498.81

Movement in price	Impact on profit before tax (₹ in Crore)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
5.00%	81.64	74.94
(5.00%)	(81.64)	(74.94)

43.5 *Foreign currency risk management*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company presently manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge underlying exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

The Company exposure to foreign currency risk at the end of the reporting period expressed in ₹ in Crore, are as follows:

Foreign currency exposure	Currency	As at 31 March 2024	As at 31 March 2023
Hedged			
Borrowings (other than debt securities)	USD	4,145.78	3,334.12
Borrowings (other than debt securities)	SGD	639.54	640.13

Impact of hedge on the Balance Sheet:

Foreign currency exposure	Currency	As at 31 March 2024			As at 31 March 2023		
		Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability	Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
External commercial borrowing	USD	4,120.19	110.87	3.31	3,294.70	92.20	6.99
	SGD	639.54	29.62	3.35	640.13	30.93	0.27
Foreign Currency Loan	USD	25.59	-	0.16	39.42	-	0.04
	SGD	-	-	-	-	-	-

Movement in cash flow hedge reserve

Derivative instruments	Foreign exchange contracts	Cross currency swaps	Total
As at April 1, 2023	0.57	1.18	1.75
Add: changes in discounted spot element of foreign exchange contracts/CCS	(0.43)	51.88	51.45
Add: MTM gain/Loss of Derivative contracts	0.12	(17.96)	(17.84)
Less: amount reclassified to P&L	-	-	
Less: Deferred tax relating to above	(0.08)	8.54	8.46
As at March 31, 2024	**0.34**	**26.56**	**26.90**
As at April 1, 2022	1.06	(0.22)	0.84
Add: changes in discounted spot element of foreign exchange contracts	(0.64)	115.77	115.13
Add: changes in FV of interest rate swaps	(0.02)	(113.89)	(113.91)
Less: amount reclassified to P&L	-	-	-
Less: Deferred tax relating to above	(0.17)	0.48	0.31
As at March 31, 2023	**0.57**	**1.18**	**1.75**

Foreign currency sensitivity

The sensitivity of changes in the exchange rates arises mainly from foreign currency denominated financial instruments and from derivative financial instruments i.e. forward exchange contracts and currency swaps, designated as cash flow hedges, will be recognised in OCI. Company has considered a sensitivity of +/- 5% for increase and decrease in the ₹ against the relevant foreign currencies to calculate the net impact on OCI.

₹ in Crore

Foreign currency exposure	Impact on profit after tax		Impact on other comprehensive income	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
USD				
Borrowings (other than debt securities) +5%	-	-	4.65	(4.59)
Borrowings (other than debt securities) -5%	-	-	(4.65)	4.59
SGD				
Borrowings (other than debt securities) +5%	-	-	0.51	(2.01)
Borrowings (other than debt securities) -5%	-	-	(0.51)	2.01

43.6 Interest rate sensitivity on derivative financial instruments

The sensitivity of changes in the interest rates from derivative financial instruments i.e. forward exchange contracts and currency swaps, designated as cash flow hedges, will be recognised in OCI. Company has considered a sensitivity of +/-1% for related interest rate changes to calculate the impact on OCI.

₹ in Crore

Movement in interest rates	Impact on profit after tax		Impact on other comprehensive income	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
USD				
1.00%	-	-	(46.05)	(35.22)
(1.00%)	-	-	47.06	36.00
SGD				
1.00%	-	-	0.43	0.40
(1.00%)	-	-	(0.43)	(0.40)

43.7 Modified financial assets

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Amortized cost of modified assets at the time of modification during the year	13.40	3.49
Modification gain/ (loss) for the year	-	-
Carrying cost of the modified financial assets	198.38	284.44

43.8 Utilisation of borrowed funds and share premium

The company has not given any loan or invested funds to any persons, entities (intermediaries) with the understanding that intermediary shall :

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company.

b) provide any guarantee, security or the like to or on behalf of the Company.

The Company has not received any fund from any person, entities (Funding Party) with the understanding that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party.

b) provide any guarantee, security or the like on behalf of the Funding Party.

Note 44: Dividend paid and proposed

₹ in Crore

	As at March 31, 2024	As at March 31, 2023
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2023: ₹ 8.1# per share (March 31, 2022: Nil per share)	103.12	-
Dividend distribution tax on final dividend declared and paid	-	-
Total dividends paid (including dividend distribution tax)	**103.12**	**-**

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, 2024: ₹ 10* per share (March 31, 2023: ₹ 8.1# per share)	127.31	103.12
	127.31	**103.12**

* On May 03, 2024, the Board of Directors has proposed a final dividend on equity shares of ₹ 10 per share for the financial year ended March 31, 2024 subject to the approval by the shareholders at the Annual General Meeting.

\# On May 01, 2023, the Board of Directors has proposed a final dividend on equity shares of ₹ 8.1 per share for the financial year ended March 31, 2023 and the same was approved by the shareholders at the Annual General Meeting held on August 02, 2023.

Note 45: Employee Stock Option Scheme

(i) Equity settled

The Employee Stock Options Scheme titled "ESOP Scheme 2017" or "the Scheme" was approved by the shareholders of the Company through postal ballot on June 09, 2017. The Scheme covered 26,39,703 options. The Scheme allows the issue of options to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the ESOP Plan. 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	Number of Options outstanding	Vesting condition and vesting period	Exercise price (₹)	Weighted average fair value of the options at grant date (₹)
ESOP 2017*	9,62,590	July 1, 2017	4,03,537	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	495.00	240.60
	25,000	December 1, 2017	-		495.00	329.09
	49,000	December 5, 2017	49,000		495.00	329.21
	93,215	January 8, 2018	69,919		495.00	327.95
	30,000	December 6, 2019	30,000		780.00	345.68
	1,15,000	April 1, 2020	-		780.00	345.68
ESOP 2017#	6,78,600	July 1, 2020	3,87,686	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	780.00	306.80
	17,400	October 1, 2020	17,400		780.00	306.80
	6,400	January 1, 2021	6,400		780.00	306.80
	45,000	October 1, 2021	45,000		780.00	199.52
	6,000	January 1, 2022	6,000		780.00	199.52
	2,02,800	June 1, 2022	1,36,800		780.00	201.45
	7,500	October 1, 2022	7,500		780.00	201.45
	12,000	November 1, 2022	12,000		780.00	201.45
	1,42,000	January 2, 2023	1,42,000		780.00	273.64
	1,07,418	March 1, 2023	1,07,418		780.00	273.64
	11,08,656	October 1, 2023	11,03,269		780.00	492.76
	20,000	December 1, 2023	20,000		780.00	492.76
	12,600	March 1, 2024	12,600		780.00	565.43

* *Modification to scheme approved by shareholder vide special resolution dated August 02, 2023. There is no incremental impact of the modification.*

\# *As amended vide shareholders' special resolution dated June 28, 2020*

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

ESOP 2017	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
July 1, 2017	240.60	616.30	495.00	Nil	4.5	0.26	6.58
December 1, 2017	329.09	647.40	495.00	38.18	4.5	0.82	6.60
December 5, 2017	329.21	647.40	495.00	38.22	4.5	0.82	6.60
January 8, 2018	327.95	647.40	495.00	37.8	4.5	0.82	6.60
December 6, 2019	345.68	820.70	780.00	38.55	4.5	1.75	6.28
April 1, 2020	345.68	820.70	780.00	38.55	4.5	1.75	6.28
July 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
January 1, 2021	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2021	199.52	550.60	780.00	48.80	4.5	0.39	5.49
January 1, 2022	199.52	550.60	780.00	48.80	4.5	0.39	5.49
June 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
October 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
November 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
January 2, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
March 1, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
October 1, 2023	492.76	892.83	780.00	51.13	4.5	0.82	7.38
December 1, 2023	492.76	892.83	780.00	51.13	4.5	0.82	7.38
March 1, 2024	565.43	993.13	780.00	49.73	4.5	0.82	7.20

* 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 option during the year

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of options	Weighted average fair value of the options at grant date (₹ per share)	Number of options	Weighted average fair value of the options at grant date (₹ per share)
(i) Outstanding at the beginning of the year	15,14,381	268.65	13,33,534	278.66
(ii) Granted during the year	11,41,256	493.57	4,71,718	239.62
(iii) Forfeited/ cancelled during the year	99,108	270.52	2,90,871	268.33
(iv) Exercised during the year	-	-	-	-
(v) Outstanding at the end of the year	25,56,529	368.98	15,14,381	268.65
(vi) Exercisable at the end of the year	8,78,344	275.65	7,32,128	273.52

Weighted average remaining contractual life of options outstanding as at year end is 16 months (March 31, 2023: 11 months)

(ii) Cash settled

The Cash settled Employee Stock Options Scheme titled "Phantom Stock Units Plan 2022" or "the Phantom Scheme" was approved, on the recommendations of the Nomination and Remuneration Committee (NRC), by the Board of the Company on August 03, 2022. The Scheme confers a right upon the Employee to receive sum of money equal to Appreciation in accordance with the terms and conditions of such issue. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The fair value is re-measured at each reporting period up to, and including the settlement date, is expensed over the vesting period.

<table>
<tr><th>Plan</th><th>Number of Options Granted</th><th>Grant date</th><th>Number of Options outstanding</th><th>Vesting condition and vesting period</th><th>Fair value of the options at grant date (₹)</th></tr>
<tr><td rowspan="7">Phantom Stock Units Plan 2022</td><td>3,23,511</td><td>September 1, 2022</td><td>2,37,009</td><td rowspan="7">Tranche I: 33% on completion of first year,
Tranche II: 33% on completion of second year,
Tranche III: 34% on completion of third year.</td><td rowspan="3">Tranche I - 548.13
Tranche II - 546.50
Tranche III- 545.10</td></tr>
<tr><td>3,375</td><td>October 1, 2022</td><td>3,375</td></tr>
<tr><td>2,500</td><td>November 1, 2022</td><td>1,675</td></tr>
<tr><td>17,437</td><td>January 1, 2023</td><td>14,193</td><td rowspan="2">Tranche I - 659.10
Tranche II - 657.40
Tranche III - 656.00</td></tr>
<tr><td>17,400</td><td>March 1, 2023</td><td>17,400</td></tr>
<tr><td>3,930</td><td>April 1, 2023</td><td>3,930</td><td>Tranche I - 659.10
Tranche II - 657.40
Tranche III - 656.00</td></tr>
<tr><td>1,920</td><td>June 1, 2023</td><td>1,920</td><td>Tranche I - 659.10
Tranche II - 657.40
Tranche III - 656.00</td></tr>
</table>

Fair value of share options as at reporting date

The fair value of options as at March 31, 2024 is estimated using the Monte Carlo Simulations (MCS) model after applying the key assumption which are tabulated below:

Phantom Stock Units Plan 2022	As at March 31, 2024	As at March 31, 2023
Fair value of share options	Tranche I - 902.96 Tranche II - 815.06 Tranche III - 734.37	Tranche I - 659.10 Tranche II - 657.40 Tranche III - 656.00
Expected volatility*	49.73%	41.01%-52.27%
Option life (years)	Tranche I- 1.5-2.25 Tranche II- 2.5-3.25 Tranche III - 3.5-4.25	Tranche I - 1.5-2.40 Tranche II - 2.5-3.40 Tranche III - 3.5-4.40
Dividend yield (%)	0.82%	0.30%
Risk-free interest rate (%)**	7.22%	7.09%-7.14%

* *Expected volatility calculation is based on volatility of similar listed enterprises.*

** *The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.*

Movement in share options during the year

Particulars	Number of options	
	As at March 31, 2024	As at March 31, 2023
(i) Outstanding at the beginning of the year	3,44,855	-
(ii) Granted during the year	5,850	3,64,223
(iii) Forfeited/ cancelled during the year	44,724	19,368
(iv) Exercised during the year*	26,479	-
(v) Outstanding at the end of the year	2,79,502	3,44,855
(vi) Exercisable at the end of the year	74,187	-
* Weighted avearge exercise price (₹ per share)	869.41	NA

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 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 Annex XXII of the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023.

46.1 Capital to risk assets ratio (CRAR)

Particulars		As at March 31, 2024	As at March 31, 2023
Tier I Capital (₹ in Crore)	(a)	7,147.63	6,452.58
Tier II Capital (₹ in Crore)	(b)	957.29	1,053.11
Risk weighted assets (₹ in Crore)	(c)	49,781.96	36,482.35
CRAR – Tier I capital (%)	(d) = (a) / (c)	14.36	17.68
CRAR – Tier II capital (%)	(e) = (b) / (c)	1.92	2.89
CRAR %	(f) = (d) + (e)	16.28	20.57
Amount of subordinated debts raised as Tier-II Capital (₹ in Crore)		937.98	881.67
Amount raised by issue of perpetual instruments		-	-

46.2 Investments

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Value of investments		
Gross value of investments		
(a) In India	2,432.89	2,298.81
(b) Outside India	-	-
Provisions for depreciation	-	-
(a) In India	-	-
(b) Outside India		
Net value of investments		
(a) In India	2,432.89	2,298.81
(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 Derivatives

(i) Forward rate agreement/interest rate swap

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(i) The notional principal of swap agreements	4,785.32	3,974.25
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	133.67	115.83
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	133.67	115.83

(ii) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

(iii) Disclosures on risk exposure in derivatives

Qualitative disclosure

The Company has a market risk policy to enter into derivatives to manage the risk associated with Foreign currency borrowings. Following are the key aspects of the policy:

a) The derivative instruments are governed by market risk policy approved by the Board;

b) The Company has fully hedged the risk arising on account of foreign currency fluctuation and change in interest rate towards foreign currency borrowing;

c) The company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction(s);

d) The Company ensures that the hedge effectiveness (where ever required) is monitored continuously during the life of the derivative contract;

Quantitative disclosure

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Derivatives (notional principal amount) for hedging	4,785.32	3,974.25
(ii) Marked to market positions		-
(a) Asset	140.49	123.13
(b) Liability	6.82	7.30
(iii) Credit exposure	-	-
(iv) Unhedged exposure	-	-

46.4 Securitization/ assignment

(i) Outstanding amount of securitised assets as per books of the SPVs

The Company has not entered into securitisation transactions during the current and previous year.

(ii) Details of financial assets sold to reconstruction company

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Number of accounts	-	-
Aggregate principal outstanding of loans transferred (₹ in Crore)	-	-
Weighted average residual tenor of the loans transferred (in years)	-	-
Net book value of loans transferred (at the time of transfer) (₹ in Crore)	-	-
Aggregate consideration (₹ in Crore)	-	-
Additional consideration realized in respect of accounts transferred in earlier years (₹ in Crore)	-	-

(iii) Details in respect of loans not in default acquired through assignment

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Count of loan accounts acquired	8,184	13,589
Amount of loan accounts acquired (₹ in Crore)	418.91	65.84
Retention of beneficial economic interest (MRR %)	10%	10%
Weighted average maturity (residual maturity in years)	6.76	1.41
Weighted average holding period (in years)	0.76	0.37
Coverage of tangible security coverage	1.59	Not applicable
Rating-wise distribution of rated loans	Not applicable	Not applicable

(iv) The company has not transferred any Special Mention Account (SMA) and loan not in default.

(v) The Company has not acquired any stressed loan during the year.

46.5 Asset Liability Management Maturity pattern of certain items of assets and liabilities

As at March 31, 2024

₹ in Crore

	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 3 years upto 5 years	Over 3 years upto 5 years	Over 5 years	Total
Assets											
Advances #	2,116.51	906.26	382.77	2,067.37	1,826.30	5,186.19	8,697.20	15,877.05	3,820.93	4,049.32	**44,929.90**
Investments	1,625.26	-	-	-	-	-	-	-	-	807.63	**2,432.89**
Liabilities											
Borrowing from banks	46.30	20.62	604.77	250.55	1,681.17	2,203.38	7,162.39	11,501.62	3,550.74	48.00	**27,069.54**
Market borrowings^	-	-	148.66	1,454.53	203.66	1,224.61	2,023.78	875.82	799.31	3,114.16	**9,844.53**
Foreign Currency liabilities	-	-	23.46	2.48	-	55.02	1,107.76	3,296.60	300.00	-	**4,785.32**

As at March 31, 2023

₹ in Crore

	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
Assets											
Advances #	2,388.19	713.34	233.68	2,007.01	1,603.30	4,410.78	6,792.50	12,484.24	3,020.52	2,559.44	**36,213.00**
Investments	848.77	631.08	-	0.40	-	0.40	0.55	0.99	-	816.62	**2,298.81**
Liabilities											
Borrowing from banks	22.17	14.52	280.52	109.01	1,530.95	1,725.35	5,530.69	8,652.31	2,090.68	-	**19,956.20**
Market borrowings^	-	-	375.51	688.71	548.51	384.42	1,884.77	1,922.76	516.26	3,132.29	**9,453.23**
Foreign Currency liabilities	-	-	22.25	2.39	-	59.41	-	3,890.20	-	-	**3,974.25**

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.

^ Includes non convertible debentures, commercial papers and subordinated liabilitie

46.6 Exposure to real estate sector

₹ in Crore

Direct exposure	As at March 31, 2024	As at March 31, 2023
(i) Residential mortgages	**1,741.44**	**1,403.42**
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	1,741.44	1,403.42
(ii) Commercial real estate -	**2,158.49**	**1,581.12**
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	2,158.49	1,581.12
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
(i) Indirect exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total Exposure to Real Estate Sector	**3,899.93**	**2,984.54**

Classification of exposures as commercial real estate exposure (CRE) is based on circular no DBOD. No. BP. 11021/08.12.015/208-09

46.7 Exposure to capital market

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(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;	807.63	807.56
(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	1,359.10	1,380.83
(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	-	-

₹ in Crore

Particulars		As at March 31, 2024	As at March 31, 2023
(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)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading		
(x)	All exposures to Alternative Investment Funds:		
	(i) Category I	-	-
	(ii) Category II	0.04	0.07
	(iii) Category III	-	-
Total Exposure to Capital Market		**2,166.77**	**2,188.46**

46.8 Since there is no parent company, hence reporting on financing of parent company products is not applicable.

46.8.1 The Company has not made advances against intangible collaterals of the borrowers, which are classified as "Unsecured" in its financial statements.

46.8.2 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).

46.9 Ratings assigned by credit rating agencies and migration of ratings during the year

Facility	CRISIL	ICRA	CARE	Standard & Poor's	Moody's
Secured non-convertible debentures	AA+/ Stable	AA+/ Stable	-	-	-
Long Term Principal Protected Market Linked Debentures	PPMLD AA+/ Stable	-	-	-	-
Unsecured sub-ordinated Tier-II non-convertible debentures	AA+/ Stable	AA+/ Stable	-	-	-
Bank facilities	-	-	-	-	-
Long term banking facilities	AA+/ Stable	AA+/ Stable	AA+/ Stable	-	-
Short term banking facilities	-	A1+	-	-	-
Commercial papers	A1+	A1+	A1+	-	-
Entity Level	-	-	AA+/ Stable	BB+/Stable (Long term) B/Stable (Short term)	Ba1/ Stable
Migration during the year	Nil	Nil	Nil	Refer note 46.9.1	Nil

46.9.1 S&P Global Ratings has revised upwards the long term rating of the Company from "BB/Stable" to "BB+/Stable".

46.10 Provisions and Contingencies

₹ in Crore

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Provision for depreciation on investments	-	-
(ii) Provision towards NPA*	29.15	(42.15)
(iii) Provision made towards income tax (including deferred tax assets)	314.38	255.22
(iv) Provision for leave encashment	8.95	5.50
(v) Provision for gratuity (including OCI)	9.53	5.34
(vi) Other provision and contingencies	-	-
(vii) Provision for standard assets **	(58.18)	52.70

* Represents impairment loss allowance on stage 3 assets

** Represents impairment loss allowance on stage 1 and stage 2 assets

46.10.1 The Company has made no draw down from existing reserves.

46.11 Concentration of advances

	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Total advances to twenty largest borrowers/ customers (₹ in Crore)	3,850.82	3,536.59
(ii)	Percentage of advances to twenty largest borrowers/ customers to total advances	8.28%	9.36%

46.12 Concentration of exposure (including off-balance sheet exposure)

	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Total exposure to twenty largest borrowers/ customers (₹ in Crore)	3,920.82	3,551.59
(ii)	Percentage of exposure to twenty largest borrowers/ customers to total exposure	8.16%	9.18%

46.13 Intra-group exposures

	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Total amount of Intra-group exposures (₹ in Crore)	107.75	264.50
(ii)	Total amount of top 20 intra-group exposures (₹ in Crore)	107.75	264.50
(iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.22%	0.68%

46.14 Concentration of NPAs

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to top four NPA accounts	246.87	367.73

46.15 Sector wise exposure

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
Basic Metal & Metal Product	836.80	1.51	0.18%	654.74	4.93	0.75%
Vehicles, Vehicle Parts & Transport Equipment	384.15	124.69	32.46%	596.34	199.88	33.52%
Infrastructure	515.50	-	0.00%	382.80	0.07	0.02%
Others	3,008.38	68.39	2.27%	2,102.57	70.90	3.37%
Total of Industry	**4,744.83**	**194.59**	**4.10%**	**3,736.45**	**275.78**	**7.38%**
3. Services						
Trade	3,937.16	211.33	5.37%	2,602.67	189.82	7.29%
Commercial Real Estate	3,224.42	-	0.00%	2,425.74	103.03	4.25%
NBFCs	1,118.92	-	0.00%	1,156.39	-	0.00%
Others	6,614.12	111.49	1.69%	6,471.47	113.18	1.75%
Total of Services	**14,894.62**	**322.82**	**2.17%**	**12,656.28**	**406.03**	**3.21%**
4. Personal Loans						
Retail Loans	15,601.31	613.97	3.94%	11,609.72	644.34	5.55%
Others	0.17	-	0.00%	0.17	-	0.00%
Total of Personal Loans	**15,601.48**	**613.97**	**3.94%**	**11,609.89**	**644.34**	**5.55%**
5. Vehicle/Auto Loans	**12,794.26**	**848.04**	**6.63%**	**10,701.40**	**707.00**	**6.61%**

46.16 Movement of NPAs

₹ in Crore

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
(i)	**Net NPAs to net advances (%)**	2.07%	2.79%
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	2,033.15	2,401.03
(b)	Additions during the year	1,694.39	1,541.29
(c)	Reductions during the year	1,748.12	1,909.17
(d)	Closing balance	1,979.42	2,033.15
(iii)	**Movement of Net NPAs**		
(a)	Opening balance	1,024.68	1,350.41
(b)	Additions during the year	745.30	747.15
(c)	Reductions during the year	828.18	1,072.88
(d)	Closing balance	941.80	1,024.68
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a)	Opening balance	1,008.47	1,050.62
(b)	Provisions made during the year	949.09	794.14
(c)	Write-off / write-back of excess provisions	919.94	836.29
(d)	Closing balance	1,037.62	1,008.47

46.17 Customer Complaints

1) Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Complaints received by the NBFC from its customers		
(1) No. of complaints pending at the beginning of the year	449	244
(2) No. of complaints received during the year	37,639	21,970
(3) No. of complaints disposed during the year	37,570	21,765
(3.1) Of which, number of complaints rejected by the Company	-	-
(4) No. of complaints pending at the end of the year	518	449
Maintainable complaints received by the NBFC from Office of Ombudsman		
(5) Number of maintainable complaints received by the Company from Office of Ombudsman*	1197	1157
(5.1) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	1128	1134
(5.2) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	45	23
(5.3) Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
(6) Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

**Out of the number of maintainable complaints received by the Company from Office of Ombudsman, 24 complaints are pending to be resolved as at March 31,2024 (March 31, 2023 : NIL)*

2) Top grounds of complaints received by the Company from customers

As at March 31, 2024					
Grounds of complaints, (i.e. complaints relating to)	**Number of complaints pending at the beginning of the year**	**Number of complaints received during the year**	**% increase/ decrease in the number of complaints received over the previous year**	**Number of complaints pending at the end of the year**	**Of 5, number of complaints pending beyond 30 days**
1	2	3	4	5	6
Loans and advances	300	22,232	65.05%	256	9
Recovery Agents/ Direct Sales Agents	78	5,029	76.58%	143	4
Levy of charges without prior notice/ excessive charges/ foreclosure charges	16	4,549	155.27%	42	-
Others	55	5,829	50.62%	77	2
Total	**449**	**37,639**		**518**	**15**

As at March 31, 2023					
Grounds of complaints, (i.e. complaints relating to)	**Number of complaints pending at the beginning of the year**	**Number of complaints received during the year**	**% increase/ decrease in the number of complaints received over the previous year**	**Number of complaints pending at the end of the year**	**Of 5, number of complaints pending beyond 30 days**
1	2	3	4	5	6
Loans and advances	128	13,470	152.96%	300	24
Recovery Agents/ Direct Sales Agents	46	2,848	154.51%	78	4
Levy of charges without prior notice/ excessive charges/ foreclosure charges	25	1,782	81.47%	16	-
Others	45	3,870	104.22%	55	6
Total	**244**	**21,970**		**449**	**34**

46.18 The disclosures as required by the Master Direction Monitoring of frauds in NBFCs issued by RBI dated September 29, 2016

There were 21 cases (Previous year 4 cases) amounting to ₹ 0.72 crore (Previous year ₹ 9.49 crore) reported as fraud during the 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 No penalty were levied by any authority during the current year and previous year.

46.21 Overseas Assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

46.22 Off-balance sheet SPVs sponsored

The are no off balance sheet SPVs sponsored Company.

46.23 Prior period items

There are no prior period items.

46.24 Revenue recognition

Refer note 3(j) under summary of material accounting policies.

46.24.1 Revenue recognition

There were no circumstances resulting in postponement of revenue

46.25 Consolidated financial statements

The company prepares consolidated financial statements.

46.26 Disclosure of restructured accounts

As at March 31, 2024

₹ in Crore

S. No.	Type of Restructuring Asset Classification Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable))	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	1.00	1.00	5.00	-	7.00	1.00	1.00	5.00	-	7.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	1.82	0.49	3.18	-	5.49	1.82	0.49	3.18	-	5.49
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.01	0.18	1.27	-	1.46	0.01	0.18	1.27	-	1.46
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	2.00	5.00	-	7.00	-	2.00	5.00	-	7.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	2.55	40.27	-	42.82	-	2.55	40.27	-	42.82
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.94	32.78	-	33.72	-	0.94	32.78	-	33.72
3	Upgradations to restructured standard category during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	2.00	-	2.00	-	-	2.00	-	2.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	0.30	-	0.32	-	0.62	0.30	-	0.32	-	0.62
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.00	-	0.13	-	0.13	0.00	-	0.13	-	0.13

5	Downgradations of restructured accounts during the FY (net of receipt during the year)*	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	(1.00)	1.00	-	-	-	(1.00)	1.00	-	-
		Amount Outstand-ing	-	-	-	-	-	-	-	-	-	-	-	(0.49)	0.48	-	(0.01)	-	(0.49)	0.48	-	(0.01)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(0.18)	0.18	-	0.00	-	(0.18)	0.18	-	0.00
6	Write-offs of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	2.00	-	2.00	-	-	2.00	-	2.00
		Amount Outstand-ing	-	-	-	-	-	-	-	-	-	-	-	-	2.30	-	2.30	-	-	2.30	-	2.30
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	0.93	-	0.93	-	-	0.93	-	0.93
7	Restructured Accounts as on March 31 of the FY (closing figures excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable))	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	1.00	2.00	7.00	-	10.00	1.00	2.00	7.00	-	10.00
		Amount Outstand-ing	-	-	-	-	-	-	-	-	-	-	1.52	2.55	41.31	-	45.38	1.52	2.55	41.31	-	45.38
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.00	0.94	33.17	-	34.12	0.00	0.94	33.17	-	34.12

*Classified to credit impaired assets (NPA accounts) from restructuring asset considering continuing default.

46.27 Liquidity Coverage Ratio (LCR)

As per the RBI guidelines DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 and Annex XXI of the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 , the LCR requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹ 10,000 crore and above and all deposit taking NBFCs irrespective of the asset size from December 1, 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024, as per the timeline given below:

Particulars	December 1, 2020	December 1, 2021	December 1,2022	December 1, 2023	December 1, 2024
Minimum LCR	50%	60%	70%	85%	100%

(i) Main LCR drivers and evolution of the contribution of inputs in LCR calculation over time

The numerator of LCR is driven by the quantum and composition of High Quality Liquid Assets (HQLA). The denominator of LCR is driven by various components of the stressed cash flows.

(a) Composition of HQLA

The Company has made sufficient investments in the securities which are regarded as High Quality Liquid Assets (HQLA) in the form of Government securities (G Sec) and Treasury Bills (T-Bills). The components considered for HQLA are as under:

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
T-Bills	956.36	623.36
G Sec	367.83	225.21
AAA rated securities	-	507.34
Cash & cash equivalent	28.34	218.56
Total	**1,352.53**	**1,574.47**

(b) Unsecured and secured wholesale funding

Borrowing Maturities falling due in the next 30 days form a major component of Cash Outflows. Commercial Papers form the major portion of unsecured funding. Bank Term loans and NCDs form the majority of secured wholesale funding maturities.

(c) Outflows related to derivative exposures and other collateral requirements

During the reporting period, the Company has entered into derivative transactions to hedge its balance sheet liability exposure. Accordingly, the net positive MTM and/or the net negative MTM have been considered as inflow and outflow in next 30 days respectively for the computation.

(d) Other contractual funding obligations

Other contractual funding obligations are taken from Trade Payable, Other financial liabilities, Current tax liabilities (net) and Other non-financial liabilities shown in the Balance Sheet which are expected to be paid in the next 30 days. Interest accrued on borrowings but not due, Trade payables, Book Overdrafts and Loans pending disbursement form a major portion of other contractual funding obligations.

(e) Other contingent funding obligations

Undrawn committed credit lines loans form a part of other contingent funding obligations.

(f) Secured lending

There is no secured lending transaction backed by HQLA during the reporting period and margin lending backed by all other collateral is included in the fully performing exposures.

(g) Inflows from fully performing exposures

Principal inflows and interest accrued from advances with no overdues due in the next 30 days are taken.

(h) Other inflows

For the LCR calculation, under other inflows, the major components are sanctioned but undrawn lines, non-HQLA investments maturing in next 30 days and receivables from collection agencies.

(ii) Intra period changes and changes over time

The Company endeavours to maintain a healthy level of LCR at all points of time. The LCR table shows the movement of changes in each component over the reporting period.

(iii) Concentration of funding sources

The Company has a diversified funding profile in the form of Bank term loans, Non-convertible debentures and External Commercial Borrowings which are long-term in nature and Commercial papers which are short term in nature. Also, the Company has availed Working Capital Demand loan (WCDL) and Cash credit (CC) lines from various Banks. The Company is a non-deposit taking NBFC and hence, reporting nil deposits. The Company has a wide array of investors / bankers who have funded the Company through various funding instruments.

(iv) Derivative exposures and collateral calls

The Company did not indulge in derivative trading activities. However, the company has entered into derivative transactions to hedge its balance sheet liability exposure and has accordingly considered in its computation purposes.

(v) Currency mismatches

The Company was not exposed to any major currency risk during the reporting period.

₹ in Crore

S. No.	Particulars	For the quarter ended							
		March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets (HQLA)									
1	Total High Quality Liquid Assets (HQLA)	1,525.18	1,495.55	1,383.03	1,358.14	1,233.37	1,201.58	1,256.86	1,207.84
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	556.84	640.37	300.36	345.41	224.18	257.80	405.67	466.52
4	Secured wholesale funding	916.75	1,054.26	719.72	827.68	794.26	913.40	706.13	812.05
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-

₹ in Crore

S. No.	Particulars	For the quarter ended							
		March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,520.99	1,749.14	1,503.39	1,728.90	1,379.43	1,586.35	1,472.94	1,693.88
7	Other contingent funding obligations	1,216.44	1,398.91	1,033.66	1,188.71	1,171.56	1,347.29	932.14	1,071.97
	Total Cash Outflows	**4,211.02**	**4,842.68**	**3,557.13**	**4,090.70**	**3,569.43**	**4,104.84**	**3,516.88**	**4,044.42**
	Cash Inflows								
8	Secured lending	-	-	-	-	-	-	-	-
9	Inflows from fully performing exposures	1,772.14	1,329.10	1,449.55	1,087.16	1,505.40	1,129.05	1,446.58	1,084.94
10	Other cash inflows	5,886.35	4,414.76	6,683.14	5,012.36	5,887.82	4,415.87	4,561.68	3,421.26
	Total Cash Inflows	**7,658.49**	**5,743.86**	**8,132.69**	**6,099.52**	**7,393.22**	**5,544.92**	**6,008.26**	**4,506.20**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
11	**Total HQLA**	1,525.18	1,495.55	1,383.03	1,358.14	1,233.37	1,201.58	1,256.86	1,207.84
12	**Total Net Cash Outflows**		1,210.67		1,022.68		1,026.21		1,011.10
13	**Liquidity Coverage Ratio (%)**		**123.53%**		**132.80%**		**117.09%**		**119.46%**

Notes:

1. The data is provided for as per the RBI guidelines mentioned above.
2. The quarterly average is calculated as the average of opening and closing balances of the relevant months of the respective quarters.
3. The components of LCR is arrived at by taking a stock approach whereby from the month end outstanding of each component (as financial records), the portion expected to be paid in the next 30 days is considered.
4. The components of HQLA are taken as per the Ind AS accounting standard. If the month-end falls on a non-working day, valuation of the HQLAs is as per the previous working day.
5. Given the revolving nature of CC, utilized portion of CC has not been considered as outflows.
6. Interest accrued but not due to be paid for the subsequent month is considered.

46.28 Public disclosure on liquidity risk in accordance with Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies as per RBI Circular dated RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019.

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

		As at March 31, 2024		
Sr. No.	**Number of Significant Counterparties**	**Amount (₹ in Crore)**	**% of Total deposits**	**% of Total Liabilities**
1	21	33,589.81	Not Applicable	78.50%

Note: Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(ii) Top 20 large deposits

Particulars	**As at March 31, 2024**
Total deposits to twenty largest deposit holders	Not Applicable
Percentage of deposits to twenty largest deposit holders to Total deposits	Not Applicable

(iii) Top 10 borrowings

Particulars	**As at March 31, 2024**
Amount of top ten borrowings (₹ in Crore)	25,390.92
Percentage of top ten borrowings to total borrowings	60.89%

(iv) **Funding Concentration based on significant instrument/ product**

Sr. No.	Name of the instrument/product	As at March 31, 2024	
		Amount(₹ in Crore)	% of Total Liabilities
1	Bank/FI Borrowing	27,095.13	63.32%
2	External Commercial borrowing	4,759.73	11.12%
3	Non-Convertible Debentures	2,618.07	6.12%
4	Tier II NCD	937.98	2.19%
5	Compulsorily convertible preference shares (CCPS)	2,611.24	6.10%
6	Commercial Paper	3,677.24	8.59%
	Total	**41,699.39**	**97.45%**

Note: Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) **Stock Ratios**

Sr. No.	Particulars	Total Public Funds	Total Liabilities	Total Assets
(a)	Commercial papers as a % of	9.41%	8.59%	7.57%
(b)	Non-convertible debentures (original maturity of less than one year) as a % of	Nil	Nil	Nil
(c)	Other short-term liabilities as a % of	39.46%	36.05%	31.76%

Note:

1. Other Short-term Liabilities is computed as current maturities of long-term debt, short-term bank borrowings including outstanding CC/WCDL and other short-term liabilities has been considered, but excludes commercial paper and Non-convertible debentures (original maturity of less than one year).

2. Public funds are as defined in Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023.

(vi) **Institutional set-up for liquidity risk management**

The Board through the Asset-Liability Management Committee (ALCO) shall have the overall responsibility for management of liquidity risk. The ALCO shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided from time to time.

The ALCO committee is responsible for framing, implementing and monitoring the Liquidity Risk Management Framework including the ALM framework. It is also responsible for ensuring adherence to the various limits set by the regulator, Board and Board Sub Committee.

46.29 There are no instances of breach of covenant of loan availed or debt securities issued during the year ended March 31, 2024 and previous year ended March 31, 2023.

46.30 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:

As at March 31, 2024						₹ in Crore
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	43,347.96	262.20	43,085.76	181.35	80.85
	Stage 2	1,160.81	255.23	905.58	5.15	250.08
Subtotal		44,508.77	517.42	43,991.34	186.50	330.93
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,708.28	900.07	808.21	170.83	729.24
Doubtful - up to 1 year	Stage 3	101.11	60.43	40.68	55.80	4.63
1 to 3 years	Stage 3	152.37	68.11	84.26	80.74	(12.63)
More than 3 years	Stage 3	17.66	9.01	8.65	11.52	(2.51)
Subtotal for doubtful		271.14	137.55	133.59	148.07	(10.53)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,979.42	1,037.62	941.80	318.90	718.73

As at March 31, 2024 ₹ in Crore

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
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 Provisi-oning (IRACP) norms	Stage 1	1,547.00	3.24	(3.24)	-	3.24
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		1,547.00	3.24	(3.24)	-	3.24
Total	**Stage 1**	44,894.96	265.44	43,082.52	181.35	84.09
	Stage 2	1,160.81	255.23	905.58	5.15	250.08
	Stage 3	1,979.42	1,037.62	941.80	318.90	718.73
	Total	**48,035.19**	**1,558.29**	**44,929.89**	**505.40**	**1,052.89**

As at March 31, 2023						₹ in Crore
Asset Classifica-tion as per RBI Norms	**Asset classifica-tion as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowances (Provisions) as required under Ind AS 109**	**Net Carrying Amount**	**Provi-sions 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	34,789.76	359.66	34,430.10	146.88	212.78
	Stage 2	977.41	217.90	759.51	11.37	206.53
Subtotal		35,767.17	577.56	35,189.61	158.25	419.31
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,678.09	856.58	821.51	167.81	688.77
Doubtful - up to 1 year	Stage 3	302.68	128.58	174.10	116.66	11.92
1 to 3 years	Stage 3	44.83	19.42	25.41	19.61	(0.19)
More than 3 years	Stage 3	7.55	3.89	3.66	6.12	(2.23)
Subtotal for doubtful		355.06	151.89	203.17	142.39	9.50
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,033.15	1,008.47	1,024.68	310.20	698.27

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	903.69	1.29	(1.29)	-	1.29
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		903.69	1.29	(1.29)	-	1.29
Total	**Stage 1**	35,693.45	360.95	34,428.81	146.88	214.07
	Stage 2	977.41	217.90	759.51	11.37	206.53
	Stage 3	2,033.15	1,008.47	1,024.68	310.20	698.27
	Total	**38,704.01**	**1,587.32**	**36,213.00**	**468.45**	**1,118.87**

Note 1 : Loan assets involving one time resolution vide RBI Circular dated August 06, 2020 and May 05, 2021, were classified under Stage 2 as on March 31, 2023 considering the significant increase in credit risk at that point in time. Taking into account the repayment behaviour of the customer, such loans have been appropriately classified as per their actual days past due as on March 31, 2024. Accordingly, the previous year numbers are not comparable.

Note 2 : Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at March 31, 2024 and March 31, 2023, no amount is required to be transferred to 'Impairment Reserve' for both the financial years.

46.31 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial company (as required in terms of Annex VIII of Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023.

₹ in Crore

S. No.	Particulars	As at March 31, 2024		As at March 31, 2023	
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	2,618.07	-	3,341.60	-
	Unsecured (other than falling within the meaning of public deposits)	937.98	-	881.67	-
	(b) Deferred credits	-	-	-	-
	(c) Term loans	24,130.64	-	17,966.76	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial paper	3,677.24	-	2,919.91	-
	(f) Public deposits	-	-	-	-
	(g) Others:				
	External commercial borrowing	4,759.73	-	3,934.83	-
	Secured Cash Credit from bank (excluding book overdrafts)	423.89	-	319.37	-
	Other loan from banks-FCNR	25.59	-	39.42	-
	Secured- working capital demand loan	2,315.01	-	1,470.07	-
	Unsecured – working capital demand loan and cash credit	200.00	-	200.00	-
	Compulsorily convertible preference shares (CCPS)	2,611.24	-	2,310.05	-

₹ in Crore

Assets side		As at March 31, 2024	As at March 31, 2023
2	**Break-up of loans and advances including bills receivables [other than those included in (4) below] (Net off provision on NPA)**		
	(a) Secured	25,420.24	21,758.48
	(b) Unsecured	20,030.35	15,033.38
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	-	0.02
	(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	-	-

₹ in Crore

4	Break-up of Investments:	As at March 31, 2024	As at March 31, 2023
	Current Investments :		
	1. Quoted :		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	410.88
	(iii) Units of mutual funds	-	-
	(iv) Government Securities*	1,324.19	848.57
	(v) Others: Commercial paper	-	145.33

			₹ in Crore
4	**Break-up of Investments:**	**As at March 31, 2024**	**As at March 31, 2023**
	2. Unquoted :		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	301.03	-
	(iv) Government Securities	-	-
	(v) Others: Certificate of deposits	-	74.87
	Long Term investments :		
	1. Quoted :		
	(i) Shares :		
	(a) Equity	0.65	0.32
	(b) Preference	-	9.00
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(i) Shares :		
	(a) Equity	806.98	806.98
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	0.04	2.86

* Includes treasury bills

₹ in Crore

5	Borrower group-wise classification of assets financed as in (2) and (3) above (net of provisions):						
	Category	As at March 31, 2024			As at March 31, 2023		
		Secured	Unsecured	Total	Secured	Unsecured	Total
5.1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	107.75	-	107.75	213.90	49.90	263.80
5.2	Other than related parties	25,312.50	20,030.35	45,342.84	21,544.58	14,983.48	36,528.06
	Total*	**25,420.25**	**20,030.35**	**45,450.59**	**21,758.48**	**15,033.38**	**36,791.86**

*Net of provision on NPA assets

₹ in Crore

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, 2024		As at March 31, 2023	
		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	800.00	800.00	800.00	800.00
	(b) Companies in the same Group	0.65	0.65	0.32	0.32
	(c) Other related parties				
6.2	Other than related parties	1,632.24	1,632.24	1,498.49	1,498.49
	Total	**2,432.89**	**2,432.89**	**2,298.81**	**2,298.81**

₹ in Crore

7	Other Information	As at March 31, 2024	As at March 31, 2023
	Particulars		
7.1	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	1,979.42	2,033.15
7.2	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	941.80	1,024.68
7.3	Assets acquired in satisfaction of debt	-	-

Note 47.1 : Additional Regulatory Information required by Schedule III to the Companies Act, 2013

(i) The Company has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.

(ii) The Company is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(iii) During the year, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction.

(iv) The Company does not have any transactions which were not recoded in the books of accounts, but offered as income during the year in the income tax assessment.

(v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vi) The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

Note 47.2 :

As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014, the Company uses only such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an edit log of each change made in the books of account along with the date when such changes were made within such accounting software. This feature of recording audit trail has operated throughout the year and was not tampered with during the year except in respect of one accounting software, where the audit log is not maintained in case of modification by certain users with specific access (debug), and for three accounting software no audit trail has been enabled at the database level. Further, in respect of payroll processing software , the Service Organization Control Report (SOC 1 type 2 report) was not available for the full period to the Company. The Company has established and maintained an adequate internal control framework and based on its assessment, believes that this was effective as of March 31, 2024.

Note 48 : i) Disclosure pursuant to Reserve Bank of India notification RBI/2020- 21/16 DOR.No.BP.BC/3/21.04.048/2020- 21 dated 6 August 2020 and RBI/2021-22/31/ DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 pertaining to Resolution Framework for COVID-19 related stress:

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2023	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2024	Of (A) amount written off during the half-year ended March 31, 2024	Of (A) amount paid by the borrowers during the half-year ended March 31, 2024	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2024
Personal Loans	13.76	1.84	-	4.74	7.29
Corporate persons*	162.87	14.95	0.06	21.29	130.10
Of which MSMEs	161.73	14.95	0.06	21.11	128.32
Others	1.14	-	-	0.17	1.78
Total	**176.63**	**16.79**	**0.06**	**26.02**	**137.39**

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

Note 49 : There are no loan against gold portfolio as at March 31, 2024 and March 31, 2023.

Note 50 : The Company has reclassified/regrouped previous year figures to conform to the current year's classification, wherever applicable.

For and on behalf of the Board of Directors of

Pawan Munjal	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Chairman	Managing Director	Jt. Managing Director & CEO	Director
(DIN No. : 00004223)	(DIN No. : 00012870)	(DIN No. : 02822641)	(DIN No. : 00027995)
Gurugram	Gurugram	Gurugram	Gurugram

		Sajin Mangalathu	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
Date: May 03, 2024		Gurugram	Gurugram

Signature to note 1 to 50 forming part of the financial statements

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

Sharad Vasant
Partner
Membership Number: 101119
Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: Gurugram
Date: May 03, 2024

INDEPENDENT AUDITOR'S REPORT
To the Members of Hero FinCorp Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have jointly audited the accompanying 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"), (refer Note 2.4 to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, material accounting policy information and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. 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 (the "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 March 31, 2024, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards 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 India 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 we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of impairment loss allowance against Loans based on Expected Credit Losses (“ECL”) Model</td></tr>
<tr><td>Assessment of impairment loss allowance basis expected credit losses (ECL) on Loans

(Refer Notes 8, 29 and 43.2.3 of the standalone financial statements)

The loan balances aggregating to Rs. 45,161.56 crores (excluding CROMS balances) and the associated impairment allowances aggregating to INR 1,558.29 crores as at March 31, 2024 are significant to the standalone financial statements and involve exercise of judgement by the management of the Holding Company around the determination of the impairment allowance in line with the Expected Credit Loss (‘ECL’) model specified under Ind AS 109 ‘Financial Instruments’.

Impairment allowances under the ECL model include management’s estimate of the expected losses within the loan portfolios at the balance sheet date and involves judgement in two main variables, viz. ‘Probability of Default’ and ‘Loss Given Default’ as specified under Ind AS 109.

Quantitative factors like days past due, behaviour of the portfolio, historical losses incurred on defaults and macro-economic data points and qualitative factors like nature of the underlying loan, deterioration in credit quality, reduction in the value of security, correlation of macro-economic variables to determine expected losses, uncertainty over realisability of security, judgement in relation to management overlays and related Reserve Bank of India (RBI) guidelines, to the extent applicable, etc. have been taken into account in the ECL computation.

In view of significant management judgement and estimates, and the complexity of the ECL model, we determined this to be a key audit matter.</td><td>How our audit addressed the key audit matter

The audit procedures performed by us to assess appropriateness of the impairment allowance under ECL on loans included the following:

• We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over:

i. the assumptions used in the calculation of ECL and its various aspects such as determination of Probability of Default, Loss Given Default, Exposure at Default, Staging of Loans, etc.;

ii. the completeness and accuracy of source data used by the management in the ECL computation; and

iii. Computation of ECL.

• We, along with the assistance of our internal experts, verified the appropriateness of the methodology and models used by the Holding Company and reasonableness of the assumptions used within the computation process to derive the impairment allowance in line with the Board approved ECL policy;

• We verified on a test check basis the completeness and accuracy of the source data used;

• We recomputed the impairment allowance for a sample of loans across the portfolio, to check arithmetical accuracy and compliance with the requirements of Ind AS 109 in the ECL computation;

• We evaluated the reasonableness of the judgement involved in management overlays forming part of the impairment allowance, and the related approvals; and

• We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements of the Holding Company.

Based on the procedures performed above, we considered the management’s assessment of impairment loss allowance under ECL on Loans to be reasonable.</td></tr>
</table>

Information Technology ("IT") Systems and controls impacting financial statements	
The IT environment of the Company is complex and involves a large number of independent and interdependent IT systems used in the financial operations of the Holding Company for processing and recording a large volume of transactions. Appropriate IT general controls and IT application controls are required to ensure that such IT systems are able to process the data as required, completely, accurately, and consistently for reliable financial reporting. We have identified certain key IT systems ("in-scope" IT systems) which have an impact on the financial reporting process and the related controls testing as a key audit matter because of the dependency on these IT/ERP systems used by the Holding Company for processing financial transactions and their impact on the financial records and financial reporting process of the Holding Company.	Our procedures with respect to this matter included the following: ➢ In assessing the controls over the IT systems of the Holding Company, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems. We evaluated the design and tested the operating effectiveness of relevant IT general controls over the "in-scope" IT systems and IT dependencies identified as relevant for our audit of the standalone financial statements of the Holding Company. On such "in-scope" IT systems, we tested key IT general controls with respect to the following domains: • Program change management, which includes that program changes are moved to the production environment as per defined procedures and relevant segregation of environment is ensured; • User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to check that privilege access to applications, operating systems and databases in the production environment were granted only to authorised personnel; • Program development (if any), which includes controls over IT application development or implementation and related infrastructure, which are relied upon for the preparation of financial statements of the Company and • IT operations, which includes job scheduling, monitoring, data backup and recovery. ➢ We also evaluated the design and tested the operating effectiveness of relevant IT General Controls over applications which are used within the key business process, and also tested the relevant manual, IT dependent and automated controls, automated calculations, interfaces, segregation of duties and system generated reports, as applicable. We communicated the control observations which were noted during the course of our audit to the Management and/or to those charged with governance and tested a combination of compensating controls and/or performed alternative audit procedures, where necessary.

<table>
<tr><td colspan="2">Valuation of Financial Instruments (Level 3) issued by the Holding Company</td></tr>
<tr><td>Refer notes (18, 26.1 and 42) to the standalone financial statements

The Holding Company has issued financial instruments which are measured at fair value in accordance with the fair value hierarchy as specified in Ind-AS 113 ‘Fair Value Measurement’ and the corresponding fair value change is recognised in the Statement of Profit and Loss. These financial instruments are categorised as Level 3 in the fair valuation hierarchy, as their valuation is based on inputs which are not observable either directly or indirectly.

The valuation of these financial instruments involves judgement around the determination of the fair value in line with the requirements of the Ind AS 109 “Financial Instruments” and Ind AS 113. The management has engaged valuation experts (management’s experts) for determination of fair values, which involves selection of appropriate valuation methodology, and use of assumptions in relation to inputs to the valuation model.

In view of the complexity of the valuation methodology and inherent subjectivity in the valuation of Level 3 instruments, this has been considered as a key audit matter.</td><td>The audit procedures performed by us with respect to this matter included the following:

• We understood and evaluated the design and tested the operating effectiveness of the controls in relation to the valuation of financial instruments categorised as Level 3 in the fair valuation hierarchy.

• We read the terms of agreement to identify conditions that were relevant to the classification and valuation of financial instruments.

• With the involvement of the auditor’s expert, we assessed the appropriateness of the methodology adopted by the Management’s expert including that of selection of valuation technique and reasonableness of the assumptions used in the determination of fair value of the financial instruments.

• We checked that the terms of the financial instruments are appropriately considered by the management’s expert in the fair value determination.

• We assessed the adequacy and appropriateness of presentation and disclosures in relation to financial instruments in the standalone financial statements of the Holding Company.

Based on the procedures performed above, we considered the fair valuation of the financial instruments carried out by the management to be reasonable.</td></tr>
<tr><td colspan="2">The following Key Audit Matter was included in the communication dated April 30, 2024 provided by the auditor GSA & Associates LLP, independent firm of Chartered Accountants of Hero Housing Finance Limited, a subsidiary of the Holding Company, and is reproduced by us as under:</td></tr>
<tr><td colspan="2">Impairment of loans (expected credit losses)</td></tr>
<tr><td>Indian Accounting Standard (Ind AS) 109 Financial Instruments requires the Company to provide for impairment of its loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Company’s loans.</td><td>Our audit procedures included the following:

• Read and assessed the Company’s accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors.</td></tr>
</table>

In the process, a significant degree of judgement and estimates have been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) based on past due status or qualitative assessment; • Grouping of borrowers based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; • Estimation of PD, LGD and EAD based on historical default experience and individual assessment, wherever necessary, of the borrower specific, security and other relevant factors; • Determining macro-economic and other factors impacting credit quality of loans. The Company has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in relevant macroeconomic factors. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.	• Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Tested assumptions used by the management in determining the overlay for macro-economic and other factors. • Assessed adequacy of disclosures included in the financial statements in respect of expected credit losses.

Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

7. 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. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The Holding Company's Board of Directors is 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 financial position, consolidated financial performance,

changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

11. 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.

12. 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 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 Holding company has adequate internal financial controls with reference to consolidated 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 management.
    - Conclude on the appropriateness of management's 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 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 the entities or business activities within the Group to express opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. 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.

14. 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.

15. 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 auditor's 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.

Other Matters

16. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 5,455.25 crores and net assets of Rs 797.44 crores as at March 31, 2024, total income of Rs. 569.04 crores, total comprehensive income (comprising of profit and other comprehensive income) of Rs 36.66 crores and net cash flows amounting to Rs (49.07) crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

17. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the auditor of the Subsidiary in its CARO 2020 report issued in respect of the financial statements of the subsidiary company which are included in these Consolidated Financial Statements.

18. As required by Section 143(3) of the Act, 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 except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), 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 and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 18(b) above on reporting under Section 143(3)(b) and paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

(g) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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, if any, of pending litigations on the consolidated financial position of the Group – Refer Note 38.2 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2024 – Refer (a) Note 6, 8, 29 and 44.2.3 to the consolidated financial statements in respect of such items as it relates to the Group.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company. Based on the report of the other auditor, the subsidiary is not required to transfer any amounts to the investor education and protection fund.

iv. (a) The respective Managements of the Holding Company and its subsidiary, which is company incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowe funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Holding Company and its subsidiary which is company incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditor of the subsidiary, which is a company incorporated in India, whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The dividend declared during the year by the Holding Company is in compliance with Section 123 of the Act. Based on the report of the other auditor, since the subsidiary has neither paid or declared any dividend during the year nor proposed any dividend for the year, hence, reporting requirement of clause (f) of rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) are not applicable to the subsidiary.

vi. Based on our examination, which included test checks and that performed by the auditors of the subsidiary, which is a company incorporated in India whose financial statements have been audited under the Act, the Group have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility. Other than one accounting software in the Holding Company where the audit log is not maintained in case of modification by certain users with specific access (debug) and three accounting software in the Holding Company where no audit trail has been enabled at the database level, to log any direct data changes, the audit trail feature has operated throughout the year for all relevant transactions recorded in the software. During the course of performing our procedures, other than the aforesaid instances where the question of our commenting does not arise, we did not notice any instance of audit trail feature being tampered with.

Further, the Holding Company has used payroll processing software, which is operated by a third party software service provider, for maintaining their books of account and in the absence of SOC 1 Type 2 report, we are unable to comment whether the audit trail feature of the aforesaid software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with.

19. The Group has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 24101119BKFOBL5390

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 24081075BKFDJI2103

Place: Gurugram
Date: May 03, 2024

Annexure A to Independent Auditor's Report

Referred to in paragraph 18 (g) of the Independent Auditor's Report of even date to the members of Hero FinCorp Limited on the consolidated financial statements for the year ended March 31, 2024

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to financial statements of Hero FinCorp Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 Act.

Auditor's Responsibility

3. 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 issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to 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 control with reference to 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 financial statements

7. 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 control 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.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 24101119BKFOBL5390

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 24081075BKFDJI2103

Place: Gurugram
Date: May 03, 2024

Consolidated Balance Sheet as at March 31, 2024

₹ in Crore

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Assets			
Financial assets			
Cash and cash equivalents	4	98.78	750.14
Bank balance other than cash and cash equivalents	5	59.07	41.22
Derivative financial instruments	6	133.72	115.82
Trade receivables	7	4.92	1.30
Loans	8	49,880.47	39,871.27
Investments	9	1,895.96	1,747.49
Other financial assets	10	192.01	189.63
Non-financial assets			
Current tax assets (net)	11	155.54	147.41
Deferred tax assets (net)	12	369.02	376.15
Property, plant and equipment	13	181.00	67.59
Right-of-use assets	13.1	118.27	45.55
Intangible assets under development	13.2	0.75	2.76
Intangible assets	13.3	27.17	19.15
Other non-financial assets	14	87.98	75.74
Total assets		**53,204.66**	**43,451.22**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables:	15		
- Total outstanding dues of micro enterprises and small enterprises; and		0.73	2.48
- Total outstanding dues of creditors other than micro enterprises and small enterprises		438.27	496.02
Debt securities	16	6,703.72	6,747.08
Borrowings (other than debt securities)	17	35,840.39	26,612.99
Subordinated liabilities	18	3,625.37	3,267.79
Lease liabilities	19	127.24	52.40
Other financial liabilities	20	511.33	902.72
Non-financial liabilities			
Current tax liabilities (net)	21	40.85	1.03
Provisions	22	69.86	54.87
Other non-financial liabilities	23	74.87	66.01
Total liabilities		**47,432.63**	**38,203.39**

₹ in Crore

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Equity			
Equity share capital	24	127.31	127.31
Other equity	25	5,638.66	5,116.13
Non-controlling interests	25	6.06	4.39
Total equity		**5,772.03**	**5,247.83**
Total liabilities and equity		**53,204.66**	**43,451.22**
Material accounting policies	**3**		
Notes to the consolidated financial statements	**1 to 49**		

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

For and on behalf of the Board of Directors of

Hero FinCorp Limited

Pawan Munjal
Chairman
(DIN No.: 00004223)
Gurugram

Renu Munjal
Managing Director
(DIN No.: 00012870)
Gurugram

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

Pradeep Dinodia
Director
(DIN No.: 00027995)
Gurugram

Sajin Mangalathu
Chief Financial Officer
Gurugram

Shivendra Suman
Company Secretary
Gurugram

Date: May 03, 2024

This is the Consolidated Balance Sheet referred to in our report of even date.

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

Sharad Vasant
Partner
Membership Number: 101119

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075

Place: Gurugram
Date: May 03, 2024

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

₹ in Crore

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	26		
Interest income		7,479.38	5,719.60
Dividend income		0.71	0.74
Profit on sale of investments (net)		64.70	85.63
Rental income		-	0.11
Gain on derecognition of financial instruments under amortised cost category		21.28	23.13
Insurance commission		113.99	21.22
Others charges		610.84	551.17
Total revenue from operations		**8,290.90**	**6,401.60**
Other income	27	68.82	45.95
Total income		**8,359.72**	**6,447.55**
Expenses			
Finance costs	28	3,097.36	2,173.95
Net loss on fair value changes	26.1	338.52	299.71
Impairment on financial instruments	29	1,722.39	1,212.23
Employee benefits expenses	30	692.71	542.15
Depreciation and amortization	13	65.96	37.93
Other expenses	31	1,482.23	1,446.36
Total expenses		**7,399.17**	**5,712.33**
Profit before tax		**960.55**	**735.22**
Tax expense:	12		
(i) Current tax		307.46	197.70
(ii) Deferred tax/ (credit) (net)		16.04	57.57
Total tax expense		**323.50**	**255.27**
Profit after tax		**637.05**	**479.95**
Other comprehensive income/ (loss)			
a) Items that will not be reclassified to profit or loss:			
Remeasurement of gains/ (losses) on defined benefit plans	35	(1.43)	1.63
Income tax relating to items that will not be reclassified to profit or loss	12	0.44	(0.26)
Sub-total (a)		**(0.99)**	**1.37**
b) Items that may be reclassified to profit or loss:			
Cash flow hedge reserve		(33.38)	(0.76)
Income tax relating to items that may be reclassified to profit or loss	12	8.46	0.31
Sub-total (b)		**(24.92)**	**(0.45)**
Other comprehensive income for the year, net of tax		**(25.91)**	**0.92**
Total comprehensive income for the year, net of tax		**611.14**	**480.87**

₹ in Crore

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit for the year attributable to			
Owners of the Company		636.78	479.80
Non-controlling interest		0.27	0.15
Other comprehensive income/ (loss) for the year, net of tax, attributable to			
Owners of the Company		(25.91)	0.91
Non-controlling interest		0.00	0.01
Total comprehensive income for the year, net of tax, attributable to			
Owners of the Company		610.86	480.71
Non-controlling interests		0.28	0.16
Earnings per equity share	32		
Equity shareholder of parent for the year:			
Basic (in ₹)		50.04	37.70
Diluted (in ₹)		49.94	37.67
Material accounting policies	**3**		

Notes to the consolidated financial statements 1 to 49

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

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

Pawan Munjal
Chairman
(DIN No.: 00004223)
Gurugram

Renu Munjal
Managing Director
(DIN No.: 00012870)
Gurugram

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

Pradeep Dinodia
Director
(DIN No.: 00027995)
Gurugram

Sajin Mangalathu
Chief Financial Officer
Gurugram

Shivendra Suman
Company Secretary
Gurugram

Date: May 03, 2024

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

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

Sharad Vasant
Partner
Membership Number: 101119
Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: Gurugram
Date: May 03, 2024

Consolidated Statement of Changes in Equity for the year ended March 31, 2024

A. Equity share capital

For the year ended March 31, 2024 ₹ in Crore

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the current year	Balance at the end of the current reporting period
127.31	-	#	127.31

For the year ended March 31, 2023 ₹ in Crore

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the current year	Balance at the end of the current reporting period
127.31	-	-	127.31

Below rounding off norms.

Consolidated Statement of Changes in Equity for the year ended March 31, 2024

B. Other Equity

For the year ended March 31, 2024

₹ in Crore

Particulars	Reserves and surplus					Other comprehensive income/ (loss)		Stock options outstanding account	Total	Non-controlling interests
	Statutory reserve as per RBI Act	Statutory reserve as per NHB Act	Securities premium	General reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve			
As at April 1, 2023	**356.82**	**4.95**	**3,942.75**	**131.02**	**651.23**	**-**	**(2.19)**	**31.55**	**5,116.13**	**4.39**
Addition during the year*	-	-	-	-	-	-	-	-	-	0.96
Profit/ (loss) for the year	-	-	-	-	636.78	-	-	-	636.78	0.27
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	-	(0.99)	(24.92)	-	(25.91)	0.00
Transfer to retained earnings	-	-	-	-	0.17	0.99	-	(1.16)	-	-
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**636.95**	**-**	**(24.92)**	**(1.16)**	**610.87**	**1.23**
Dividend paid on equity shares	-	-	-	-	(103.12)	-	-	-	(103.12)	-
Transfer from retained earnings to statutory/ general reserve	120.38	7.22	-	-	(127.60)	-	-	-	-	-
Share issue expenses	-	-	(0.25)	-	-	-	-	-	(0.25)	-

Securities premium received	-	-	0.01	-	-	-	-	-	0.01	-
Share based payment charge	-	-	-	-	-	-	-	15.46	15.46	-
Adjustment for changes in ownership interests in subsidiary	-	-	-	-	(0.44)	-	-	-	(0.44)	0.44
As at March 31, 2024	**477.20**	**12.17**	**3,942.51**	**131.02**	**1,057.02**	**-**	**(27.11)**	**45.85**	**5,638.66**	**6.06**

* During the year, the subsidiary company has allotted 5,80,500 (March 31, 2023: 17,72,500) fully paid equity shares of ₹ 10 each under employee stock option scheme.

For the year ended March 31, 2023

₹ in Crore

Particulars	Reserves and surplus					Other comprehensive income/ (loss)		Stock options outstanding account	Total	Non Controlling Interest
	Statutory reserve as per RBI Act	Statutory reserve as per NHB Act	Securities premium	General reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve			
As at April 1, 2022	**265.35**	**0.42**	**3,947.64**	**131.02**	**266.07**	**-**	**(1.74)**	**31.45**	**4,640.21**	**2.46**
Addition during the year	-	-	-	-	-	-	-	-	-	1.77
Profit/ (loss) for the year	-	-	-	-	479.80	-	-	-	479.80	0.15
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	-	1.36	(0.45)	-	0.91	0.01
Transfer to retained earnings	-	-	-	-	1.36	(1.36)	-	-	-	-
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**481.16**	**-**	**(0.45)**	**-**	**480.71**	**1.93**
Dividend paid on equity shares	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings to statutory/ general reserve	91.47	4.53	-	-	(96.00)	-	-	-	-	-
Share issue expenses	-	-	(6.00)	-	-	-	-	-	(6.00)	-
Securities premium received	-	-	1.11	-	-	-	-	-	1.11	-
Share based payment charge	-	-	-	-	-	-	-	0.10	0.10	-
As at March 31, 2023	**356.82**	**4.95**	**3,942.75**	**131.02**	**651.23**	**-**	**(2.19)**	**31.55**	**5,116.13**	**4.39**

Material accounting policies	**3**
Notes to the consolidated financial statements	**1 to 49**

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

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

Pawan Munjal Chairman (DIN No.: 00004223) Gurugram	**Renu Munjal** Managing Director (DIN No.: 00012870) Gurugram	**Abhimanyu Munjal** Jt. Managing Director & CEO (DIN No.: 02822641) Gurugram	**Pradeep Dinodia** Director (DIN No.: 00027995) Gurugram
Date : May 03, 2024		**Sajin Mangalathu** Chief Financial Officer Gurugram	**Shivendra Suman** Company Secretary Gurugram

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

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	**Sudhir Maheshwari** Partner Membership Number: 081075
Place: Gurugram Date: May 03, 2024	Place: Gurugram Date: May 03, 2024

Consolidated Statement of Cash Flows for the year ended March 31, 2024

₹ in Crore

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A.	**Cash flow from operating activities**		
	Profit before tax	**960.55**	**735.22**
	Adjustments for:		
	Interest income	(7,477.66)	(5,717.89)
	Finance costs	3,097.36	2,173.96
	Depreciation and amortization	65.96	37.94
	Impairment on financial instruments	1,722.40	1,212.23
	Dividend income from investments	(0.71)	(0.74)
	Discount on commercial paper	11.15	4.91
	Employee share based payment expense	19.28	0.94
	Net loss on sale of property, plant and equipment	0.74	1.60
	Gain on derecognition of financial instruments underamortised cost category	(21.28)	(23.13)
	Net loss on fair value changes	338.52	299.71
	Profit on sale of investments	(64.70)	(85.64)
	Cash inflow from interest on loans	7,218.91	5,379.03
	Cash inflow from interest on fixed deposits	8.93	21.24
	Cash outflow towards finance costs	(2,758.68)	(1,805.09)
	Operating profit before working capital changes	**3,120.77**	**2,234.29**
	Working capital adjustments		
	(Increase)/ decrease in trade receivables	(8.77)	0.67
	Increase in loans	(11,580.68)	(9,472.32)
	(Increase)/ decrease in bank balance other than cash and cash equivalents	(18.46)	118.84
	(Increase)/ decrease in other financial assets	18.92	(55.34)
	Increase in derivative financial instruments	(51.51)	(115.13)
	Increase in other non financial assets	(16.54)	(6.27)
	Increase/ (decrease) in other financial liabilities	(395.06)	393.30
	Increase/ (decrease) in trade payables	(54.38)	193.74
	Increase in other non financial liabilities	8.88	9.90
	Increase in provisions	13.78	7.22
	Net cash used in operating activities before income tax	**(8,963.05)**	**(6,691.10)**
	Income tax paid (net of refund)	(275.78)	(227.42)
	Net cash used in operating activities (A)	**(9,238.83)**	**(6,918.52)**

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(160.65)	(50.98)
	Proceeds from sale of property, plant and equipment	4.28	2.70
	Dividend received	0.71	0.74
	Interest received on investments	114.14	51.94
	Purchase of investments	(14,832.31)	(17,590.26)
	Sale of investments	14,744.04	17,111.73
	Net cash used in investing activities (B)	**(129.79)**	**(474.13)**
C.	**Cash flow from financing activities**		
	Proceeds from conversion of partly paid equity shares to fully paid	0.02	-
	Proceeds from issue of equity shares of subsidiary to Non-controlling interest	0.61	1.81
	Proceeds from issue of compulsorily convertible preference shares	-	2,000.00
	Share issue expenses paid	(0.25)	(6.00)
	Proceeds from issue of debt securities	5,349.00	5,105.90
	Repayment of debt securities	(5,623.76)	(4,548.15)
	Proceeds from issue of borrowings (other than debt securities)	23,907.37	19,005.10
	Repayment of borrowings (other than debt securities)	(14,785.74)	(14,555.20)
	Proceeds from issue of subordinated liabilities	55.07	279.91
	Repayment of lease liability	(34.61)	(15.07)
	Dividend paid on equity shares	(102.94)	-
	Dividend paid on compulsorily convertible preference shares	(47.51)	-
	Net cash generated from financing activities (C)	**8,717.26**	**7,268.30**
D.	**Net decrease in cash and cash equivalents (A+B+C)**	**(651.36)**	**(124.35)**
	Cash and cash equivalents at the beginning of the year	750.14	874.49
	Cash and cash equivalents at the end of the year*	**98.78**	**750.14**
	*Components of cash and cash equivalents		
	Balances with banks (current accounts)	28.50	222.68
	Deposit with banks (original maturity less than three months)	70.28	527.46
		98.78	**750.14**

(i) The Statement of Cash Flows 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 and on behalf of Board of Directors

Hero FinCorp Limited

Pawan Munjal	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Chairman	Managing Director	Jt. Managing Director & CEO	Director
(DIN No.: 00004223)	(DIN No.: 00012870)	(DIN No.: 02822641)	(DIN No.: 00027995)
Gurugram	Gurugram	Gurugram	Gurugram

		Sajin Mangalathu	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
Date: May 03, 2024		Gurugram	Gurugram

This is the Consolidated Statement of Cash Flows referred to in our report of even date.

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

Sharad Vasant
Partner
Membership Number: 101119

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075

Place: Gurugram
Date: May 03, 2024

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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 December 16, 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. Hero Housing Finance Limited is the subsidiary of the Holding Company which is registered as a Housing Finance Company with National Housing Bank (NHB).

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'), other relevant provisions of the Act , Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 and directives and guidelines issued by National Housing Bank to the extent applicable.

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 03, 2024.

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 defined benefit plans and other long term employee benefit plans measured at fair value, financial instruments 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 is 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.

The consolidated financial statements are prepared on a going concern basis as the Management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.3 New Accounting Standards issued but not effective /Recent Accounting Developments

The Ministry of Corporate Affairs (MCA) on 31st March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, whereby certain important changes have been made to Indian Accounting Standards (Ind AS). The following changes are applicable from annual reporting periods beginning on or after 1 April 2023:

Amendments to Ind AS 12 Income Taxes - The amendment requires entities to recognize a separate deferred tax asset (DTA) and deferred tax liability (DTL) when the temporary differences arising on the initial recognition of an asset and liability are equal. An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented.

Amendments to Ind AS 1 Presentation of Financial Statements - The amendment replaces the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. The amendments also clarify that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

Amendments to Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - To clarify the interaction between an accounting policy and an accounting estimate, paragraph 32 of Ind AS 8 has been amended to state that: "An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such cases, an entity develops an accounting estimate to achieve the objective set out by the accounting policy".

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Group's accounting policy already complies with the now mandatory treatment.

2.4 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, 2024.

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	99.24%

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.

2.5 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

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

2.6 Use of estimates and judgments

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may not be in line with these estimates. The estimates and underlying assumptions are under ongoing consideration. 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.

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. Judgments and estimates take into account liquidity and model inputs associated with such items as credit risk (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 upon the Group's historical experience (to the extent available) and credit assessment and including forward looking information.

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

Income on derecognized (assigned) loans

Gains arising out of direct assignment transactions comprises of the difference between interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flow on execution of the transaction, discounted at the applicable rate is recorded upfront in the statement of profit and loss.

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 lifecycle of the instruments, as well expected changes to Group'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 requires 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.

Measurement of Provisions and contingencies: The Holding 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 Holding Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Holding Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

2.7 Measurement of fair value

The Group's certain accounting policies and disclosures require fair value measurement, for 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 to the extent 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.

Note 3: Material accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized at the trading date, i.e., which is the date on which 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 after initial recognition, except if and during the period in which the Group changes its financial asset's business model.

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. 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 purchased or originated credit impaired (POCI).

However, 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 modification of terms and conditions

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.

Collateral Repossession

The Group provides mortgage loans to individuals and Corporates. To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

In its normal course of business upon account becoming credit impaired, the Group physically repossess properties in its portfolio. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

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 amended 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.

(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 an "impaired credit" where one or more events that adversely impact 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;
- breach of contract such as a default or being past due.
- 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 Group applies the ECL model in accordance with Ind AS 109 for recognizing impairment loss on financial assets. For recognizing impairment loss, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly,12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is calculated on a collective basis for certain products, 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 is an 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 and other financial assets 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 and other financial assets, 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.

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.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as financial liabilities. They are recognised initially at their transaction price, net of transaction costs, and subsequently measured at amortized cost using the effective interest method where the time value of money is significant.

(e) 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.

(f) 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 of 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.

(g) 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.

(h) 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 an 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.

(i) 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 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 (regarded as 'Stage 3') 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). If the financial asset is no longer credit impaired i.e. all the outstanding dues are recovered, the company reverts to calculating interest income on a gross basis.

Other financial charges

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

Income on derecognised (Assigned) loans

Gains arising out of direct assignment transactions comprises of the difference between interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flow on execution of the transaction, discounted at the applicable rate is recorded upfront in the statement of profit and loss.

Other 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 recognizes revenue only on satisfactory completion of performance obligations.

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 recognizes 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.

(j) 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 bonuses 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.

Equity-settled share-based payments:

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 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.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions are not met.

Cash-settled share-based payments:

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses.

(k) 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.

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, . 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.

(l) 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.

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

- has a legally enforceable right to set off the recognized amounts; and
- 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 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 tax deductible temporary differences associated with investments in subsidiaries, 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

Goods and services tax input credit

Goods and services tax input credit is recognized in the books of account in the period in which the supply of goods or service is received and when there is no uncertainty in availing/utilizing the credits.

Expenses and assets are recognized net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(m) Foreign Currency Transactions

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Transactions in foreign currencies are translated into the functional currency of the Holding 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 Consolidated Statement of Profit and Loss.

(n) 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 allowed when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(o) Borrowing at amortised cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs and amortized over the period of the facility to which it relates.

(p) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

(q) 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.

(r) 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.

Note 4: Cash and cash equivalents

₹ in Crore

Particulars	As at March 31,2024	As at March 31, 2023
Balances with banks (current accounts)	28.50	222.68
Deposit with banks (original maturity less than three months)	70.28	527.46
Total	**98.78**	**750.14**

Note 5: Bank balance other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Dividend accounts (earmarked accounts)	0.57	0.43
Deposit with banks (original maturity more than three months)	15.13	-
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	43.37	40.79
Total	**59.07**	**41.22**

Note 6: Derivative financial instruments

₹ in Crore

	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Currency derivatives:						
Currency swaps	4,759.73	140.49	6.66	3,934.83	123.13	7.26
Forwards	50.85	0.05	0.16	77.32	-	0.05
Total	**4,810.58**	**140.54**	**6.82**	**4,012.15**	**123.13**	**7.31**

The Group enters into derivatives for risk management purposes (refer note 44.5). Derivatives held for risk management purposes include cash flow hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. Refer note 44.5 & 44.6 for foreign currency risk management and interest rate sensitivity on derivative financial instruments respectively.

Note 7: Trade receivables

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	4.92	1.30
(iii) Receivables which have significant increase in credit risk	-	-
(iv) Receivables - credit impaired	-	-
	4.92	1.30
Less : Impairment loss allowance	-	-
Total	**4.92**	**1.30**

No trade receivables are due from directors or other officers of the Group 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 39 for receivables from related parties.

Trade receivables - Ageing

As at March 31, 2024

₹ in Crore

Particulars	Outstanding for					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables considered good	4.32	0.32	0.28	-	-	4.92
ii. Undisputed trade receivables which have significant increase in credit risk	-	-	-	-	-	-
iii. Undisputed trade receivables credit impaired	-	-	-	-	-	
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	-
v. Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	
vi. Disputed trade receivables credit impaired	-	-	-	-	-	-

As at March 31, 2023

₹ in Crore

Particulars	Outstanding for					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables considered good	1.30	-	-	-	-	1.30
ii. Undisputed trade receivables which have significant increase in credit risk	-	-	-	-	-	-
iii. Undisputed trade receivables credit impaired	-	-	-	-	-	-
iv. Disputed Trade Receivables considered good	-	-	-	-	-	-
v. Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
vi. Disputed trade receivables credit impaired	-	-	-	-	-	-

There are no unbilled amount as at March 31, 2024 and March 31, 2023.

Note 8: Loans

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
A. Loans - Amortised cost		
Bills purchased and bills discounted	1,651.41	1,269.07
Term loans	48,506.95	38,225.79
Clearcorp Repo Order Matching System (CROMS)	1,326.63	2,000.70
Loans to employees	2.10	1.71
Total- Gross (A)	51,487.09	41,497.27
Less : Impairment loss allowance on loans	(1,606.62)	(1,626.00)
Total - Net (A)	**49,880.47**	**39,871.27**
B. Secured/ Unsecured		
(a) Secured by tangible assets	29,507.14	24,548.12
(b) Secured by other assets	1,359.10	1,380.83
(c) Unsecured	20,620.85	15,568.32
Total - Gross (B)	51,487.09	41,497.27
Less: Impairment loss allowance on loans	(1,606.62)	(1,626.00)
Total - Net (B)	**49,880.47**	**39,871.27**
C. Loans in India		
(a) Public sector	-	-
(b) Others	51,487.09	41,497.27
Total - Gross (C)	**51,487.09**	**41,497.27**
Less: Impairment loss allowance on loans	(1,606.62)	(1,626.00)
Total - Net (C)	**49,880.47**	**39,871.27**

8.1 Loans includes receivable from private companies in which a director is a director or a member (also refer note 39).

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Secured, considered good	107.75	214.50
Unsecured, considered good	-	50.00

8.2 Loans which are exclusively charged against Refinance Facility taken from National Housing Bank.

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Loans	732.83	71.68

8.3 No loans and advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013) that are repayable on demand or without specifying any terms or period of repayment.

Note 9: Investments

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
A) In India		
At fair value through profit and loss		
In equity instruments (quoted)	0.65	0.32
In equity instruments (unquoted)	6.98	6.98
In preference instruments(quoted)	-	9.00
In alternative investment Fund (unquoted)	0.04	0.07
In mutual funds (unquoted)	441.33	130.02
In commercial paper (quoted)	-	169.45
In certificate of deposits (quoted)	-	74.87
In treasury bills (quoted)	985.87	672.55
In government securities (quoted)	434.73	245.81
In corporate bonds (quoted)	26.36	435.63
In security receipts (unquoted)	-	2.53
In optional Convertible debentures (unquoted)	-	0.26
Total- Gross	1,895.96	1,747.49
Less: Allowance for impairment	-	-
Total- Net	**1,895.96**	**1,747.49**

9.1 The Group does not have any investment outside India.

Note 10: Other financial assets

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits (at amortised cost) (unsecured, considered good)	13.27	13.95
Receivable from collection agency	114.03	140.73
Excess interest spread receivable	54.09	32.95
Other receivable	10.62	2.00
Total	**192.01**	**189.63**

Note 11: Current tax assets (net)

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Advance income tax	793.91	875.44
Less : Provision for tax	(638.37)	(728.03)
Total	**155.54**	**147.41**

Note 12: Tax expenses & Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax (a)		
Current year	295.20	197.70
Previous year	12.26	-
Deferred tax (b)		
Attributable to–		
Origination and reversal of temporary differences	16.04	57.57
Tax adjustment relating to earlier year	-	-
Tax expense recognised in statement of profit and loss	**323.50**	**255.27**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

B. Income tax recognised in other comprehensive income

₹ in Crore

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Before tax	Deferred tax expense/ (benefit)	Net of tax	Before tax	Deferred tax expense/ (benefit)	Net of tax
Remeasurements of defined benefit plans	(1.43)	0.44	(0.99)	1.63	(0.26)	1.37
Cash flow hedge reserve	(33.38)	8.46	(24.92)	(0.76)	0.31	(0.45)

C. Reconciliation of effective tax expense

₹ in Crore

	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax	**960.55**	**735.22**
Other comprehensive income/ (loss) for the year	(34.81)	0.87
Tax using the Company's domestic tax rate	233.32	185.73
Effect of:		
Unrecognised deferred tax assets	(9.37)	(6.43)
Non-deductible expenses and exempt income	91.92	78.66
Others	7.63	(2.74)
Effective tax expense	**323.50**	**255.22**

D. Recognised deferred tax assets and liabilities (Group)

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

₹ in Crore

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset / (liabilities)	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Provisions for employee benefit	15.45	12.19	-	-	15.45	12.19
Depreciation*	0.73	2.15	-	-	0.73	2.15
Impairment allowance on loans	376.50	388.95	-	-	376.50	388.95
Effect of EIR on interest income	(18.59)	(17.14)	-	-	(18.59)	(17.14)
Other temporary differences	5.66	5.24	10.73	15.24	(5.07)	(10.00)
Net deferred tax (assets)/ liabilities	**379.75**	**391.39**	**10.73**	**15.24**	**369.02**	**376.15**

In the absence of reasonable certainty as to its realisation of Deferred Tax Assets (DTA), the subsidiary company has not recognised net deferred tax assets of ₹ 3.35 crore as at March 31, 2024 (March 31, 2023: ₹ 12.5 crore).

E. Movement in deferred tax on temporary differences (recognised)

-In respect of Group

₹ in Crore

	Balance as at March 31, 2022	Recognised in profit or loss during 2022-23	Recognised in OCI during 2022-23	Balance as at March 31, 2023	Recognised in profit or loss during 2023-24	Recognised in OCI during 2023-24	Balance as at March 31, 2024
Provisions for employee benefit	10.74	1.71	(0.26)	12.19	2.82	0.44	15.45
Depreciation*	2.40	(0.25)	-	2.15	(1.42)	-	0.73
Impairment allowance on loans	395.37	(6.42)	-	388.95	(12.45)	-	376.50
Effect of EIR on interest income	24.41	(41.55)	-	(17.14)	(1.45)	-	(18.59)
Other temporary differences	0.76	(11.06)	0.31	(10.00)	(3.53)	8.46	(5.07)
Net deferred tax assets/ (liabilities)	**433.68**	**(57.57)**	**0.05**	**376.15**	**(16.03)**	**8.90**	**369.02**

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

Note 13: Property, plant and equipment

₹ in Crore

Particulars	Own use							Assets given on operating lease	Total
	Building	Plant and equipment	Furniture and fixtures	Vehicles	Data processing equipment	Office equipment	Leasehold Improvements	Vehicles	
Cost									
As at April 1, 2022	**3.58**	**1.10**	**3.84**	**31.20**	**61.97**	**5.55**	**0.35**	**1.90**	**109.49**
Additions during the year	-	-	0.16	17.75	20.23	0.69	0.96	-	39.79
Disposals during the year	-	-	-	7.25	0.56	0.07	-	1.90	9.78
As at March 31, 2023	**3.58**	**1.10**	**4.00**	**41.70**	**81.64**	**6.17**	**1.31**	**-**	**139.50**
Additions during the year	-	3.42	10.71	33.84	30.43	18.59	49.28	-	146.27
Disposals during the year	-	-	-	6.68	6.62	0.96	-	-	14.26
As at March 31, 2024	**3.58**	**4.52**	**14.71**	**68.86**	**105.45**	**23.80**	**50.59**	**-**	**271.51**
Depreciation									
As at April 1, 2022	**0.29**	**0.36**	**0.97**	**12.74**	**41.39**	**2.73**	**0.31**	**1.18**	**59.97**
Disposals during the year	-	-	-	3.59	0.43	0.04	-	1.25	5.31
Depreciation charge for the year	0.06	0.09	0.39	3.93	11.37	1.01	0.33	0.07	17.25
As at March 31, 2023	**0.35**	**0.45**	**1.36**	**13.08**	**52.33**	**3.70**	**0.64**	**-**	**71.91**
Disposals during the year	-	-	-	2.94	5.74	0.05	-	-	8.73
Depreciation charge for the year	0.06	0.12	0.52	6.96	14.76	1.85	3.06	-	27.32
As at March 31, 2024	**0.41**	**0.57**	**1.88**	**17.10**	**61.35**	**5.50**	**3.70**	**-**	**90.51**
Net carrying amount									
As at March 31, 2023	**3.23**	**0.65**	**2.64**	**28.62**	**29.31**	**2.47**	**0.67**	**-**	**67.59**
As at March 31, 2024	**3.17**	**3.95**	**12.83**	**51.76**	**44.10**	**18.30**	**46.89**	**-**	**181.00**

(i) No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The title deed of the immovable property is held in the name of the Group.

13.1. Right-of-use assets

₹ in Crore

Particulars	Building
Cost	
As at April 1, 2022	**67.97**
Additions during the year	15.20
Disposals during the year	9.10
As at March 31, 2023	**74.07**
Additions during the year	101.97
Disposals during the year	6.64
As at March 31, 2024	**169.40**
Accumulated amortization	
As at April 1, 2022	24.90
Disposals during the year	8.56
Amortization charge for the year	12.18
As at March 31, 2023	**28.52**
Disposals during the year	6.05
Amortization charge for the year	28.66
As at March 31, 2024	**51.13**
Net carrying amount	
As at March 31, 2023	**45.55**
As at March 31, 2024	**118.27**

13.2. Intangible assets under development

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Intangible assets under development	0.75	2.76
Total	**0.75**	**2.76**

a) Intangible assets under development (IAUD) ageing schedule

₹ in Crore

IAUD	Amount in IAUD for a period of				Total
As at 31 March 2024	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.75	-	-	-	0.75
Projects temporarily suspended	-	-	-	-	-

₹ in Crore

IAUD	Amount in IAUD for a period of				Total
As at 31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.76	-	-	-	2.76
Projects temporarily suspended	-	-	-	-	-

Note: There are no projects which whose completion is overdue or has exceeded its cost compared to its original plan.

13.3. Intangible assets

₹ in Crore

Particulars	Computer software
Cost	
As at April 1, 2022	**50.38**
Additions during the year	6.24
Disposals during the year	-
As at March 31, 2023	**56.62**
Additions during the year	18.00
Disposals during the year	-
As at March 31, 2024	**74.62**
Accumulated amortization	
As at April 1, 2022	**28.97**
Disposals during the year	**-**
Amortization charge for the year	8.50
As at March 31, 2023	**37.47**
Disposals during the year	-
Amortization charge for the year	9.98
As at March 31, 2024	**47.45**
Net carrying amount	
As at March 31, 2023	**19.15**
As at March 31, 2024	**27.17**

Note: The Group has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the current or previous year.

Note 14: Other non-financial assets

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances	1.53	3.12
Prepaid expenses	29.75	19.46
Balance with government authorities	17.11	16.36
Advance to vendor	1.33	0.92
Others	38.26	35.88
Total	**87.98**	**75.74**

Note 15: Trade payables

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	0.73	2.48
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	438.27	496.02
Total	**439.00**	**498.50**

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

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.73	2.48
(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	**0.73**	**2.48**

15.2 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.

As at March 31, 2024 ₹ in Crore

Particulars	Unbilled	Outstanding for				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	0.73	-	-	-	0.73
ii. Others	405.40	31.33	1.53	0.01	-	438.27
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

As at March 31, 2023 ₹ in Crore

Particulars	Unbilled	Outstanding for				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	2.28	0.20	-	-	-	2.48
ii. Others	458.67	28.57	8.78	-	-	496.02
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

Note 16: Debt securities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 16.1 and 16.2)	2,881.32	3,705.56
Unsecured		
Commercial papers (refer note 16.3 and 16.4)	3,822.40	3,041.52
Total	**6,703.72**	**6,747.08**
Debt securities in India	6,703.72	6,747.08
Debt securities outside India	-	-
Total	**6,703.72**	**6,747.08**

16.1 Terms of fully paid up privately placed secured redeemable non convertible debentures (NCD):

₹ in Crore

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2024		As at March 31, 2023	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07492	27 April 2020	27 April 2023	7.85%	-	-	3,500	350.00
INE800X07022	25 June 2020	23 June 2023	7.75%	-	-	1,000	100.00
INE957N07666	28 February 2022	28 February 2024	6.20%	-	-	1,500	150.00
INE957N07583	19 March 2021	15 March 2024	6.50%	-	-	1,000	100.00
INE957N07609*	20 May 2021	20 May 2024	3m T-bill + 2.00%	-	-	2,000	200.00
INE957N07625	20 July 2021	19 July 2024	3m T-bill + 1.75%	2,150	215.00	2,150	215.00
INE957N07633	03 August 2021	02 August 2024	6.25%	2,000	200.00	2,000	200.00
INE957N07641	11 August 2021	09 August 2024	Zero Percent (XIRR 6.25%)	1,500	150.00	1,500	150.00
INE957N07534	03 November 2020	21 May 2024	Zero Percent (XIRR 6.38%)	250	25.00	250	25.00
INE957N07724	13 December 2022	13 August 2024	Zero Percent (XIRR 8.28%)	1,390	139.00	1,390	139.00
INE957N07526	10 September 2020	10 September 2024	7.30%	1,500	150.00	1,500	150.00
INE800X07030	22 December 2021	24 September 2024	6.50%	750	75.00	750	75.00
INE957N07716	22 November 2022	22 November 2024	8.44%	2,650	265.00	2,650	265.00
INE957N07708	22 November 2022	20 December 2024	Zero Percent (XIRR 8.44%)	200	20.00	200	20.00
INE957N07740	30 December 2022	30 December 2024	8.25%	350	35.00	350	35.00
INE800X07048	09 February 2022	07 February 2025	3M TBILL + 2.20%	1,500	150.00	1,500	150.00
INE957N07617	14 July 2021	15 April 2025	Zero Percent (XIRR 6.57%)	500	50.00	500	50.00
INE957N07500	24 July 2020	24 July 2025	Zero Percent (XIRR 7.55%)	250	25.00	250	25.00
INE957N07682	29 July 2022	29 July 2025	7.99%	4,000	400.00	4,000	400.00
INE957N07542	03 November 2020	03 November 2025	6.95%	1,000	100.00	1,000	100.00

₹ in Crore

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2024		As at March 31, 2023	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07567	19 January 2021	19 January 2026	Zero Percent (XIRR 6.90%)	250	25.00	250	25.00
INE957N07674	04 May 2022	04 May 2027	7.60%	3,000	300.00	3,000	300.00
INE957N07732	27 December 2022	27 December 2028	9.55%	2,500	250.00	2,500	250.00
INE957N07591	07 May 2021	07 May 2031	7.35%	250	25.00	250	25.00
INE800X07055	15 February 2023	15 February 2033	8.50%	2,500	25.00	2,500	25.00
INE957N07757	12 May 2023	12 May 2026	8.35%	5,000	50.00	-	-
INE957N07773	02 February 2024	02 February 2029	8.60%	2,500	25.00	-	-
Sub total				**35,990**	**2,699.00**	**37,490**	**3,524.00**
Interest accrued on secured NCDs					183.15		183.08
EIR adjustments					(0.83)		(1.52)
Grand total				**35,990**	**2,881.32**	**37,490**	**3,705.56**

*INE957N07609 was redeemed on May 19, 2023 as put option was exercised by the investor.

16.2 The debentures are fully secured by first pari-passu charge by way of hypothecation of book debts and receivables.

16.3 Terms of repayment of Commercial papers:

Particulars	Repayment	As at March 31, 2024	As at March 31, 2023
Discount rate (in %)	Within 12 months	7.90% p.a. to 8.95%	6.07% p.a. to 8.36%

16.4 Pursuant to SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, the Group 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.

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

16.6 During the period presented there were no defaults in the repayment of principal and/or interest.

Note 17: Borrowings (other than debt securities)

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Term loan from banks and financial institutions (Secured) (refer note 17.1)	27,584.97	20,561.40
Term loan from banks - Foreign currency loan (Secured) (refer note 17.2)	50.85	77.32
External commercial borrowing (Secured) (refer note 17.3)	4,759.73	3,934.83
Loan repayable on demand from banks		
- Cash credit (Secured) (refer note 17.4)	424.48	319.37
- Working capital demand loans (Secured) (refer note 17.4)	2,315.01	1,470.07
- Working capital demand loans (Unsecured) (refer note 17.4)	200.00	200.00
Refinance facility from National Housing Bank (refer note 17.5)	505.35	50.00
Total	**35,840.39**	**26,612.99**
Borrowings in India	31,080.66	22,678.16
Borrowings outside India	4,759.73	3,934.83
Total	**35,840.39**	**26,612.99**

17.1 Secured term loans from banks and financial institutions secured by a first pari-passu charge by way of hypothecation of book debts and receivables is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Secured term loans (before interest accrued but not due and EIR adjustment)	27,548.62	20,556.37
Carrying interest rate (in %)	6.10% p.a to 9.68% p.a	6.05% p.a to 9.30% p.a

Terms of repayment as at March 31, 2024:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Monthly	More than 3 years	84	546.83	65	380.16	45	204.72	111	142.38	**1,274.09**
Quarterly	2 to 3 Years	22	750.97	2	11.11	-	-	-	-	**762.08**
Quarterly	More than 3 years	366	6,524.00	334	5,853.08	276	4,305.55	505	4,589.62	**21,272.24**
Semi-annual	2 to 3 Years	1	100.00	2	200.00	1	100.00	-	-	**400.00**
Semi-annual	More than 3 years	21	978.99	6	284.72	2	62.50	2	62.50	**1,388.71**
Annually	More than 3 years	13	388.50	11	427.67	8	317.67	2	252.67	**1,386.50**
Bullet	2 to 3 Years	2	400.00	1	250.00	-	-	-	-	**650.00**
Bullet	More than 3 years	-	-	-	-	1	415.00	-	-	**415.00**
Interest accrued but not due										**58.16**
EIR Adjustments										**(21.81)**
Total		**509.00**	**9,689.28**	**421.00**	**7,406.74**	**333.00**	**5,405.44**	**620.00**	**5,047.16**	**27,584.97**

Terms of repayment as at March 31, 2023:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Monthly	More than 3 years	88	596.83	88	596.83	69	430.16	164	447.10	**2,070.92**
Quarterly	2 to 3 Years	57	1,673.65	18	728.75	-	-	-	-	**2,402.40**
Quarterly	More than 3 years	225	3,266.80	196	3,069.73	158	2,382.74	334	2,625.46	**11,344.73**
Semi-annual	More than 3 years	36	1,556.48	26	938.78	9	268.06	-	-	**2,763.32**
Annually	More than 3 years	15	448.50	14	438.50	11	261.00	8	137.00	**1,285.00**
Bullet	2 to 3 Years	-	-	2	400.00	-	-	-	-	**400.00**
Bullet	More than 3 years	3	190.00	2	100.00	-	-	-	-	**290.00**
Interest accrued but not due										**27.14**
EIR Adjustments										**(22.11)**
Total		**424.00**	**7,732.27**	**346.00**	**6,272.58**	**247.00**	**3,341.95**	**506.00**	**3,209.56**	**20,561.40**

17.2 Foreign currency loan are fully secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying interest rate* (in %)	5.74% p.a. to 8.25% p.a.	4.52% p.a. to 5.13% p.a.

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender

Terms of repayment as at March 31, 2024:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Annually	Upto 1 Year	1	25.00	-	-	-	-	-	-	**25.00**
Bullet	Upto 1 Year	1	25.29	-	-	-	-	-	-	**25.29**
Interest accrued but not due										**0.57**
EIR adjustments										**(0.01)**
Total		**2**	**50.29**	**-**	**-**	**-**	**-**	**-**	**-**	**50.85**

Terms of repayment as at March 31, 2023:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Annually	Upto 1 Year	1	37.50	-	-	-	-	-	-	**37.50**
Bullet	Upto 1 Year	1	38.22	-	-	-	-	-	-	**38.22**
Interest accrued but not due										**1.62**
EIR adjustments										**(0.02)**
Total		**2**	**75.72**	**-**	**-**	**-**	**-**	**-**	**-**	**77.32**

*The maturity of the instrument is categorized based on the terms of foreign currency loan and estimation of prepayment of the facility.

17.3 External commercial borrowings as secured by a first pari-passu charge by way of hypothecation of receivables.

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying interest rate* (in %)	4.94% p.a. to 7.16% p.a.	4.89% p.a. to 6.41% p.a.

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender.*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender.

Terms of repayment as at March 31, 2024:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet	More than 3 years	8	1,108.84	11	3,163.45	1	150.61	2	301.24	**4,724.14**
Interest accrued but not due										**55.38**
EIR Adjustments										**(19.79)**
Total		**8**	**1,108.84**	**11**	**3,163.45**	**1**	**150.61**	**2**	**301.24**	**4,759.73**

Terms of repayment as at March 31, 2023:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet	More than 3 years	-	-	7	949.27	10	2,972.98	-	-	**3,922.25**
Interest accrued but not due										**44.63**
EIR Adjustments										**(32.05)**
Total		**-**	**-**	**7**	**949.27**	**10**	**2,972.98**	**-**	**-**	**3,934.83**

17.4 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 receivables. Terms of repayment of cash credit facilities and working capital demand loans:

Particulars	Repayment	As at March 31, 2024	As at March 31, 2023
Carrying interest rate			
- Cash credit facilities (Secured) (in %)	On Demand	7.82% p.a to 9.34% p.a	7.00% p.a to 9.50% p.a
- Working capital demand loans (in %)	On Demand	6.95% p.a. to 9.23% p.a.	7.58% p.a. to 8.55% p.a.

17.5 Terms of additional special refinance facility from National Housing Bank (NHB) by subsidiary company

Particulars	As at March 31, 2024	As at March 31, 2023
Amount availed as refinance from NHB (₹ in Crore)	500	50
Carring interest rate (in %)	5.26% p.a. to 8.35% p.a.	5.25% p.a. to 8.50% p.a.
Facilities are secured by	Exclusive charge by way of hypothecation of receivables	Exclusive charge by way of hypothecation of receivables

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

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

17.8 The term loans have been applied for the purposes for which they were obtained except for ₹ 1,379.70 crore (March 31, 2023 : ₹ 1,311.81 crore) which were pending to be utilised and temporarily parked in liquid assets as at March 31, 2024.

17.9 Quarterly returns or statements of receivable, current assets etc. filed by the Group with the banks, financial institutions or others are in agreement with the books of accounts, except the insignificant differences.

17.10 There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

Note 18: Subordinated liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Subordinated liabilities (unsecured)		
At amortised cost		
Redeemable non-convertible debentures-Tier II (refer note 18.1 to 18.3)	1,014.13	957.74
Designated at fair value through profit or loss		
Compulsorily convertible preference shares (CCPS) (refer note 18.4 to 18.8) 3,63,63,636 CCPS of face value ₹ 550 each (March 31, 2023: 3,63,63,636 CCPS of face value ₹ 550 each)	2,611.24	2,310.05
Total	**3,625.37**	**3,267.79**
Subordinated liabilities in India	2,402.01	2,185.53
Subordinated liabilities outside India	1,223.36	1,082.26
Total	**3,625.37**	**3,267.79**

18.1 Terms of repayment of non-convertible debentures-Tier II:

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2024		As at March 31, 2023	
				Number of NCDs	Amount ₹ in Crore	Number of NCDs	Amount ₹ in Crore
INE957N08011	15 September 2015	15 September 2025	9.35%	1,000	100.00	1,000	100.00
INE957N08029	03 August 2016	03 August 2026	8.98%	1,000	100.00	1,000	100.00
INE957N08037	20 June 2017	18 June 2027	8.52%	1,000	100.00	1,000	100.00
INE957N08045	06 December 2018	24 November 2028	9.81%	1,250	125.00	1,250	125.00
INE800X08012	28 December 2018	28 December 2028	9.50%	250	25.00	250	25.00
INE957N08052	05 February 2020	05 February 2030	8.85%	1,000	100.00	1,000	100.00
INE957N08060	04 March 2020	04 March 2030	8.49%	250	25.00	250	25.00
INE957N08078	11 December 2020	11 December 2030	7.65%	450	45.00	450	45.00
INE800X08020	05 March 2021	05 March 2031	7.85%	250	25.00	250	25.00
INE957N08086	18 July 2022	16 July 2032	8.65%	100	100.00	100	100.00
INE957N08094	21 October 2022	21 October 2032	8.65%	55	55.00	55	55.00

INE800X08038	25 November 2022	25 November 2032	8.75%	25	25.00	25	25.00
INE957N08102	01 December 2022	01 December 2032	8.65%	100	100.00	100	100.00
INE957N08110	05 January 2024	05 January 2034	9.00%	5,500	55.00	-	-
Interest accrued but not due					37.00		36.68
EIR adjustments					(2.87)		(3.94)
				12,230	**1,014.13**	**6,730**	**957.74**

18.2 No subordinated debts is guaranteed by directors and/or others.

18.3 During the period presented there were no defaults in the repayment of principal and/or interest.

18.4 During the previous year ended March 31, 2023, 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.

In accordance with Ind AS 32 'Financial Instruments: Presentation', the Holding Company had classified these CCPS as a financial liability 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.

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, 2024, would be higher by ₹ 348.69 crore (March 31, 2023: ₹ 310.05 crore) and total equity would be higher by ₹ 2,611.24 crore (March 31, 2023: ₹ 2,310.05 crore) and subordinated liabilities would be lower by ₹ 2,611.24 crore as at March 31, 2024 (March 31, 2023: ₹ 2,310.05 crore).

18.5 Each CCPS is a compulsorily and fully convertible preference share, convertible into Equity Shares, as per the terms and conditions as laid out in agreement. The holders of CCPS shall not be entitled to any voting rights with respect to such CCPS, except in accordance with the Companies Act, 2013.

18.6 Amount raised through issuance of CCPS has been used for purpose for which they are raised as stated in the agreement.

18.7 18.7 Subject to terms and conditions as laid out in agreement, the holder of each CCPS shall be entitled to receive dividends in cash annually, in respect of each CCPS, at minimum annual cumulative rate of 3% (Three Percent) on the face value of such CCPS upto the date of expiry of QIPO period. The board of directors has approved the payment of dividend of 3% p.a. per CCPS for the year ended March 31, 2024.

18.8 As per the terms of issuance of CCPS, in the event, QIPO is not completed on or prior to the expiry of QIPO period, the coupon for the CCPS will change to 16% p.a. from 3% p.a. after the expiry of QIPO period till the date of conversion of such CCPS.

Note 19: Lease liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (refer note 42)	127.24	52.40
Total	**127.24**	**52.40**

Note 20: Other financial liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Unclaimed dividend (refer note 20.1)	0.57	0.43
Book overdrafts	159.63	623.94
Other payables		
Salaries and wages payable	129.66	91.02
Security deposits	0.08	0.11
Margin money from customers	53.91	26.55
Others	167.48	160.68
Total	**511.33**	**902.72**

20.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2024 and March 31, 2023 which are required to be credited to the Investor Education and Protection Fund.

Note 21: Current tax liabilities (net)

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for income tax	295.20	197.88
Less : Advance tax	(254.35)	(196.85)
Total	**40.85**	**1.03**

Note 22: Provisions

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
- Provision for gratuity (refer note 35.2)	39.67	31.10
- Provision for compensated absences (refer note 35.3)	30.19	23.77
Total	**69.86**	**54.87**

Note 23: Other non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Unamortised interest on margin money deposits	29.58	14.61
Statutory dues payable	45.29	51.40
Total	**74.87**	**66.01**

Note 24: Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount ₹ in Crore	Number of shares	Amount ₹ in Crore
Authorised				
Equity shares of ₹ 10 each	30,00,00,020	300.00	30,00,00,020	300.00
	30,00,00,020	**300.00**	**30,00,00,020**	**300.00**
Issued				
Equity shares of ₹ 10 each	12,73,06,674	127.31	12,73,06,674	127.31
	12,73,06,674	**127.31**	**12,73,06,674**	**127.31**
Subscribed and paid-up				
Equity shares of ₹ 10 each (fully paid up)	12,73,06,110	127.31	12,73,05,868	127.31
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)	564	#	806	#
Total	**12,73,06,674**	**127.31**	**12,73,06,674**	**127.31**

Below rounding off norms.

24.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	Amount ₹ in Crore	Number of Shares	Amount ₹ in Crore
Equity shares of ₹ 10 each (fully paid-up)				
Opening balance	12,73,05,868	127.31	12,73,05,868	127.31
Issued during the year	-	-	-	-
Converted into fully paid up during the year	242	#	-	-
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)				
Opening balance	806	#	806	#
Issued during the year	-	-	-	-
Converted into fully paid up share during the year Rs. 10 each	(242)	#	-	-
Outstanding at the end of the year	**12,73,06,674**	**127.31**	**12,73,06,674**	**127.31**

Below rounding off norms.

24.2 Terms/ rights, preference and restriction attached to equity shares of ₹ 10 each

(i) The Holding Company has only one class of equity share having face value of ₹ 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.

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

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Equity shares				
Hero MotoCorp Ltd.	5,24,31,893	41.19	5,24,31,893	41.19
Bahadur Chand Investment Pvt. Ltd.	2,58,96,764	20.34	2,58,96,764	20.34
Otter Limited	1,28,82,170	10.12	1,28,82,170	10.12
Mr. Pawan Munjal (refer note 24.4 below)	36,08,812	2.83	36,08,812	2.83
Ms. Renu Munjal (refer note 24.4 below)	40,94,737	3.22	40,94,737	3.22
Ms. Santosh Munjal (refer note 24.4 below)	3,23,600	0.25	3,23,600	0.25
Mr. Suman Kant Munjal (refer note 24.4 below)	40,94,737	3.22	40,94,737	3.22
Total Brijmohan Lall Om Parkash (Partnership firm)	**1,21,21,886**	**9.52**	**1,21,21,886**	**9.52**

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

24.5 Shareholding of Promoters

S. No.	Promoter Name	As at March 31, 2024			As at March 31, 2023		
		No. of shares	Percentage of total shares (%)	Percentage of change during the year (%)	No. of shares	Percentage of total shares (%)	Percentage of change during the year(%)
1	Hero MotoCorp Limited	5,24,31,893	41.19	-	5,24,31,893	41.19	-
2	Bahadur Chand Investments Private Limited	2,58,96,764	20.34	-	2,58,96,764	20.34	-
3	Brijmohan Lal Om Parkash (partnership Firm)	1,21,21,886	9.52	-	1,21,21,886	9.52	-
4	Hero Investcorp Private Limited	34,33,008	2.70	-	34,33,008	2.70	-
5	Munjal Acme Packaging Systems Private Limited	19,21,968	1.51	-	19,21,968	1.51	-
6	Pawan Munjal Family Trust	7,90,394	0.62	-	7,90,394	0.62	-
7	RK Munjal and Sons Trust	7,90,394	0.62	-	7,90,394	0.62	-
8	Renu Munjal	4,10,740	0.32	-	4,10,740	0.32	-
9	Annuvrat Munjal	3,42,945	0.27	-	3,42,945	0.27	-
10	Munjal Family Trust *	1,50,682	0.12	0.12	-	0.00	-
11	Sunil Kant Munjal	3,14,502	0.25	-	3,14,502	0.25	-
12	Abhimanyu Munjal	1,50,681	0.12	(0.12)	3,01,363	0.24	-
13	Pawan Munjal	5,92,259	0.47	-	5,92,259	0.47	-
14	Survam Trust	2,43,905	0.19	-	2,43,905	0.19	-
15	Ujjwal Munjal	2,24,420	0.18	-	2,24,420	0.18	-
16	Rahul Munjal	2,24,166	0.18	-	2,24,166	0.18	-
17	Supria Munjal	1,90,978	0.15	-	1,90,978	0.15	-
18	Vasudha Dinodia	1,90,978	0.15	-	1,90,978	0.15	-
19	Akshay Munjal	1,87,324	0.15	-	1,87,324	0.15	-
20	Suman Kant Munjal	1,84,534	0.15	-	1,84,534	0.15	-
21	Radhika Uppal	1,04,805	0.08	-	1,04,805	0.08	-
22	Vidur Munjal	99,531	0.08	-	99,531	0.08	-
23	Geeta Anand	99,423	0.08	-	99,423	0.08	-
24	Aniesha Munjal	91,704	0.07	-	91,704	0.07	-
25	Shefali Munjal	45,675	0.04	-	45,675	0.04	-
26	Renuka Munjal	16,373	0.01	-	16,373	0.01	-
27	Mukta Munjal	4,500	0.00	-	4,500	0.00	-

* Beneficial Owner of these shares is Abhimanyu Munjal.

24.6 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.

24.7 Employee stock options

Terms attached to stock options granted to employees are described in Note-46 regarding share based payments.

24.8 Compulsorily convertible preference shares (CCPS)

Refer note 18.4 to 18.8 for terms and rights attached to Compulsorily convertible preference shares (CCPS).

Note 25: Other equity

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Securities premium		
Opening balance as at reporting date	**3,942.75**	**3,947.64**
Add: Additions during the year	0.01	1.11
Less: Share issue expenses	(0.25)	(6.00)
Closing balance as at reporting date	**3,942.51**	**3,942.75**
Statutory reserve as per RBI Act		
Opening balance as at reporting date	**356.82**	**265.35**
Add: Transferred from retained earnings	120.38	91.47
Closing balance as at reporting date	**477.20**	**356.82**
Statutory reserve as per NHB Act		
Opening balance as at reporting date	**4.95**	**0.42**
Add: Transferred from retained earnings	7.22	4.53
Closing balance as at reporting date	**12.17**	**4.95**
Stock options outstanding account		
Opening balance as at reporting date	**31.55**	**31.45**
Add: Charge during the year	15.46	0.10
Less: Transfer to retained earnings	(1.16)	-
Closing balance as at reporting date	**45.85**	**31.55**
General reserve		
Opening balance as at reporting date	**131.02**	**131.02**
Add: Transfer from retained earning	-	-
Closing balance as at reporting date	**131.02**	**131.02**
Other comprehensive income/ (loss)		
Opening balance as at reporting date	-	-
Add: Other comprehensive income/ (loss) for the year	(0.99)	1.36
Less: Transferred to retained earnings	0.99	(1.36)
Closing balance as at reporting date	-	-

Cash flow hedge reserve		
Opening balance as at reporting date	**(2.19)**	**(1.74)**
Add: Changes in fair value of FVTOCI hedge instruments	(24.92)	(0.45)
Closing balance as at reporting date	**(27.11)**	**(2.19)**
Retained earnings		
Opening balance as at reporting date	**651.23**	**266.07**
Add: Profit for the year	636.78	479.80
Add: Other comprehensive income for the year	0.17	1.36
Less: Dividend paid on equity shares	(103.12)	-
Less: Transfers to statutory reserve	(127.60)	(96.00)
Less: Adjustment for changes in ownership interests in subsidiary	(0.44)	-
Closing balance as at reporting date	**1,057.02**	**651.23**
Total	**5,638.66**	**5,116.13**

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Non-controlling interests		
Opening balance as at reporting date	**4.39**	**2.46**
Add: Addition during the year	0.96	1.77
Add: Profit for the year	0.27	0.15
Add: Other comprehensive income for the year, net of tax	0.00	0.01
Less: Adjustment for changes in ownership interests in subsidiary	0.44	-
Closing balance as at reporting date	**6.06**	**4.39**

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 and in accordance with section 29C of the NHB Act, 1987. The statutory reserves can be utilised for the purpose as specified by the RBI and NHB 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 Group for employees of the group. The reserve is used to recognise the fair value of the options issued to employees under Group's employee stock option plan. Refer note 46 for further detail of this plan.

General reserve:

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

Cash flow hedge reserve

It represents the cumulative gains/ (losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Retained earnings:

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

Note 26: Revenue from operations

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on:		
- Loans (at amortised cost)	7,369.84	5,649.18
- Investments (FVTPL)	99.49	51.94
- Fixed deposits	10.05	18.48
Dividend income	0.71	0.74
Profit on sale of investments	64.70	85.63
Rental income	-	0.11
Gain on derecognition of financial instruments under amortised cost category	21.28	23.13
Insurance commission	113.99	21.22
Others charges	610.84	551.17
Total	**8,290.90**	**6,401.60**

26.1 Net gain/ (loss) on fair value changes

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On financial instruments designated at fair value through profit or loss	(348.69)	(310.05)
(ii) Others	10.17	10.34
Total net gain/ (loss) on fair value changes (A)	**(338.52)**	**(299.71)**
(B) Fair value changes		
(i) Unrealised gain/ (loss)	(338.52)	(299.71)
Total net gain/ (loss) on fair value changes (B)	**(338.52)**	**(299.71)**

Note 27: Other income

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Fees on value added services	66.38	44.69
Other income	2.44	1.26
Total	**68.82**	**45.95**

Note 28: Finance costs

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	468.17	394.25
- Interest on borrowings (other than debt securities)	2,534.92	1,706.08
- Interest on subordinated liabilities	83.75	69.11
- Interest on lease liability	10.52	4.51
Total	**3,097.36**	**2,173.95**

Note 29: Impairment on financial instruments

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Impairment allowance (on loans measured at amortised cost)#	(19.20)	16.44
Settlement loss and bad debts written off *	1,741.59	1,195.79
Total	**1,722.39**	**1,212.23**
*Net off recoveries from bad debts written off	374.24	425.28
#Including reversal of impairment allowance as of the derecognition date	1,422.65	963.50

Note 30: Employee benefits expenses

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	614.32	492.40
Contribution to provident and other funds (refer note 35.1)	28.80	22.42
Employee share based payment expense (refer note 46)	28.83	8.53
Gratuity expense (refer note 35.2)	9.35	7.70
Staff welfare expenses	11.41	11.10
Total	**692.71**	**542.15**

Note 31: Other expenses

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	4.26	3.82
Rates and taxes	0.83	1.41
Insurance	15.22	15.11
Repairs and maintenance		
-Building	6.67	4.14
-Vehicle	0.41	0.32
-Others	0.10	-
Contractual staff cost	298.93	259.18
Recruitment and training	7.34	19.49
Loan processing fee	25.06	25.00
Communication	10.71	14.61
Printing and stationery	8.78	11.05
Bank charges	28.64	30.86
Travelling and conveyance	73.01	56.94
Loss on sale of property, plant and equipment (net)	1.24	1.60
Advertisement and marketing	42.81	33.53
Information technology	171.82	134.33
Loan collection charges	666.50	717.79
Legal and professional	73.57	84.40
Auditor's remuneration (refer note 31.1)	2.01	1.71
Expenditure towards corporate social responsibility (CSR) (refer note 31.2)	4.99	3.24
Miscellaneous	39.33	27.83
Total	**1,482.23**	**1,446.36**

* Includes donation of ₹ 8.00 crore made to Bharatiya Janata Party under section 182 of the Companies Act, 2013 (previous year Nil).

31.1: Auditor's remuneration

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Audit fee	1.19	0.95
Limited review	0.66	0.57
Certification fees	0.07	0.08
Out of pocket expenses	0.09	0.11
Total	**2.01**	**1.71**

31.2: Expenditure on Corporate Social Responsibility (CSR)

₹ in Crore

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a)	Gross amount required to be spent by the Group during the year	4.64	1.17
(b)	Amount approved by the Board to be spent during the year	4.99	4.39
(c)	Amount spent during the year on:	-	
	i) Construction/ acquisition of any assets	-	-
	ii) On purpose other than (i) above	4.99	4.39
(d)	Shortfall at the end of the year	-	-
(e)	Total of previous years shortfall	-	1.16
(f)	Reason for shortfall	-	-
(g)	Nature of CSR activities	#	#
(h)	Amount carried forward from previous year for setting off in the current year	-	-
(i)	Excess amount spend during the year carried forward to subsequent year	0.35	2.06

(j) The company has spent excess/(short) amount and details of the same are as follows:

Financial Year	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Balance not carried forward to next year	Balance carried forward to next year
2022-23	(1.16)	1.17	4.39	-	2.06
2023-24	-	4.64	4.99	-	0.35

Promoting education including skill development.

Note 32: 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, 2024	For the year ended March 31, 2023
Net profit for the year (₹ in Crore) (A)	637.05	479.95
Calculation of weighted average number of equity shares		
Number of equity shares outstanding at the beginning of the year	12,73,06,674	12,73,06,674
Number of equity shares issued during the year	-	-
Number of equity shares outstanding at the end of the year	12,73,06,674	12,73,06,674
Nominal value of equity share (in ₹)	10	10
Weighted average number of equity shares outstanding during the year (B)	12,73,06,273	12,73,06,271
Basic earnings per share of face value of ₹ 10 each (A)/ (B)	50.04	37.70
Weighted average number of potential dilutive equity shares (C)	12,75,60,202	12,74,23,670
Dilutive earnings per share of face value of ₹ 10 each (A)/ (C)	49.94	37.67
Weighted average number of equity shares (diluted)		
Weighted average number of equity shares outstanding during the year	12,73,06,273	12,73,06,271
Add: Number of potential equity share in respect of employee stock option scheme and partly paid up shares	2,53,929	1,17,399
Weighted average number of potential dilutive equity shares	12,75,60,202	12,74,23,670

Note 33: 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) The Group wide disclosures as required by Ind AS 108 are as follows;

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.The break-up of revenue from interest income and other income is provided in note 26.

(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 34: 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, 2024		As at March 31, 2023	
	Amount ₹ in Crore	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated net assets
Parent				
Hero FinCorp Limited	5,775.55	100.17%	5,288.62	100.86%
Subsidiary				
Hero Housing Finance Limited	797.44	13.83%	759.21	14.48%
Inter Company	(800.96)	(13.89%)	(800.00)	(15.26%)
Non controlling interest in subsidiary	(6.06)	(0.11%)	(4.39)	(0.08%)
Total	**5,765.97**	**100.00%**	**5,243.44**	**100.00%**

	Share in profit and loss			
	As at March 31, 2024		As at March 31, 2023	
	Amount ₹ in Crore	As % of consolidated profit & loss	Amount ₹ in Crore	As % of consolidated profit & loss
Parent				
Hero FinCorp Limited	601.92	94.52%	457.33	95.32%
Subsidiary				
Hero Housing Finance Limited	36.10	5.67%	22.62	4.71%
Inter Company	(0.97)	(0.15%)	-	0.00%
Non controlling interest in subsidiary	(0.27)	(0.04%)	(0.15)	0.03%
Total	**636.78**	**100.00%**	**479.80**	**100.00%**

	Share in other comprehensive income			
	As at March 31, 2024		As at March 31, 2023	
	Amount ₹ in Crore	As % of consolidated other comprehensive income	Amount ₹ in Crore	As % of consolidated other comprehensive income
Parent				
Hero FinCorp Limited	(26.47)	102.14%	(0.15)	(16.48%)
Subsidiary				
Hero Housing Finance Limited	0.56	(2.16%)	1.07	117.58%
Non controlling interest in subsidiary	(0.00)	0.02%	(0.01)	(1.10%)
Total	**(25.91)**	**100.00%**	**0.91**	**100.00%**

	Share in total comprehensive income			
	As at March 31, 2024		As at March 31, 2023	
	Amount ₹ in Crore	As % of consolidated other comprehensive income	Amount ₹ in Crore	As % of consolidated other comprehensive income
Parent				
Hero FinCorp Limited	575.45	94.20%	457.18	95.10%
Subsidiary				
Hero Housing Finance Limited	36.66	6.00%	23.70	4.93%
Inter Company	(0.97)	(0.15%)	-	0.00%
Non controlling interest in subsidiary	(0.28)	(0.05%)	(0.16)	(0.03%)
Total	**610.86**	**100.00%**	**480.72**	**100.00%**

Note 35: Retirement benefit plan

35.1 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:

₹ in Crore

	As at March 31, 2024	As at March 31, 2023
Employer's contribution to provident fund	26.80	20.53
Employer's contribution to superannuation fund	1.00	0.94
Employer's contribution to national pension scheme	1.00	0.95
Total	**28.80**	**22.42**

35.2 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:

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	31.10	26.94
Included in statement of profit and loss:		
Current service cost	7.07	5.92
Interest expense	2.28	1.78
Benefits paid	(2.21)	(1.91)
	7.14	**5.79**
Remeasurement (gains)/losses in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from :		
- demographic assumptions	(0.23)	(0.38)
- financial assumptions	1.21	(0.40)
- experience adjustment	0.45	(0.85)
	1.43	**(1.63)**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**39.67**	**31.10**

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:**

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	7.07	5.92
Net interest expense	2.28	1.78
Total	**9.35**	**7.70**

iii) **Expense recognised in other comprehensive (income)/loss:**

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Remeasurement (gains)/losses		
Actuarial loss/(gain) arising from :		
- demographic assumptions	(0.23)	(0.38)
- financial assumptions	1.21	(0.40)
- experience adjustment	0.45	(0.85)
Total	**1.43**	**(1.63)**

iv) Plan characteristics and associated risks

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Group is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Group is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liabilty.

Demographic Risk: The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. increase in the maximum limit on gratuity of Rs. 20,00,000).

v) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) of Holding Company:

	As at March 31, 2024	As at March 31, 2023
Discount rate	7.15%	7.30%
Withdrawal rate		
- Up to 30 years	22.00%	22.00%
- 31 - 44 years	22.00%	22.00%
- Above 44 years	22.00%	22.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
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, 2024	As at March 31, 2023
Discount rate	7.15%	7.40%
Withdrawal rate	10%-15%	10.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age (years)	58 years	58 years
Future salary growth*	10.00%	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.

vi) 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.

₹ in Crore

	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	38.23	41.23	30.01	32.28
Salary growth rate (- / + 1%)	41.12	38.29	32.21	30.05
Attrition rate (- / + 50%)	37.98	41.75	30.03	32.36
Mortality rate (- / + 10%)	39.67	39.67	31.10	31.10

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.

vii) 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, 2023 : Nil)

viii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

₹ in Crore

Duration (years)	As at March 31, 2024	As at March 31, 2023
within the next 12 months	15.41	13.66
Between 2 to 5 years	18.15	12.81
Above 5 years	20.51	15.98

As at March 31, 2024, the weighted-average duration of the defined benefit obligation was 3 years (March 31, 2023: 3 years) for the Holding Company, 7 years (March 31, 2023: 8 years) for the Subsidiary Company.

35.3 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 amount of the provision is ₹ 30.19 crore (March 31, 2023: ₹ 23.77 crore) as per the actuarial report.

Note 36: Maturity analysis of assets and liabilities

The table below shows a maturity analysis of assets and liabilities. Loans is net of impairment loss allowance on loans considering realisability, the amount recoverable from Stage 3 assets is classified under after 12 months.

₹ in Crore

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	98.78	-	98.78	750.14	-	750.14
Bank balance other than cash and cash equivalents	59.07	-	59.07	41.22	-	41.22
Derivative financial instruments	84.89	48.83	133.72	(0.05)	115.86	115.82
Trade receivables	4.92	-	4.92	1.30	-	1.30
Loans	22,230.65	27,649.82	49,880.47	18,814.31	21,056.96	39,871.27
Investments	1,888.34	7.63	1,895.96	1,729.87	17.61	1,747.49
Other financial assets	139.82	52.19	192.01	153.28	36.35	189.63
Non financial assets						
Current tax assets (net)	-	155.54	155.54	-	147.41	147.41
Deferred tax assets (net)	-	369.02	369.02	-	376.15	376.15
Property, plant and equipment	-	181.00	181.00	-	67.59	67.59
Right-of-use assets	-	118.27	118.27	-	45.55	45.55

Particulars	As at March 31, 2024 Within 12 months	After 12 months	Total	As at March 31, 2023 Within 12 months	After 12 months	Total
Intangible assets under development	-	0.75	0.75	-	2.76	2.76
Other intangible assets	-	27.17	27.17	-	19.15	19.15
Other non-financial assets	85.24	2.73	87.98	75.24	0.50	75.74
Total assets	**24,591.71**	**28,612.95**	**53,204.66**	**21,565.31**	**21,885.91**	**43,451.22**
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	0.73	-	0.73	2.48	-	2.48
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	438.27	-	438.27	487.88	8.14	496.02
Debt securities	5,403.21	1,300.51	6,703.72	4,077.28	2,669.80	6,747.08
Borrowing (other than debt securities)	13,949.23	21,891.16	35,840.39	9,848.71	16,764.28	26,612.99
Subordinated liabilities	37.00	3,588.37	3,625.37	35.77	3,232.02	3,267.79
Lease Liabilities	20.01	107.23	127.24	11.24	41.16	52.40
Other financial liabilities	446.59	64.74	511.33	877.61	25.11	902.72
Non financial liabilities						
Current tax liabilities (net)	40.85	-	40.85	1.03	-	1.03
Provisions	26.42	43.44	69.86	23.09	31.78	54.87
Other non - financial liabilities	51.80	23.07	74.87	51.86	14.15	66.01
Total liabilities	**20,414.10**	**27,018.53**	**47,432.63**	**15,416.95**	**22,786.44**	**38,203.39**
Net	**4,177.61**	**1,594.42**	**5,772.03**	**6,148.36**	**(900.54)**	**5,247.83**

Note 37: Change in liabilities arising from financing activities

₹ in Crore

Particulars	As at March 31, 2023	Cash flows	Others	As at March 31, 2024
Debt securities*	6,747.08	(274.76)	231.40	6,703.72
Borrowings other than debt securities	26,612.99	9,121.63	105.77	35,840.39
Subordinated liabilities	3,267.79	7.56	350.02	3,625.37
Lease Liabilities	52.40	(34.61)	109.44	127.24
Total liabilities from financing activities	**36,680.26**	**8,819.82**	**796.64**	**46,296.72**

₹ in Crore

Particulars	As at March 31, 2022	Cash flows	Others	As at March 31, 2023
Debt securities*	5,965.90	557.75	223.43	6,747.08
Borrowings other than debt securities	22,028.55	4,449.90	134.54	26,612.99
Subordinated liabilities	667.25	2,279.91	320.63	3,267.79
Lease Liabilities	48.48	(15.07)	18.99	52.40
Total liabilities from financing activities	**28,710.17**	**7,272.49**	**697.59**	**36,680.26**

*Others in debt securities represent discount on commercial paper amortised during the year.

Note 38: Contingent liabilities, commitments and leasing arrangements

38.1 Capital commitment

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for*	6.05	8.95
(ii) Undrawn committed credit lines	2,091.68	1,288.66
Total	**2,097.73**	**1,297.61**

*Net of advances paid

38.2 Contingent liability

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
VAT matters under appeal	0.20	0.20
Income tax matters		
Appeals/ Writ by the Group	112.62	312.11
Appeals by the Income tax department	0.33	0.33
Bank Guarantee*	0.50	0.50
Total	**113.65**	**313.14**

* *The Group has provided bank guarantee to National Stock Exchange to comply with the requirement of Recovery Expense Fund as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020.*

(a) The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Group towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Group will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

38.3 Litigations constitute the pending litigations filed by customers/vendors/ex-employees/others against the Group for service deficiency/title claims/monetary claims, etc. which is in the course of business as usual. Asides the above the Group in its rightful entitlement initiates appropriate legal proceedings for recovery of loan and enforcing security interest. A provision is created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels and assessment of such contingency as 'low', 'medium' or 'high'. In respect of the open litigations, the Management believes that the outcome of such matters will not have a material adverse effect on the Group's financial position, its operations and cash flows.

Note 39: Related party transactions

List of Related parties where transactions have occurred during the year:

(a) Parties having significant influence over the Group:

Hero MotoCorp Limited

Bahadur Chand Investment Private Limited - Core Investment Company

(b) Key managerial personnel (KMP):

Mr. Pawan Munjal – Chairman

Ms. Renu Munjal – Managing Director

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

Mr. Pradeep Dinodia - Non-Executive Director

Mr. Vivek Chaand Sehgal - Non-Executive Director (upto February 05, 2024)

Mr. Sanjay Kukreja - Non-Executive Director

Mr. Matthew Russell Michelini - Non-Executive Director (w.e.f August 03, 2022 upto February 05, 2024)

Mr. Jayesh Jain – Chief Financial Officer (upto May 21, 2023)#

Mr. Sajin Mangalathu - Chief Financial Officer (w.e.f August 04, 2023)#

Mr. Shivendra Kumar Suman – Company Secretary#

Mr. Amar Raj Singh Bindra - Non-Executive Director (w.e.f May 01,2023)

Ms. Anuranjita Kumar - Non-Executive Director (w.e.f February 05,2024)

 # identified as per the provisions of Companies Act, 2013

(c) Enterprises over which key management personnel and their relatives exercise significant influence:-

Hero Investcorp Private Limited

Hero Solar Energy Private Limited

Brijmohan Lall Om Prakash (Partnership Firm)

Munjal Acme Packaging Systems Private Limited

Cosmic Kitchen Private Limited

Ather Energy Private Limited

Hero Mind Mine Institute Private limited

BML Munjal University

Motherson Lease Solution Limited (upto February 05, 2024)

Hamari Asha Foundation

Elvy Lifestyle Private Limited

₹ in Crore

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Loan given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150.00**	**-**	**150.00**
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	-	-	-
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	150.00	-	150.00
Loan repaid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**156.96**	**352.46**	**156.96**	**352.46**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	106.75	133.80	106.75	133.80
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	50.21	176.08	50.21	176.08
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	42.58	-	42.58
Margin money paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.04**	**-**	**3.04**	**-**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	3.04	-	3.04	-
Issuance of compulsorily convertible preference shares	**-**	**700.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**-**	**780.00**
Hero MotoCorp Limited	-	700.00	-	-	-	-	-	-	-	-	-	700.00

₹ in Crore

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Brijmohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	80.00	-	80.00
Subvention income	**2.88**	**3.06**	**-**	**-**	**-**	**-**	**-**	**-**	**0.55**	**-**	**3.43**	**3.06**
Hero MotoCorp Limited	2.88	3.06	-	-	-	-	-	-	-	-	2.88	3.06
Ather Energy Private Limited	-	-	-	-	-	-	-	-	0.55	-	0.55	-
Interest received/ accrued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22.23**	**38.74**	**22.23**	**38.74**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	21.65	17.16	21.65	17.16
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	0.58	18.23	0.58	18.23
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	3.35	-	3.35
Interest waiver	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.38**	**-**	**0.38**	**-**
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	0.38	-	0.38	-
Lease rental received	**-**	**0.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.11**

₹ in Crore

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Hero MotoCorp Limited	-	0.11	-	-	-	-	-	-	-	-	-	0.11
Processing fees received	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.88**	**-**	**1.88**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	1.88	-	1.88
Reimbursement for sale of operating lease vehicles	**-**	**0.21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.21**
Hero MotoCorp Limited	-	0.21	-	-	-	-	-	-	-	-	-	0.21
Employee's training expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.53**	**0.22**	**0.53**	**0.22**
BML Munjal University	-	-	-	-	-	-	-	-	0.44	-	0.44	-
Hero Mind Mine Institute Private limited	-	-	-	-	-	-	-	-	0.09	0.22	0.09	0.22
Staff welfare expense and others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.22**	**0.93**	**2.22**	**0.93**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	2.22	0.93	2.22	0.93

₹ in Crore

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Business Promotion Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.39**	**0.42**	**0.39**	**0.42**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	0.12	0.42	0.12	0.42
Hamari Asha Foundation	-	-	-	-	-	-	-	-	0.27	-	0.27	-
Induction Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**0.02**	**-**
Hamari Asha Foundation	-	-	-	-	-	-	-	-	0.02	-	0.02	-
General Office Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.03**	**-**	**0.03**	**-**
Elvy Lifestyle Private Limited	-	-	-	-	-	-	-	-	0.03	-	0.03	-
Director sitting fee/commission	**-**	**-**	**1.27**	**0.24**	**-**	**-**	**-**	**-**	**-**	**-**	**1.27**	**0.24**
Directors and their relatives	-	-	1.27	0.24	-	-	-	-	-	-	1.27	0.24
Dividend paid	**63.45**	**-**	**2.95**	**-**	**-**	**-**	**-**	**-**	**14.20**	**-**	**80.60**	**-**
Bahadur Chand Investment Private Limited	20.98	-	-	-	-	-	-	-	-	-	20.98	-

₹ in Crore

Related Party / Items	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Brijmohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	9.82	-	9.82	-
Hero Investcorp Private Limited	-	-	-	-	-	-	-	-	2.78	-	2.78	-
Hero MotoCorp Limited	42.47	-	-	-	-	-	-	-	-	-	42.47	-
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	0.04	-	0.04	-
Munjal Acme Packaging Systems Private Limited	-	-	-	-	-	-	-	-	1.56	-	1.56	-
Dividend paid on compulsorily convertible preference shares	**16.63**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.90**	**-**	**18.53**	**-**
Hero MotoCorp Limited	16.63	-	-	-	-	-	-	-	-	-	16.63	-
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	1.90	-	1.90	-
Dividend received	**0.02**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**0.01**

₹ in Crore

Related Party / Items	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2024	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Hero MotoCorp Limited	0.02	0.01	-	-	-	-	-	-	-	-	0.02	0.01
Reimbursement of expenses	**-**	**-**	**-**	**-**	**-**	**-**	**0.05**	**-**	**-**	**-**	**0.05**	**-**
Key Management Personnel	-	-	-	-	-	-	0.05	-	-	-	0.05	-
Short term employee benefits**	**-**	**-**	**42.11**	**27.36**	**-**	**-**	**3.63**	**4.44**	**-**	**-**	**45.74**	**31.80**
Directors	-	-	42.11	27.36	-	-	-	-	-	-	42.11	27.36
Key Management Personnel	-	-	-	-	-	-	3.63	4.44	-	-	3.63	4.44
Post-employment benefits#	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Directors	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-

* Parties having significant influence over the Group.

** Includes variable pay/ commission on payment basis since accruals are made at the Group 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.

₹ in Crore

Related Party / Items	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Outstanding balances at the year end												
Investment in equity shares	**0.65**	**0.32**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.65**	**0.32**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 0.65 crore (Previous year ₹ 0.40 crore))	0.65	0.32	-	-	-	-	-	-	-	-	0.65	0.32
Issuance of compulsory convertible preference shares	**700.00**	**700.00**	**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**80.00**	**780.00**	**780.00**
Hero MotoCorp Limited	700.00	700.00	-	-	-	-	-	-	-	-	700.00	700.00
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	80.00	80.00	80.00	80.00
Loan outstanding at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**107.75**	**264.50**	**107.75**	**264.50**
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 214.63 crore (Previous year ₹ 220.35 crore))	-	-	-	-	-	-	-	-	107.75	214.50	107.75	214.50

₹ in Crore

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Hero Solar Energy Pvt Limited ((Maximum outstanding during the year ₹ 50.25 crores (Previous year ₹ 225.75 crores))	-	-	-	-	-	-	-	-	-	50.00	-	50.00
Outstanding margin money at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.44**	**5.48**	**2.44**	**5.48**
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 5.48 crore (Previous year ₹ 5.48 crore))	-	-	-	-	-	-	-	-	2.44	5.48	2.44	5.48
Outstanding expenses at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.15**	**-**	**0.15**	**-**
Cosmic Kitchen Private Limited ((Maximum outstanding during the year ₹ 0.17 crore (Previous year ₹ 0.29 crore))	-	-	-	-	-	-	-	-	0.15	-	0.15	-

₹ in Crore

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Amount receivable as at year end	**0.05**	**0.02**	**-**	**-**	**-**	**-**	**-**	**-**	**0.27**	**-**	**0.32**	**0.02**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 3.35 crores (Previous year ₹ 3.29 crores))	0.05	0.02	-	-	-	-	-	-	-	-	0.05	0.02
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 0.38 crore (Previous year Nil))	-	-	-	-	-	-	-	-	0.27	-	0.27	-

** Parties having significant influence over the Group.*

Notes:

1. Dividend related transactions are on actual payment/ receipt basis.

Note 40 : 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.

40.1 Capital management

The primary objectives of Group's capital management policy are to ensure that the Group complies with regulatory capital requirements. 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 intangible assets (excluding right-of-use 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 41: Events after balance sheet date

There have been no significant events after the reporting date that requires disclosure in these consolidated financial statements.

Note 42: Leases

(i) Statement showing carrying value of right of use assets ₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
At the beginning of the year	**45.55**	**43.07**
Additions	101.97	15.20
Deductions/ adjustments	0.59	0.54
Depreciation	28.66	12.18
At the year end	**118.27**	**45.55**

(ii) Amount recognized in Profit/ Loss ₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation charge for right-of-use assets	28.66	12.18
Interest expense (included in finance cost)	10.52	4.51
Variable lease payments	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses related to short term leases and leases of low value assets	4.26	3.82

(iii) Maturity analysis of undiscounted lease liability

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	37.98	15.55
One to Five years	101.00	42.38
More than five years	17.96	7.22
Total Payments	**156.94**	**65.16**

(iv) Cash Flow

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
The total cash outflow of leases	38.59	18.69

(v) Future Commitments

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Future undiscounted lease payments to which leases are not commenced	6.16	81.94

Note 43: 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.

₹ in Crore

As at March 31, 2024	Carrying amount					Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	Total	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents#	-	-	98.78	-	**98.78**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	59.07	-	**59.07**	-	-	-
Derivative financial instruments	-	-	-	133.72	**133.72**	-	133.72	-
Trade receivables#	-	-	4.92	-	**4.92**	-	-	-
Loans	-	-	49,880.47	-	**49,880.47**	-	-	49,863.29
Investments##	1,895.96	-	-	-	**1,895.96**	441.98	1,446.96	7.02
Other financial assets#	-	-	192.01	-	**192.01**	-	-	-
	1,895.96	**-**	**50,235.24**	**133.72**	**52,264.93**	**441.98**	**1,580.68**	**49,870.31**

Financial liabilities								
Trade payables#								
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	0.73	-	**0.73**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	438.27	-	**438.27**	-	-	-
Debt securities	-	-	6,703.72	-	**6,703.72**	-	-	6,700.83
Borrowings (other than debt securities)	-	-	35,840.39	-	**35,840.39**	-	-	35,824.45
Subordinated liabilities	2,611.24	-	1,014.13	-	**3,625.37**	-	-	3,615.06
Lease Liabilities#	-	-	127.24	-	**127.24**	-	-	-
Other financial liabilities#	-	-	511.33	-	**511.33**	-	-	-
	2,611.24	**-**	**44,635.82**	**-**	**47,247.05**	-	**-**	**46,140.34**

₹ in Crore

As at March 31, 2023	Carrying amount					Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	Total	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents#	-	-	750.14	-	**750.14**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	41.22	-	**41.22**	-	-	-
Derivative financial instruments	-	-	-	115.82	**115.82**	-	115.82	-
Trade receivables#	-	-	1.30	-	**1.30**	-	-	-
Loans	-	-	39,871.27	-	**39,871.27**	-	-	39,965.58

Investments##	1,747.49	-	-	-	**1,747.49**	130.34	1,598.30	18.84
Other financial assets#	-	-	189.63	-	**189.63**	-	-	-
	1,747.49	**-**	**40,853.56**	**115.82**	**42,716.87**	**130.34**	**1,714.12**	**39,984.43**
Financial liabilities								
Trade payables#								
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	2.48	-	**2.48**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	496.02	-	**496.02**	-	-	-
Debt securities	-	-	6,747.08	-	**6,747.08**	-	-	6,705.92
Borrowings (other than debt securities)	-	-	26,612.99	-	**26,612.99**	-	-	26,575.21
Subordinated liabilities	2,310.04	-	957.75	-	**3,267.79**	-	-	3,271.95
Lease Liabilities#	-	-	52.40	-	**52.40**	-	-	-
Other financial liabilities#	-	-	902.72	-	**902.72**	-	-	-
	2,310.04	**-**	**35,771.43**	**-**	**38,081.48**	**-**	**-**	**36,553.08**

* This includes fair value of financial instruments subsequently measured at amortised costs for which fair value as at reporting date is disclosed as per requirements of Ind AS 107 Financial Instruments : Disclosures.

\# The carrying amount of cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, other financial assets, trade payable, lease liabilities 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) **Changes in level 3 financial instruments (Valued at FVTPL)**

₹ in Crore

	Financial Assets		Financial Liabilities	
	As at March 31, 2024	**As at March 31, 2023**	**As at March 31, 2024**	**As at March 31, 2023**
Opening balance	18.84	23.87	2,310.05	-
Acquisitions during the year	-	-	-	2,000.00
Disposals/repayments during the year	11.79	8.67	47.51	-
Fair value gains / (losses) recognised in profit or loss*	(0.03)	3.64	(348.69)	(310.05)
Gains / (losses) recognised in other comprehensive income	-	-	-	-
Closing balance	**7.02**	**18.84**	**2,611.24**	**2,310.05**
*includes unrealised gain/ (loss) recognised in profit or loss related to assets and liabilities held at the end of the reporting period	(0.03)	(2.00)	(348.69)	(310.05)

(c) **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 (discounted basis the weighted average yield of recently disbursed loans) of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans.

Debt securities, borrowings (other than debt securities) and subordinated liabilities (other than compulsorily convertible preference shares (CCPS))

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the group'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.

Compulsorily Convertible Preference Shares (CCPS)

Fair value is estimated by using a discounted cash flow model based on management expected cash flows (determined using monte carlo simulations), discount rates (market inputs adjusted for the holding company specific risk) and terms of CCPS. The significant unobservable inputs include risk adjusted discount rate. Increase in the discount rate by 100 bps would decrease the fair value by ₹ 25.32 crore and decrease in discount rate by 100 bps would increase the fair value by ₹ 25.58 crore.

Investments

Investment in alternate investment fund is recorded at fair value determined by third party using discounted cash flow method. Investment in government securities, commercial paper, treasury bills, certificate of deposits, corporate bonds etc. are fair valued 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 44: Risk management framework

44.1 *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 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.

44.2 *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.

The Group holds cash and cash equivalents and other bank balances with banks and financial institutions. Funds are invested after taking into account parameters like safety, liquidity and post-tax returns etc. The credit worthiness of such banks and financial institutions is evaluated by the Management on an ongoing basis and is considered to be high.

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 as 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. Further in compliance with RBI circular dated November 12, 2021, Cases, where borrower had crossed 90 days past due, continued to be considered as Stage 3 (credit-impaired) for ECL calculations till the time all the due contractual payments are paid by the borrower.

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 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 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.

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 variable to compute the final PD estimate.

(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 group 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 group. 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 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 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.

44.2.1 *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 Consumer Prices (% change pa; av), Industrial Production (% change pa), Real GDP, Unemployment Rate (%), Real Manufacturing, Lending Interest Rate (%) etc. The selection of these variables was made basis statistical analysis and relevance to the business.

The macro- economic variables were regressed using a regression model against the log-odds of the weighted average PDs to forecast the forward-looking PDs 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.

Macro economic indicator	Scenario	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4
Domestic demand (% real change pa)	Base	8.40	8.70	9.70	7.70	1.20	2.50	3.50	5.50
	Best	9.24	9.57	10.67	8.47	1.32	2.75	3.85	6.05
	Worst	5.88	6.09	6.79	5.39	0.84	1.75	2.45	3.85
Real GDP (% change pa)	Base	4.60	4.70	7.20	6.00	8.20	7.20	5.70	6.00
	Best	5.06	5.17	7.92	6.60	9.02	7.92	6.27	6.60
	Worst	3.22	3.29	5.04	4.20	5.74	5.04	3.99	4.20
Services (% change pa)	Base	7.69	7.58	7.47	7.36	7.25	7.14	7.03	6.92
	Best	8.46	8.34	8.22	8.10	7.98	7.86	7.74	7.62
	Worst	5.39	5.31	5.23	5.15	5.08	5.00	4.92	4.85

Consumer prices (% change pa; av)	Base	5.40	5.70	4.30	3.90	3.70	4.30	4.50	5.00
	Best	4.86	5.13	3.87	3.51	3.33	3.87	4.05	4.50
	Worst	7.02	7.41	5.59	5.07	4.81	5.59	5.85	6.50
Private consumption (real % change pa)	Base	17.50	15.00	15.70	9.60	(10.90)	(4.40)	2.10	8.50
	Best	19.25	16.50	17.27	10.56	(11.99)	(4.84)	2.31	9.35
	Worst	12.25	10.50	10.99	6.72	(7.63)	(3.08)	1.47	5.95
Lending interest rate (%)	Base	14.50	14.00	14.00	13.80	13.40	13.00	12.70	12.30
	Best	13.05	12.60	12.60	12.42	12.06	11.70	11.43	11.07
	Worst	18.85	18.20	18.20	17.94	17.42	16.90	16.51	15.99
Gross fixed investment (% real change pa)	Base	(3.00)	(1.70)	2.80	2.30	26.10	16.80	8.30	3.10
	Best	(3.30)	(1.87)	3.08	2.53	28.71	18.48	9.13	3.41
	Worst	(2.10)	(1.19)	1.96	1.61	18.27	11.76	5.81	2.17

44.2.2 *Analysis of risk concentration*

The Group's concentrations of risk are managed by client/ counterparty and industry sector.

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
The maximum credit exposure to any individual client or counterparty	352.91	300.07

44.2.3 Analysis of portfolio

An analysis of changes in gross carrying amount in relation to loan portfolio is as follows:

₹ in Crore

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	**Stage 2**	**Stage 3*#**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	38,293.32	1,083.75	2,120.20	41,497.27	28,617.92	1,847.13	2,485.76	32,950.81
New assets originated (refer note 1and 2 below)	29,476.87	474.08	471.53	30,442.48	26,198.88	429.20	338.13	26,966.21
Assets repaid (excluding write offs) (refer note 2 below)	(17,464.84)	(417.78)	(286.38)	(18,169.00)	(15,134.04)	(1161.98)	(385.48)	(16,681.50)
Transfers from Stage 1	(1,791.91)	707.69	1,084.22	-	(1,449.34)	535.62	913.72	-
Transfers from Stage 2	101.58	(293.86)	192.28	-	96.93	(428.04)	331.11	-
Transfers from Stage 3	22.38	13.28	(35.66)	-	68.18	20.32	(88.50)	-
Settlement loss and bad debts written off **	(503.50)	(285.22)	(1,474.93)	(2,263.65)	(105.21)	(158.50)	(1,474.54)	(1,738.25)
Gross carrying amount closing balance	**48,133.91**	**1,281.94**	**2,071.25**	**51,487.10**	**38,293.32**	**1,083.75**	**2,120.20**	**41,497.27**

* Principal overdue and total interest overdue (as per contractual terms) of more than 90 days cases is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Principal Overdue for more than 90 days (Number of cases)	2,05,180	2,06,010
Principal overdue of more than 90 days cases (₹ in Crore)	542.42	417.81
Total Interest overdue for more than 90 days cases (₹ in Crore)	205.68	202.00

Further, stage 3 also includes carrying value of loans which are tagged as NPA / Stage 3 as per RBI circular dated November 12, 2021 and contractual value of loans under other facilities of such NPA customer which are less than 90 days, however tagged as NPA / Stage 3.

** Interest overdue on bad debts written off cases is as follows:

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Interest overdue on bad debts written off	147.73	117.45

Stage 3 asset is net of interest income on impaired portion of loan assets amounting to ₹ 111.86 crore (March 31, 2023 : ₹ 113.20 crore

Reconciliation of Impairment loss allowance in relation to loan portfolio is as follows:

₹ in Crore

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance- opening balance	371.86	220.82	1,033.32	1,626.00	192.52	344.39	1,072.86	1,609.77
New assets originated (refer note 1 and 2 below)	187.56	105.29	279.48	572.33	155.26	91.13	172.99	419.38
Effect of change in estimate/ repayment	44.32	155.54	631.08	830.94	68.10	(57.13)	549.38	560.35
Transfers from Stage 1	(14.99)	5.69	9.30	-	(19.08)	5.28	13.80	-
Transfers from Stage 2	11.44	(48.56)	37.12	-	15.30	(76.53)	61.23	-
Transfers from Stage 3	8.96	3.95	(12.91)	-	20.96	5.94	(26.90)	-
Settlement loss and bad debts written off	(325.54)	(184.46)	(912.65)	(1,422.65)	(61.20)	(92.26)	(810.04)	(963.50)
Impairment allowance- Closing balance	**283.61**	**258.27**	**1,064.74**	**1,606.62**	**371.86**	**220.82**	**1,033.32**	**1,626.00**

An analysis of Expected credit loss rate:

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate*	0.59%	20.15%	51.41%	3.12%	0.97%	20.38%	48.74%	3.92%

* 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 stage 1, stage 2, and stage 3 is based on period/year end staging. Interest accruals on existing loans that remain unpaid at the end of the year, are classified under new assets originated as per their opening stage category.

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 is as follows:

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Contractual amount of financial assets that has been written off that were still subject to enforcement activity	2,087.28	1,623.81

Note 4 : Loan assets involving one time resolution vide RBI Circular dated August 06, 2020 and May 05, 2021, were classified under Stage 2 as on March 31, 2022 considering the significant increase in credit risk at that point in time. Taking into account the repayment behaviour of the customer, such loans have been appropriately classified as per their actual days past due as on March 31, 2023 and March 31, 2024.

Note 5 : The Group recognize expected credit loss (ECL) on collective basis that takes into account comprehensive credit risk information. Expected credit loss (ECL) has increased from ₹ 1,609.77 crore to ₹ 1,626.00 crore as at March 31, 2023. Further, the same has decreased to ₹ 1,606.62 crore as at March 31, 2024.

During the year ended March 31, 2024, expected credit loss rate in stage III has increased from 48.74% to 51.41% and overall expected credit loss rate has decreased from 3.92% to 3.12% as compared to year ended March 31, 2023. The portfolio composition has improved with greater concentration in Stage 1 in March 31, 2024 (~93%) as compared to March 31, 2023 (~92%) thereby resulting in a lower overall ECL%.

Note 6: Stage 3 assets include properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Properties	20.99	16.04

Note 7: Derecognition of financial assets

During the year ended March 31, 2024 and March 31, 2023, the Subsidiary Company has sold 90% of a portion of its loans through direct assignments, measured at amortised cost, to maintain reasonable leverage. As per regulatory requirement, the Subsidiary Company continues to hold balance 10% of those loans as Minimum Retention Requirement (MRR). The Subsidiary Company transferred substantially all the risks and rewards relating to assets to the buyer and accordingly, sold portion of loans was derecognised.

The following table below sets forth, for the periods indicated, the summary of carrying amounts of the derecognised financial assets measured at amortised cost and the gain/ (loss) on derecognition.

₹ in Crore

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Value of financial assets derecognised	154.35	209.53
Gain on derecognition of financial assets	21.28	23.13

Since the Subsidiary Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition as interest-only strip receivable (Excess interest spread receivable) with a corresponding credit to the statement of profit and loss. The Outstanding pool of downsell portfolio as on March 31, 2024 is ₹ 333.72 crores (March 31, 2023: ₹ 253.62 crores)

44.2.4 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, corporate loan, two wheeler loan and pre owned car loan are all secured loans whereas products like business loan and personal loan generally do not carry any collateral security.

For loan against property, properties (residential, commercial, industrial, mixed use, etc.) are generally acceptable collateral. 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 Holding 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 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 3.0 times and above. For loan against shares, a minimum cover of 2.0 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. The loan to value for refinance of pre-owned car can be up to 175%.

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 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. Collaterals related to credit impaired assets are revalued for assessment /provisioning purposes and distress value is considered. The Group has an in-house team of technical managers who oversee the property valuation activity undertaken by empaneled technical valuers.

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) and Reserve Bank of India Master Directions (RBI Master Directions) the LTV ratios are in line with the NHB Directions and RBI Master Directions and the internal credit policy framework of the Subsidiary company.

As at March 31, 2024 ₹ in Crore

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL
1,345.79	1,403.96	619.47	90.78	2,114.21	(768.42)	550.44

As at March 31, 2023 ₹ in Crore

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL
1,387.89	1,152.43	709.81	280.56	2,142.80	(754.91)	537.70

Note 1: Including Buyout Portfolio

Note 2: Stage 3 TOS and Total ECL is of the secured assets.

Note 3: The total collateral value is the fair market value of the collaterals and the distress value of the collaterals has been used to compute the total ECL allowances.

44.3 *Liquidity risk*

Liquidity risk arises as the Group has contractual financial liabilities that are required to be serviced and redeemed as per committed timelines and in the business of lending where funds are required for the disbursement and creation of financial assets to address the going concern of the Group. Liquidity risk management is imperative to the Group as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with its operations. The Group uses various liquidity monitoring tools to measure and gauge the liquidity risk as per necessary guidelines stipulated by the RBI. The Group with the help of the Asset and Liability Committee (ALCO), 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. To effectively manage the fallout of the COVID-19 pandemic related RBI measures on its funding and liquidity, the Group has been continuously maintaining adequate level of liquidity buffers in terms of High Quality Liquid Assets as a safeguard against any likely disruption in the funding and market liquidity.

44.3.1 *Contractual maturities of financial instruments*

The table below summarizes the maturity profile of the undiscounted cash flows of the Group's financial liabilities as at reporting date.

₹ in Crore

	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
As at March 31, 2024					
Financial liabilities					
Trade payables	439.00	444.15	-	-	444.15
Debt securities*	6,703.72	5,632.91	1,486.50	55.51	7,174.93
Borrowings (other than debt securities)*	35,840.39	15,956.17	23,455.69	685.58	40,097.44
Subordinate liabilities*#	3,625.37	142.07	777.61	660.84	1,580.51
Lease liabilities	127.24	40.81	109.71	17.96	168.48
Other financial liabilities	511.33	452.33	58.07	31.83	542.23
Total undiscounted financial liabilities	**47,247.05**	**22,668.44**	**25,887.57**	**1,451.72**	**50,007.74**

₹ in Crore

As at March 31, 2023	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	498.50	490.36	8.14	-	498.50
Debt securities*	6,747.08	4,284.45	2,753.16	331.23	7,368.84
Borrowings (other than debt securities)*	26,612.99	11,424.76	17,988.03	465.03	29,877.83
Subordinate liabilities*#	3,267.79	123.10	694.61	779.37	1,597.08
Lease liabilities	52.40	15.55	42.39	7.22	65.16
Other financial liabilities	902.72	879.49	29.43	16.64	925.57
Total undiscounted financial liabilities	**38,081.48**	**17,217.72**	**21,515.76**	**1,599.50**	**40,332.98**

* The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amounts may change as market interest rates change.

\# In respect of Compulsorily Convertible Preference Shares (CCPS) issued during the year, the Company has only considered a mandatory pay-out of preference dividend of 3% p.a. for the purpose of liquidity risk, as such CCPS are likely to be converted into the entity's own shares as estimated by the management as on March 31, 2024. Also refer to Note 18.8.

44.4 *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. Cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, and other financial assets do not have any interest and market risk exposure due to the nature of balances.

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:

₹ in Crore

Financial assets	Floating rate	Fixed rate
March 31, 2024	14,403.06	37,084.01
March 31, 2023	10,145.05	31,352.22

Financial liabilities	Floating rate	Fixed rate
March 31, 2024	35,087.05	11,082.43
March 31, 2023	26,955.74	9,672.12

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.

	Impact on profit before tax (₹ in Crore)	
Movement in interest rates	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
1.00%	(132.13)	(105.17)
(1.00%)	132.13	105.17

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds, G-secs, T-Bills, money market instruments etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

₹ in Crore

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Investments carried at FVTPL valued using quoted prices in active market	1,895.96	1,747.49

	Impact on profit before tax (₹ in Crore)	
Movement in price	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**
5.00%	94.80	87.37
(5.00%)	(94.80)	(87.37)

44.5 Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arises majorly on account of foreign currency borrowings. The Group presently manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the underlying exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ in Crore, are as follows:

Foreign currency exposure	Currency	As at March 31, 2024	As at March 31, 2023
Borrowings (other than debt securities)	USD	4171.04	3372.02
Borrowings (other than debt securities)	SGD	639.54	640.13

Impact of hedge on the Balance Sheet:

Foreign currency exposure	Currency	As at March 31, 2024			As at March 31, 2023		
		Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability	Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
External commercial borrowing	USD	4,120.19	110.87	3.31	3,294.70	92.20	6.99
	SGD	639.54	29.62	3.35	640.13	30.93	0.27
Foreign currency loan	USD	50.85	0.05	0.16	77.32	-	0.05
	SGD	-	-	-	-	-	-

Movement in cash flow hedge reserve

₹ in Crore

Derivative instruments	Foreign exchange contracts	Cross currency swaps	Total
As at April 1, 2023	**1.00**	**1.19**	**2.19**
Add: changes in discounted spot element of foreign exchange contracts/CCS	(0.73)	51.88	51.15
Add: MTM gain/Loss of Derivative contracts	0.19	(17.96)	(17.77)
Less: amount reclassified to P&L	-	-	-
Less: Deferred tax relating to above	(0.08)	8.54	8.46
As at March 31, 2024	**0.54**	**26.57**	**27.11**
As at April 1, 2022	**1.96**	**(0.22)**	**1.74**
Add: changes in discounted spot element of foreign exchange contracts	(0.87)	115.78	114.91
Add: changes in FV of interest rate swaps	(0.26)	(113.89)	(114.15)
Less: amount reclassified to P&L	-	-	-
Less: Deferred tax relating to above	(0.17)	0.48	0.31
As at March 31, 2023	**1.00**	**1.19**	**2.19**

Foreign currency sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other comprehensive income arises from foreign forward exchange contracts and foreign exchange option contracts designated as cash flow hedges. Group has considered a sensitivity of +/- 5% for increase and decrease in the ₹ against the relevant foreign currencies to calculate the net impact on OCI.

₹ in Crore

Foreign currency exposure	Impact on profit after tax		Impact on other comprehensive income	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
USD				
Borrowings (other than debt securities) +5%	-	-	3.39	(6.48)
Borrowings (other than debt securities) -5%	-	-	(3.39)	6.48
SGD				
Borrowings (other than debt securities) +5%	-	-	0.51	(2.01)
Borrowings (other than debt securities) -5%	-	-	(0.51)	2.01

44.6 Interest rate sensitivity on derivative financial instruments

The sensitivity of changes in the interest rates from derivative financial instruments i.e. forward exchange contracts and currency swaps, designated as cash flow hedges, will be recognised in OCI. Grroup has considered a sensitivity of +/-1% for related interest rate changes to calculate the impact on OCI.

₹ in Crore

Movement in interest rates	Impact on profit after tax		Impact on other comprehensive income	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
USD				
1.00%	-	-	(46.30)	(35.60)
(1.00%)	-	-	47.31	36.38
SGD				
1.00%	-	-	0.43	0.40
(1.00%)	-	-	(0.43)	(0.40)

44.7 Modified financial assets

₹ in Crore

Particulars	As at March 31, 2024	As at March 31, 2023
Amortized cost of modified assets at the time of modification during the year	13.40	4.16
Modification gain/ (loss) for the year	-	-
Carrying cost of the modified financial assets	198.89	284.94

Note 45: Utilisation of borrowed funds and share premium

The Group has not given any loan or invested funds to any persons, entities (intermediaries) with the understanding that intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group.

b) provide any guarantee, security or the like to or on behalf of the Group.

The Group has not received any fund from any person, entities (Funding Party) with the understanding that the Group shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party.

b) provide any gurantee, Security or the like on behalf of the funding Party.

Note 46 : Employee Stock Option Scheme

(i) Equity settled

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 22,900,000 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. 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	Number of Options outstanding	Vesting condition and vesting period	Exercise price (Rs.)	Weighted average fair value of the options at grant date (₹)
ESOP 2017#	9,62,590	July 1, 2017	4,03,537	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
	25,000	December 1, 2017	-		495	329.09
	49,000	December 5, 2017	49,000		495	329.21
	93,215	January 8, 2018	69,919		495	327.95
	30,000	December 6, 2019	30,000		780	345.68
	1,15,000	April 1, 2020	-		780	345.68
ESOP 2017^	6,78,600	July 1, 2020	3,87,686	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	780	306.80
	17,400	October 1, 2020	17,400		780	306.80
	6,400	January 1, 2021	6,400		780	306.80
	45,000	October 1, 2021	45,000		780	199.52
	6,000	January 1, 2022	6,000		780	199.52
	2,02,800	June 1, 2022	1,36,800		780	201.45
	7,500	October 1, 2022	7,500		780	201.45
	12,000	November 1, 2022	12,000		780	201.45
	1,42,000	January 2, 2023	1,42,000		780	273.64
	1,07,418	March 1, 2023	1,07,418		780	273.64
	11,08,656	October 1, 2023	11,03,269		780	492.76
	20,000	December 1, 2023	20,000		780	492.76
	12,600	March 1, 2024	12,600		780	565.43

Plan	Number of Options Granted	Grant date	Number of Options outstanding	Vesting condition and vesting period	Exercise price (Rs.)	Weighted average fair value of the options at grant date (₹)
ESOP 2018-Tranche 1*	12,00,000	September 24, 2018	5,07,000	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	4.69
ESOP 2018-Tranche 2*	30,00,000	September 24, 2018			10	5.34
ESOP 2018-Tranche 3*	36,00,000	September 24, 2018			10	5.87
ESOP 2018-Tranche 4*	42,00,000	September 24, 2018			10	6.33
ESOP 2018-Tranche 1**	8,50,000	July 01, 2020	72,60,000	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	4.84
ESOP 2018-Tranche 2**	21,25,000	July 01, 2020			10	5.33
ESOP 2018-Tranche 3**	25,50,000	July 01, 2020			10	5.81
ESOP 2018-Tranche 4**	29,75,000	July 01, 2020			10	6.22

Plan	Number of Options Granted	Grant date	Number of Options outstanding	Vesting condition and vesting period	Exercise price (Rs.)	Weighted average fair value of the options at grant date (₹)
ESOP 2018-Tranche 1**	2,16,000	December 01, 2021	16,75,000	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	5.45
ESOP 2018-Tranche 2**	5,40,000	December 01, 2021			10	5.95
ESOP 2018-Tranche 3**	6,48,000	December 01, 2021			10	6.49
ESOP 2018-Tranche 4**	7,56,000	December 01, 2021			10	6.97
ESOP 2018-Tranche 1**	45,000	May 01, 2022	4,05,000	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	12	7.79
ESOP 2018-Tranche 2**	1,12,500	May 01, 2022			12	8.40
ESOP 2018-Tranche 3**	1,35,000	May 01, 2022			12	9.00
ESOP 2018-Tranche 4**	1,57,500	May 01, 2022			12	9.57
ESOP 2018-Tranche 1**	30,380	April 01, 2023	3,03,800	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	20	7.19
ESOP 2018-Tranche 2**	75,950	April 01, 2023			20	8.09
ESOP 2018-Tranche 3**	91,140	April 01, 2023			20	8.85
ESOP 2018-Tranche 4**	1,06,330	April 01, 2023			20	9.59

Plan	Number of Options Granted	Grant date	Number of Options outstanding	Vesting condition and vesting period	Exercise price (Rs.)	Weighted average fair value of the options at grant date (₹)
ESOP 2018-Tranche 1**	12,949	May 01, 2023	1,29,492	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	21.2	6.50
ESOP 2018-Tranche 2**	32,373	May 01, 2023			21.2	7.39
ESOP 2018-Tranche 3**	38,848	May 01, 2023			21.2	8.19
ESOP 2018-Tranche 4**	45,322	May 01, 2023			21.2	8.94
ESOP 2018-Tranche 1**	5,000	August 01, 2023	50,000	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	21.2	6.50
ESOP 2018-Tranche 2**	12,500	August 01, 2023			21.2	7.39
ESOP 2018-Tranche 3**	15,000	August 01, 2023			21.2	8.19
ESOP 2018-Tranche 4**	17,500	August 01, 2023			21.2	8.94

^ As amended by shareholders of Holding Company vide shareholders' special resolution dated June 28, 2020

* Approved by shareholders of Subsidiary Company dated September 21, 2018

** Amended and approved by shareholders of Subsidiary Company dated June 30, 2020

Modification to scheme approved by shareholder of Holding Company vide special resolution dated August 02, 2023. No incremental impact of the changes.

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

ESOP 2017	Particulars						
	Weighted average fair value of option (₹)	**Weighted average share price** (₹)	**Exercise price** (₹)	**Expected volatility****	**Option life (Years)**	**Dividend yield (%)**	**Risk-free interest rate (%)***
July 1, 2017	240.60	616.30	495.00	Nil	4.5	0.26	6.58
December 1, 2017	329.09	647.40	495.00	38.18	4.5	0.82	6.6
December 5, 2017	329.21	647.40	495.00	38.22	4.5	0.82	6.60
January 8, 2018	327.95	647.40	495.00	37.8	4.5	0.82	6.60
December 6, 2019	345.68	820.70	780.00	38.55	4.5	1.75	6.28
April 1, 2020	345.68	820.70	780.00	38.55	4.5	1.75	6.28
July 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
January 1, 2021	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2021	199.52	550.60	780.00	48.80	4.5	0.39	5.49
January 1, 2022	199.52	550.60	780.00	48.80	4.5	0.39	5.49
June 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
October 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
November 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
January 2, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
March 1, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
October 1, 2023	492.76	892.83	780.00	51.13	4.5	0.82	7.38
December 1, 2023	492.76	892.83	780.00	51.13	4.5	0.82	7.38
March 1, 2024	565.43	993.13	780.00	49.73	4.5	0.82	7.20

Inputs in to the pricing model of Subsidiary Company

ESOP 2018 (For grant date September 24, 2018)	Particular						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	4.69	11.24	10.00	35.61	3.5	Nil	7.94
Tranche 2	5.34	11.24	10.00	36.29	4.5	Nil	8.03
Tranche 3	5.87	11.24	10.00	36.09	5.5	Nil	8.09
Tranche 4	6.33	11.24	10.00	35.69	6.5	Nil	8.13

ESOP 2018 (For grant date July 1, 2020)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	4.84	11.46	10.00	43.4	3.5	Nil	4.81
Tranche 2	5.33	11.46	10.00	41.5	4.5	Nil	5.20
Tranche 3	5.81	11.46	10.00	40.5	5.5	Nil	5.51
Tranche 4	6.22	11.46	10.00	39.4	6.5	Nil	5.76

ESOP 2018 (For grant date December 1, 2021)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	5.45	12.76	12.00	47.92	3.5	Nil	5.18
Tranche 2	5.95	12.76	12.00	44.95	4.5	Nil	5.53
Tranche 3	6.49	12.76	12.00	43.7	5.5	Nil	5.83
Tranche 4	6.97	12.76	12.00	42.51	6.5	Nil	6.08

ESOP 2018 (For grant date May 1, 2022)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	7.79	16.96	12.00	28.19	3.5	Nil	6.20
Tranche 2	8.40	16.96	12.00	25.75	4.5	Nil	6.51
Tranche 3	9.00	16.96	12.00	24.07	5.5	Nil	6.73
Tranche 4	9.57	16.96	12.00	23.2	6.5	Nil	6.90

ESOP 2018 (For grant date April 1, 2023)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	7.19	21.20	20.00	27.63	3.5	Nil	7.12
Tranche 2	8.09	21.20	20.00	26.08	4.5	Nil	7.14
Tranche 3	8.85	21.20	20.00	24.32	5.5	Nil	7.14
Tranche 4	9.59	21.20	20.00	23.02	6.5	Nil	7.15

ESOP 2018 (For grant date May 1, 2023)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	6.50	21.20	21.20	27.36	3.5	Nil	6.86
Tranche 2	7.39	21.20	21.20	25.69	4.5	Nil	6.92
Tranche 3	8.19	21.20	21.20	24.13	5.5	Nil	6.96
Tranche 4	8.94	21.20	21.20	22.81	6.5	Nil	7.00

ESOP 2018 (For grant date August 1, 2023)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	6.50	21.20	21.20	27.36	3.5	Nil	6.86
Tranche 2	7.39	21.20	21.20	25.69	4.5	Nil	6.92
Tranche 3	8.19	21.20	21.20	24.13	5.5	Nil	6.96
Tranche 4	8.94	21.20	21.20	22.81	6.5	Nil	7.00

* 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, 2024		For the year ended March 31, 2023	
	Number of options	Weighted average fair value of the options at grant date (₹ per share)	Number of options	Weighted average fair value of the options at grant date (₹ per share)
(i) Outstanding at the beginning of the year	15,14,381	268.65	13,33,534	278.66
(ii) Granted during the year	11,41,256	493.57	4,71,718	239.62
(iii) Forfeited/ cancelled during the year	99,108	270.52	2,90,871	268.33
(iv) Exercised during the year	-	-	-	-
(v) Outstanding at the end of the year	25,56,529	368.98	15,14,381	268.65
(vi) Exercisable at the end of the year	8,78,344	275.65	7,32,128	273.52

Weighted average remaining contractual life of options outstanding as at year end is 16 months (March 31, 2023: 11 months) of Holding Company.

Movement in share options during the year of Subsidiary Company

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of options	Weighted average fair value of the options at grant date (₹ per share)	Number of options	Weighted average fair value of the options at grant date (₹ per share)
(i) Outstanding at the beginning of the year	1,04,27,500	5.39	1,20,70,000	5.93
(ii) Granted during the year	4,83,292	8.50	4,50,000	8.93
(iii) Forfeited/ cancelled during the year	-	-	3,20,000	-
(iv) Exercised during the year	5,80,500	-	17,72,500	-
(v) Outstanding at the end of the year	1,03,30,292	6.23	1,04,27,500	6.06
(vi) Exercisable at the end of the year	53,07,000	5.69	29,12,500	5.39

Weighted average remaining contractual life of options outstanding as at year end is 4.75 years (March 31, 2023: 5.5 years) of subsidiary company.

(ii) Cash settled

The Cash settled Employee Stock Options Scheme titled "Phantom Stock Units Plan 2022" or "the Phantom Scheme" was approved, on the recommendations of the Nomination and Remuneration Committee (NRC), by the Board of the Holding Company on August 03, 2022. The Scheme confers a right upon the Employee to receive sum of money equal to Appreciation in accordance with the terms and conditions of such issue. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The fair value is re-measured at each reporting period up to, and including the settlement date, is expensed over the vesting period.

Plan	Number of Options Granted	Grant date	Number of Options outstanding	Vesting condition and vesting period	Fair value of the options at grant date (₹)
Phantom Stock Units Plan 2022	3,23,511	September 1, 2022	2,37,009	Tranche I: 33% on completion of first year, Tranche II: 33% on completion of second year, Tranche III: 34% on completion of third year.	Tranche I - 548.13 Tranche II - 546.50 Tranche III - 545.10
	3,375	October 1, 2022	3,375		Tranche I - 659.10 Tranche II - 657.40 Tranche III - 656.00
	2,500	November 1, 2022	1,675		
	17,437	January 1, 2023	14,193		Tranche I - 659.10 Tranche II - 657.40 Tranche III - 656.00
	17,400	March 1, 2023	17,400		
	3,930	April 1, 2023	3,930		Tranche I - 659.10 Tranche II - 657.40 Tranche III - 656.00
	1,920	June 1, 2023	1,920		

Fair value of share options as at reporting date

The fair value of options as at March 31, 2024 is estimated using the Monte Carlo Simulations (MCS) model after applying the key assumption which are tabulated below:

Inputs in to the pricing model of Holding Company

Phantom Stock Units Plan 2022	As at March 31, 2024	As at March 31, 2023
Fair value of share options	Tranche I - 902.96 Tranche II - 815.06 Tranche III - 734.37	Tranche I - 659.10 Tranche II - 657.40 Tranche III - 656.00
Expected volatility*	49.73%	41.01%-52.27%
Option life (years)	Tranche I - 1.5-2.25 Tranche II - 2.5-3.25 Tranche III - 3.5-4.25	Tranche I - 1.5-2.40 Tranche II - 2.5-3.40 Tranche III - 3.5-4.40
Dividend yield (%)	0.82%	0.30%
Risk-free interest rate (%)**	7.22%	7.09%-7.14%

* Expected volatility calculation is based on volatility of similar listed enterprises.

** The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

Movement in share options during the year of Holding Company

Particulars	Number of options	
	As at March 31, 2024	As at March 31, 2023
(i) Outstanding at the beginning of the year	3,44,855	-
(ii) Granted during the year	5,850	3,64,223
(iii) Forfeited/ cancelled during the year	44,724	19,368
(iv) Exercised during the year	26,479	-
(v) Outstanding at the end of the year	2,79,502	3,44,855
(vi) Exercisable at the end of the year	74,187	-
* Weighted avearge exercise price (₹ per share)	869.41	NA

Note 47 : Dividend paid and proposed

₹ in Crore

	As at March 31, 2024	As at March 31, 2023
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2023: ₹ 8.10 per share (March 31, 2022: Nil per share)	103.12	-
Dividend distribution tax on final dividend declared and paid	-	-
Total dividends paid (including dividend distribution tax)	**103.12**	**-**
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, 2024: ₹ 10* per share (March 31, 2023: ₹ 8.10# per share)	127.31	103.12
	127.31	**103.12**

* On May 03, 2024, the Board of Directors has proposed a final dividend on equity shares of Rs. 10 per share for the financial year ended March 31, 2024 subject to the approval by the shareholders at the Annual General Meeting.

\# On May 01, 2023, the Board of Directors has proposed a final dividend on equity shares of ₹ 8.10 per share for the financial year ended March 31, 2023 and the same was approved by the shareholders at the Annual General Meeting held on August 2, 2023.

Note 48 : Additional Regulatory Information required by Schedule III to the Companies Act, 2013

(i) The Group has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.

(ii) The Group is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(iii) During the year, no scheme of arrangements in relation to the Group has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction.

(iv) The Group does not have any transactions which were not recoded in the books of accounts, but offered as income during the year in the income tax assessment.

(v) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vi) The Group has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

Note 49 : The Group has reclassified/ regrouped previous year figures to conform to the current year's classification, where applicable.

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

Pawan Munjal	**Renu Munjal**	**Abhimanyu Munjal**	**Pradeep Dinodia**
Chairman	Managing Director	Jt. Managing Director & CEO	Director
(DIN No. : 00004223)	(DIN No. : 00012870)	(DIN No. : 02822641)	(DIN No. : 00027995)
Gurugram	Gurugram	Gurugram	Gurugram
		Sajin Mangalathu	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
Date : May 03, 2024		Gurugram	Gurugram

Signature to notes 1 to 49 forming part of the financial statements

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

Sharad Vasant
Partner
Membership Number: 101119

Place: Gurugram
Date: May 03, 2024

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

Sudhir Maheshwari
Partner
Membership Number: 081075

Place: Gurugram
Date: May 03, 2024

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

Sl No.	Particulars	Amount (₹ in Crore)
1	Name of Subsidiary Company	Hero Housing Finance Limited
2	Reporting period	Year ended March 31, 2024
3	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries	-
4	Share Capital	629.81
5	Reserves & Surplus	167.63
6	Total Assets	5,455.25
7	Total Liabilities(i)	5,455.25
8	Investments	263.07
9	Turnover(ii)	569.04
10	Profit/ (Loss) before Taxation	36.32
11	Provision for Taxation	0.22
12	Profit/ (Loss) after Taxation	36.10
13	Proposed Dividend	-
14	% of Shareholding	99.24%

Notes:

(i) Total liabilities are inclusive of share capital and reserves.

(ii) Turnover includes other income and other operating revenue.

Part "B": Associates

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies

Sl No.	Particulars	2023-24
1	Name of Associate	N.A.
2	Latest audited Balance Sheet Date	N.A.
3	Shares of Associates held by the company on the year end	
	Amount of Investment in Associate	N.A.
	Extend of Holding %	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	N.A.
	ii. Not Considered in Consolidation	N.A.

For and on behalf of the Board of Directors of

Hero FinCorp Limited

Pawan Munjal	Renu Munjal	Abhimanyu Munjal	Pradeep Dinodia
Chairman	Managing Director	Jt.Managing Director & CEO	Director
(DIN No.: 00004223)	(DIN No.: 00012870)	(DIN No.: 02822641)	(DIN No: 00027995)
Gurugram	Gurugram	Gurugram	Gurugram

		Sajin Mangalathu	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
Date: May 03, 2024		Gurugram	Gurugram

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Windows Of Opportunity