HeroFinCorp.

Confidence to *make it happen*

32nd Annual Report 2022-23 | Hero FinCorp Limited

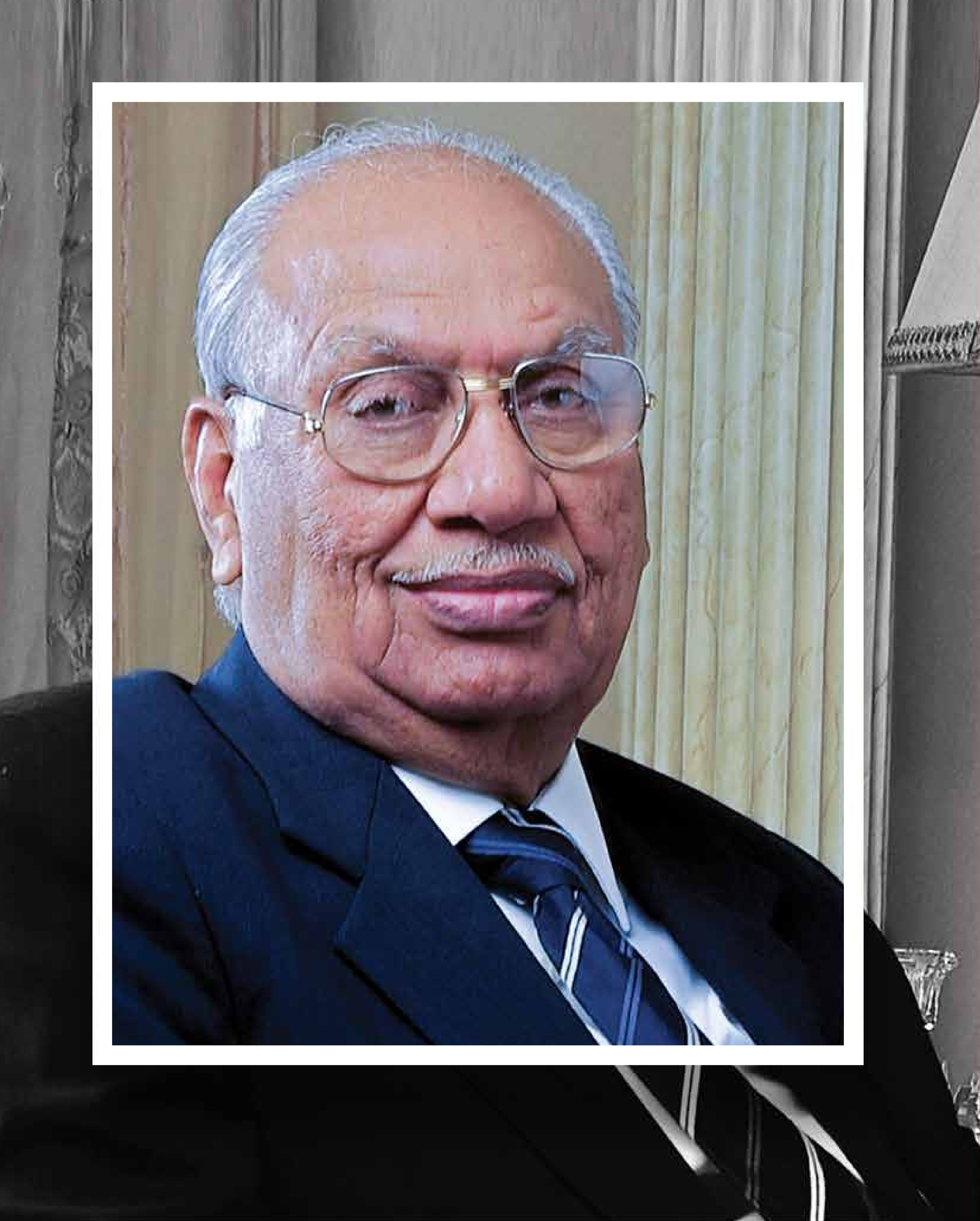
Confidence to
make it happen

32nd Annual Report 2022-23

Hero FinCorp Limited

HeroFinCorp.

CONTENTS



Our Tribute

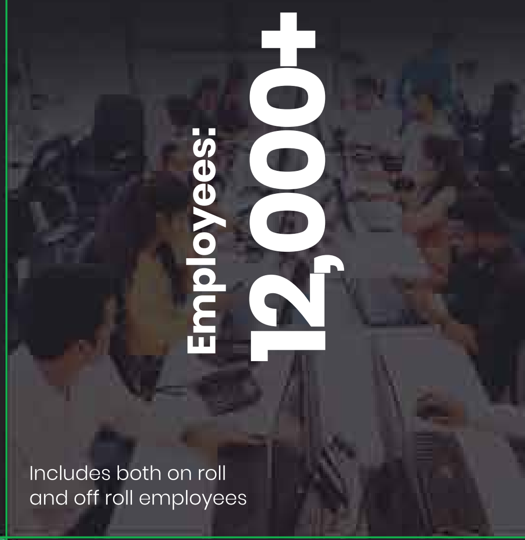
Live in the present but think about the future

Dr. Brijmohan Lall Munjal,

Founder & Chairman Emeritus, Hero Group

JULY 01, 1923 - HERO FOREVER

KEY HIGHLIGHTS



Employees:
12,000+

Includes both on roll
and off roll employees

Strong
Credit Rating of
AA+

HeroFinCorp.

Fastest Network Rollout: **2,000+** Locations

AUM: INR 41,497 Cr.

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

Loan Disbursed every: **10** seconds

Focus on Financial Inclusion:

81%

Customers are New to Credit

Number pertains to Two-wheeler Disbursals only

Touch Points:

4,100+

Lives Impacted: **10 Mn.**

Chairman's Message

Dear Shareholders,

I am delighted to present to you our Annual Report for the Financial Year (FY) 2022-23.

I would like to start by congratulating you on the **10th Anniversary of Hero FinCorp.** It has been a tremendous decade of growth from 2013 to 2023. Your company has indeed come a long way and is among India's leading financial institutions. What started as a small dream, has today become an enabler of dreams for millions of Indians spread across the length and breadth of our great nation.

India and her people have consistently shown resilience and courage to bounce back despite the myriad of challenges that we may face; and we have demonstrated this spirit in the current scenario as well. Despite the fair share of uncertainties and disruptions which affected both our business and everyday lives, we have emerged stronger than before.

The resilience of India's People and their growing dreams and aspirations create a highly favorable environment for business. This momentum is reflected in our country's economic growth numbers as well. Today, we are among the fastest growing large economies in the world, and there are several new opportunities in India.

I strongly feel that NBFCs are well-positioned to capitalize on these emerging opportunities and contribute towards India's economic growth. I am sure Hero FinCorp will play its role in enabling dreams and helping build a stronger and bolder India.

The year gone by is a testament to our efforts. Hero FinCorp today is a team of more than 12,000 Heroes; and our loan book has grown to INR 41,497 Cr., up 26% from the year before. We have touched over 10 million lives through more than 4100 touchpoints and are disbursing a loan every 10 seconds. We also recorded our highest ever Profit After Tax (PAT) of INR 457 Cr. (post CCPS adjustment) in FY-23. This past year has been truly commendable.

Moving on, our continued focus on operational excellence has been pivotal in maintaining a strong competitive edge in the market. Throughout the year, we have relentlessly pursued innovative solutions, streamlined our processes, and enhanced our operational capabilities to meet and exceed the evolving needs of Bharat.

Digital Transformation continues to remain a key priority for us. We have made substantial investments in our tech infrastructure, and this has been instrumental in expanding our reach, serving a wider customer base, and staying ahead in a rapidly changing digital landscape.

Our dedicated and talented team has been the cornerstone of our success and we consider it our responsibility to give them an environment to grow and flourish. We have been awarded the **Great Place to Work Certification** for the 6th consecutive year and recognized among the Top 25 BFSI players in the country.

Today your company is operating from a position of strength, and it has the required talent and capabilities to tap into the opportunities we are presented with and continue to tread on the path of accelerated growth. In FY-24, our focus will be on building granular and diversified portfolios as we enable the dreams of every Indian.

I am confident that with our strong foundation, capable team, and relentless pursuit of excellence, we will continue to create value and drive sustainable growth.

Sincerely,

Dr. Pawan Munjal

Chairman, Hero FinCorp

Jt. MD & CEO Message

Dear Shareholders,

Your company has completed 10 years in its new avatar. We disbursed our first 2-wheeler loan in 2013, and here we are today, having completed 10 glorious years of providing India with *The Confidence to Make it Happen*. From a handful of people underwriting manually, to over 12,000 Heroes touching over 10 Million lives and processing a loan roughly every 10 seconds. The distance that we've covered together is commendable, and it truly fills my heart with joy and unimaginable pride.

Over the past 10 years, as we've moved forward, so did our country. The last decade has made us witness things that were beyond anyone's imagination. Whether it was demonetization, or the liquidity crisis, the global pandemic, and so on and so forth. The times have been tough and testing for both the people and industry.

However, as the saying goes, tough times never last but tough people do. And when we look back and see how the nation has fought these challenges and managed to grow at such a rate, it truly reflects the resolve, grit, and determination of India's People.

Now, putting all of this behind us, the current economic outlook is looking more promising than ever. The government's focus on infrastructure, digital transformation, and economic reforms, coupled with a young workforce and strong FDI inflows, provide a solid foundation for long-term growth. This environment positions NBFCs in good stead to capitalize on these opportunities and play a crucial role in shaping India's Economic Future.

Your company too has maintained the momentum to stay on the path of accelerated growth. I am pleased to inform you that we closed last year with our loan book reaching INR 41,497 Cr., 26% higher than the year before, and a 30% compounded annual growth rate over the past 5 years. We also registered our highest-ever profit after tax (PAT) of INR 457 Cr. in FY-23 (post-CCPS adjustment). And there were many all-time high disbursement numbers registered across different verticals within our diversified product suite.

It's noteworthy how we remained agile in re-aligning our business strategies to adapt to the changing market dynamics, diversifying our portfolio, and capitalizing on emerging opportunities, we have strengthened our position and enhanced our overall resilience.

We also increased our focus and efforts on the Digital side of things. We embraced innovation as a cornerstone of our operations. Tech and Data are the oil of current times, and we are continuously upgrading our tech capabilities to enhance our business processes, making them seamless, efficient, and customer-centric. Recently, a new Tech Centre has been set up in Bengaluru to serve as the focal point of our tech evolution.

Further, as a Hero Group Company, we've taken utmost care of risk management and compliance, all activities that we perform are looked at through this lens. We remain steadfast in maintaining the highest standards of underwriting/credit assessment and ensuring full compliance with all laws and legal guidelines.

Our success is deeply rooted in the strength and dedication of our team. I am immensely proud of our employees who have demonstrated extraordinary resilience, adaptability, and passion. The relentless pursuit of excellence and customer centricity displayed by them has been the driving force behind our achievements. The result is your company being awarded The Great Places To Work Certification for the 6th year in a row.

Moving forward, we will now adopt a three-pronged (dot) COM methodology pegged on Credit Cost Reduction, OpEx Optimisation, and Margin Expansion. All three of these elements will be deeply embedded in our DNA and will define our overall functioning to shape a holistic path to success.

We also understand that our customers' needs are evolving, and we are dedicated to staying at the forefront of these changes. Our focus in the coming year will be to build and leverage our tech infra even further and deliver an even more enhanced experience to our customers and their families.

Expanding our market presence and reach is another key priority. We will actively explore new geographies and segments where our expertise and solutions can create a significant impact. We will engage in strategic partnerships and collaborations to extend our distribution network. Our aim will be to further broaden our customer base and ensure our services are accessible to those who need them the most.

We know that behind every loan application, there is a dream, an inspiration, or a business opportunity. We are privileged to be a part of that journey, and we remain dedicated to providing our customers with tailored lending solutions that meet their needs and propel their success.

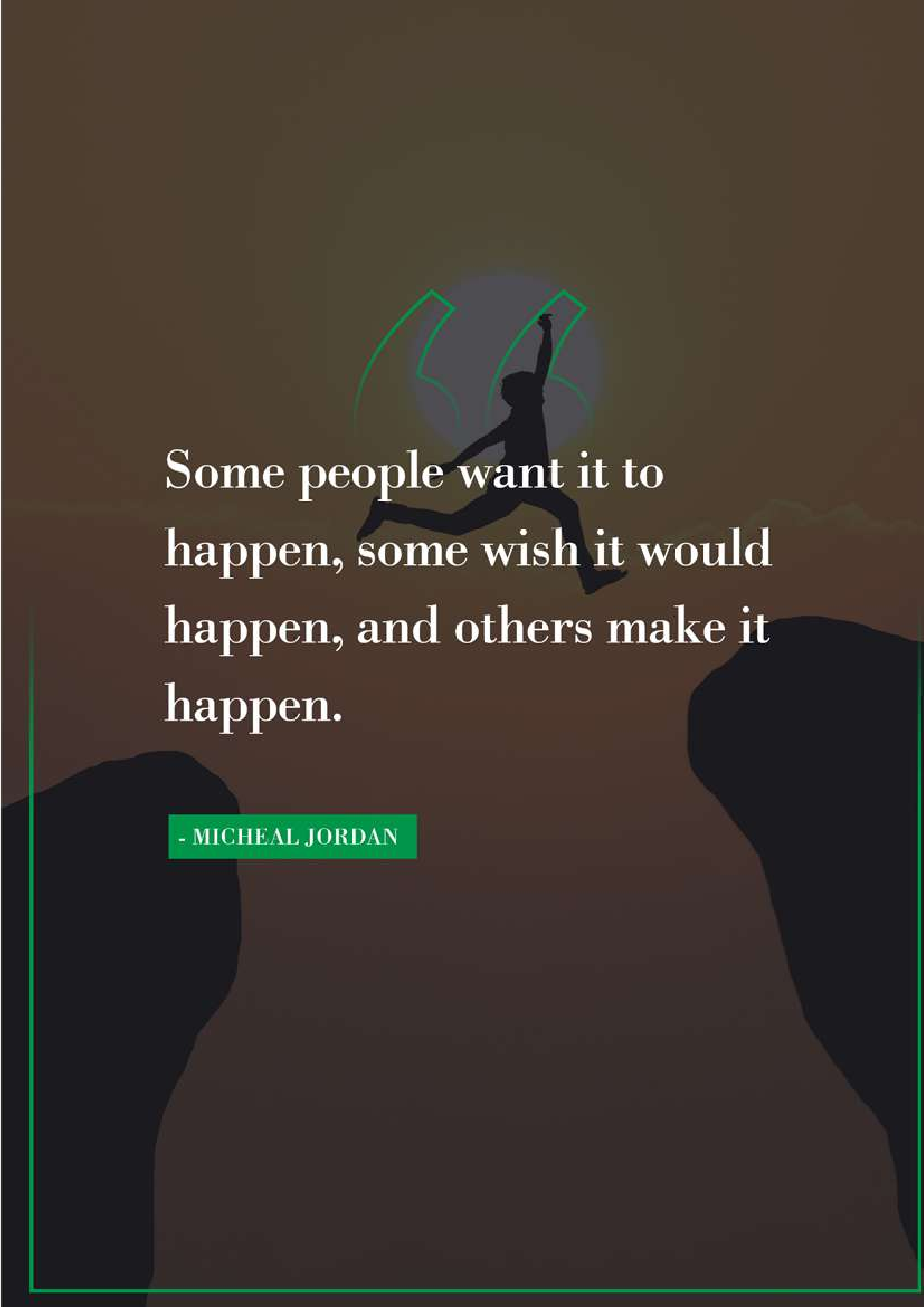
Looking ahead, the future seems extremely optimistic. We're excited about the opportunities ahead and are highly motivated to enable even more people to realize their dreams across Bharat.

To conclude, I would like to express my gratitude to all our stakeholders including the Government, Regulators, Investors, Partners, Customers, and Our Employees and their Families for their unwavering support and belief. Together we have achieved significant milestones, and together we will forge ahead on this exciting journey. I am confident that with our shared vision, collective efforts, and commitment to excellence, we will continue to make a lasting impact on the lives and businesses we touch.

With Best Wishes,

Abhimanyu Munjal

Jt. MD & CEO, Hero FinCorp


Some people want it to happen, some wish it would happen, and others make it happen.
- MICHEAL JORDAN

Our Foundation

PURPOSE

Empowering every Indian's Dream of Upward Mobility!

MISSION

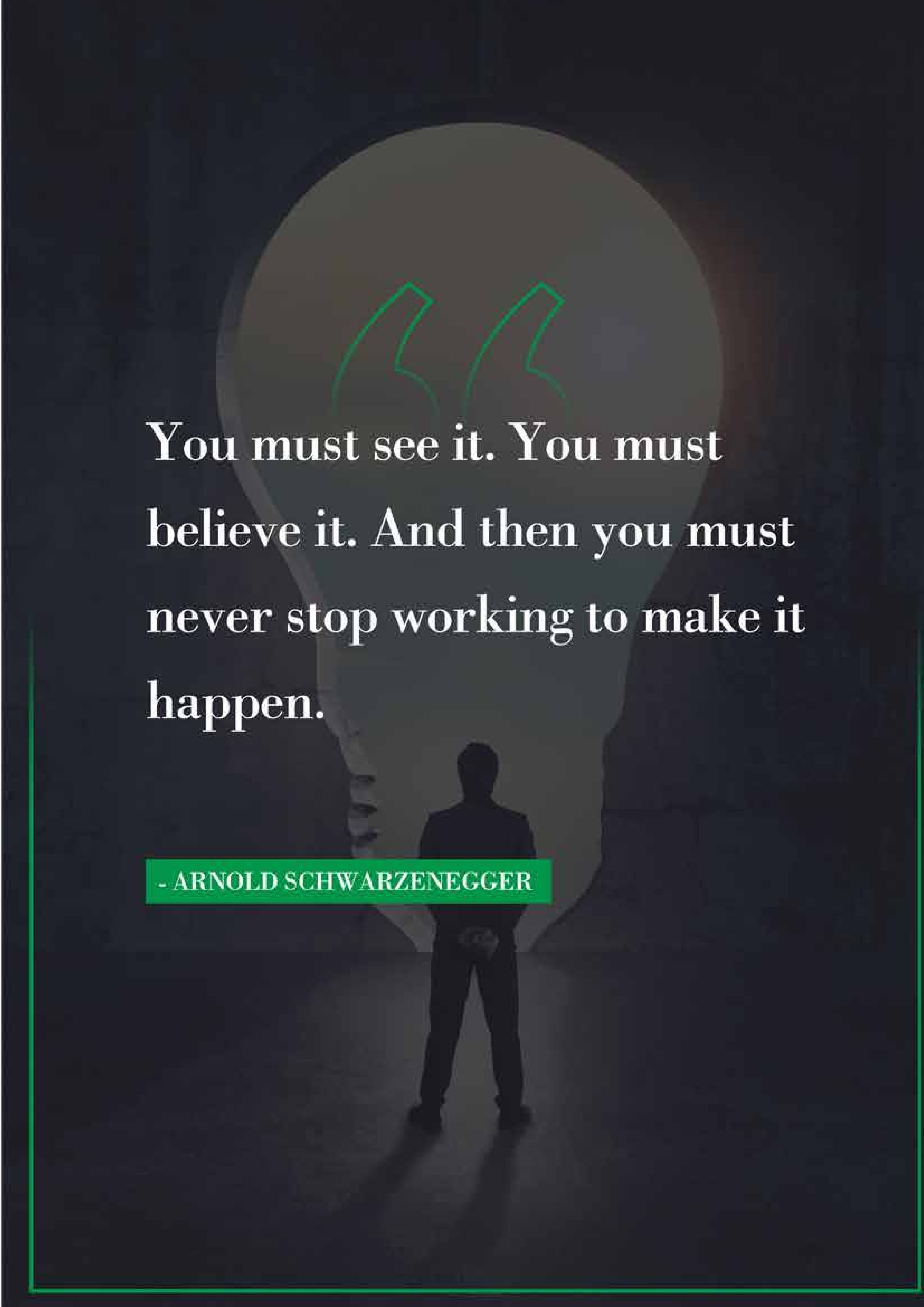
We strive to be the best, most transparent, next-gen, ultra lean, credit champion.

PRINCIPLES

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

VISION

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


You must see it. You must believe it. And then you must never stop working to make it happen.
- ARNOLD SCHWARZENEGGER

Board of Directors

Dr. Pawan Munjal

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

Mrs. Renu Munjal

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

Mr. Abhimanyu Munjal

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

Mr. Vivek Chaand Sehgal

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

Mr. Pradeep Dinodia

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

Mr. Sanjay Kukreja

Mr. Sanjay Kukreja joined ChrysCapital in 2000 and has been a Partner at the firm since 2012. He is currently the Chief Investment Officer at ChrysCapital, overseeing all of the firm's investment activities. Prior to his CIO role, Mr. Kukreja led the Financial Services and Business Services sectors.

Mr. Matthew Russell Michelini

Mr. Michelini is Head of Asia-Pacific, Apollo Global. He is an MBA from Columbia University and Bachelor's in Mathematics from Princeton University (2004).

Mr. Amar Raj Bindra

Mr. Amar Raj Bindra is a career banker and has 42 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.

Mr. Paramdeep Singh

Mr. Paramdeep Singh is a Serial Entrepreneur known for co-founding Jio Saavn, 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.

CSR Committee Chairperson's Message

Mrs. Renu Munjal

Social responsibility is deeply ingrained in the culture of the Hero Group. We believe in progress that takes everyone along. CSR initiatives at Hero FinCorp include a number of special programs aimed at making communities sustainable.

Education is the fundamental bedrock for socio-economic progress in any society and it continues to be the primary intervention for us. This year, Raman Kant Munjal scholarships were awarded to 150 meritorious students pursuing finance and related fields. A pioneering initiative, these scholarships aim to provide opportunities to students, enabling them to play their part in shaping the future. Our teacher training initiative, Pathakshala, has continued to support teachers in affordable and government schools.

Through our Flagship initiative, DhanCharcha, we were able to reach out to 1.5 lakh people at the grassroot level, paving way towards our goal of eradicating financial illiteracy from the villages of India. We have also skilled underprivileged youth in Banking and Financial Services Industry jobs through our "Hunar" initiative. Our hands-on involvement in each of our initiatives, the application of technology and the adoption of innovative practices are shaping all our CSR action plans.

Our programs are developed in a way that all beneficiaries, regardless of their gender, religion or culture, benefit from them. All our CSR initiatives are aligned to the sustainable development goals (SDGs) set out by the United Nations Development Programme (UNDP).

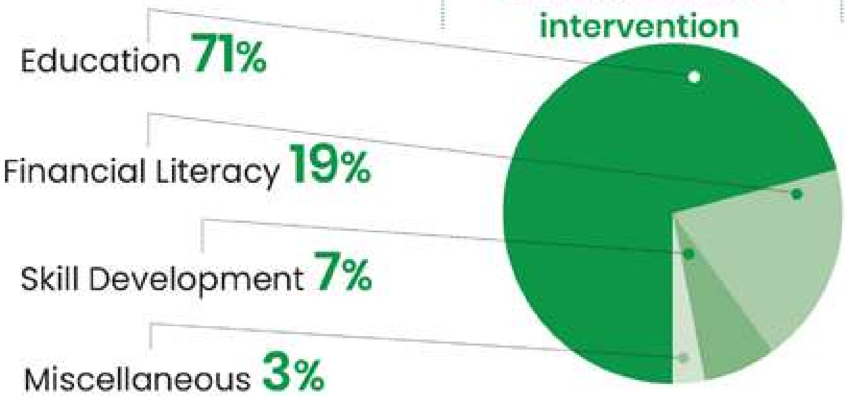
As you take a closer look at the projects, I would like to mention how much we enjoyed working on them and how fulfilling the outcomes were. Before I conclude, I would like to extend my gratitude to all members of the Board, the leadership team, Raman Kant Munjal Foundation, our employee volunteers, and our end beneficiaries for steering our vision to empower the marginalized sections of the society and make a meaningful difference in their lives.

HeroFinCorp.

Key Highlights in CSR

1.74 Lakh Lives Impacted through **5** planned interventions.

Thematic areas of intervention

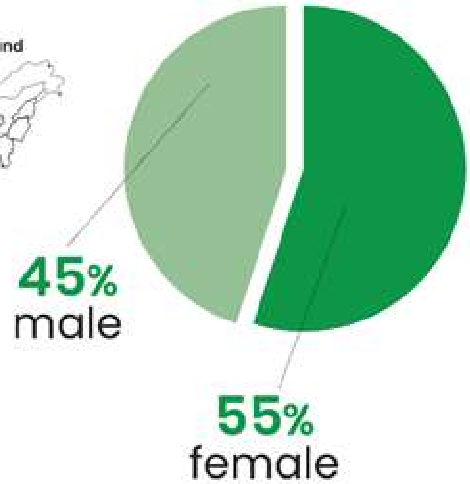


Focus on Education

21,000 beneficiaries through projects such as scholarships, teacher training, and career counselling.

Locations

Gender Distribution



Rural Development

Total of **1.5** lakh beneficiaries through financial literacy programs, scholarships programs, and access to government schemes.

250 Youth Trained

Through BFSI-specific courses for Loan Processing Officer, Business Correspondent and Debt Recovery Agent with **40%** placement till date.

CSR Initiatives FY 2022-23

RKM Scholarships

Raman Kant Munjal Scholarship initiative aims at providing financial support to meritorious students from humble background for their higher education in finance, management and economics related courses. The identified scholars are also provided with soft skills, connects to industry mentors, and preparation for their interviews. The eligibility criteria for selection is to secure atleast 80% marks in class 10th and 12th exams, the family income should be less than INR 4 Lakh per annum and the age of the scholar should be less than 19 years. The scholars then go through a rigorous selection process that assures their selection.

raman kant munjal SCHOLARSHIPS

Selection Process:

1. Applications received basis eligibility
2. Career Assessment
3. Essay Writing
4. 1st Round Telephonic Interview
5. 2nd Round Interview undertaken by Hero FinCorp employees
6. Final Selection

Courses offered from reputed colleges in the country: BBA/BFIA/B.Com (H, E), BMS/IPM

Impact Created

- Since its inception, the scholarships have positively impacted the lives of approximately 150 students who now have access to quality education without any financial barriers. In FY 23, 55 students currently in their 1st year were provided with the scholarships and the support was continued for another 100 students currently in their 2nd and 3rd year.

- Our scholars are currently pursuing their education from reputed institutes such as St. Xavier's College, University of Delhi, IIM Indore, BML Munjal University, Loyola College etc.
- Our first batch of scholars (FY 19) has now completed their bachelors and have sought placements in reputed organizations.

Hero FinCorp also initiated a Child Education Support Program for children who lost their parent(s) during the Covid-19 pandemic. This year, 26 students from classes 9th-12th were given 100% school fee support.


PAY THE YOUNG ACHIEVERS
RUPEES RKMF SCHOLARSHIP


PAY THE YOUNG ACHIEVERS
RUPEES RKMF SCHOLARSHIP

DhanCharcha

DhanCharcha, our financial literacy campaign, is an innovative project designed to be implemented by the rural community for the benefit of the rural community. It aims to empower such communities by educating them about benefits of financial services namely banking and digital banking, loans, KYC, insurance and various government financial schemes.

The campaign supports the Government of India's "National Strategy for Financial Education" agenda by following a multi-pronged approach to bring change. Underprivileged women are trained by the Raman Kant Munjal Foundation and onboarded as volunteers to spearhead the mission of providing financial and digital literacy in and around their villages.

DhanCharcha
FINANCIAL LITERACY CAMPAIGN
A Hero FinCorp CSR initiative

Once trained, the volunteers provide door to door awareness on financial and digital literacy. The awareness generation is done through audio visual means, a detailed follow up mechanism is also developed to ensure that the communities are able to enroll themselves in the various schemes of the Government of India.

The project was launched in March '18 and till it was paused due to Covid-19 pandemic, ~5 Lakh people have benefitted from the project in 8 states and 27 districts. DhanCharcha was re-started in July '22 and has reached ~1.5 lac beneficiaries across 270 villages spread across 4 states namely Haryana, Rajasthan, Madhya Pradesh,and Uttarakhand.

Innovative Aspects of the Project

- Financial and Digital Literacy imparted using print and digital through a specially created campaign including an animated film.
- The project, apart from educating the beneficiaries, also enhances livelihood opportunities for the ~150 rural women who volunteer for the project.

- Door to door awareness generation sessions ensure that a rapport is built and act as a catalyst to connect rural communities with various schemes of the government.
- Data security is ensured as the volunteers do not take any personal information from the communities and connect them with the suitable government agency.

Impact Created

1. Financial Literacy in 270 villages across 4 states
2. Beneficiaries- **1.52 lakh**
3. **30,000** beneficiaries have enrolled into various government schemes such as "**Sukanya SamridhhiYojna**", "**Suraksha BimaYojna**", and "**Jan DhanYojna**"
4. No. of female volunteers - **118**
5. Beneficiary Ratio - **52%** Female, **48%** Male

Hunar

"Hunar" aims to skill youth in various financial job roles such as Business Correspondent, Debt Recovery Agent, and Loan Processing Officer. Skill centers are operational in Delhi NCR and Mumbai, Maharashtra in collaboration with Raman Kant Munjal Foundation (RKMF) and National Skill Development Corporation (NSDC) with a vision to instill economic security, stability, and holistic development of unskilled youth.

Objectives of the program are to

- Develop a high-quality skilled workforce and spirit of entrepreneurship among the studentsand ensure their placements
- Add value by way of soft skills and personality development, making youth job ready

Impact Created

In FY-23, **250** youth were trained through our Hunar initiative. Among them, 40% of the candidates managed to secure placements in reputed agencies.

Pathakshala

"Pathakshala" initiative aims to upskill and train teachers from low income private and government schools by providing them with effective skills and knowledge so that they can ensure that the students are constantly learning to grow into confident and successful individuals.

Pathakshala
LEAD THE CHANGE

The project is implemented by Raman Kant Munjal Foundation (RKMF) and TIFO. RKMF's in house teachers train the school teachers in language learning as well as skills pertaining to effective classroom management.

The training module has been designed in a way to cater to five major focus areas:

- Behavior Management and 21st century Skills
- Improving English
- Professional Development
- Teacher Learning Material
- Pedagogy

Locations: Jaipur, Neemrana, Haridwar, Dharuhera, Faridabad and New Delhi.

Impact created: In FY 23, 250 teachers from low income private and government schools were trained across **6** locations.

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 whole career counselling program is designed for **12** hours of intervention spread across **4** parts for each school:

1. Career Planning Orientation
2. Psychometric Career Assessment
3. Career Awareness Workshop
4. Report Reading and Portal Orientation

Impact created: **21,713** students from 146 schools across **14** states benefitted from this initiative.

Miscellaneous

1. BeMySanta Initiative

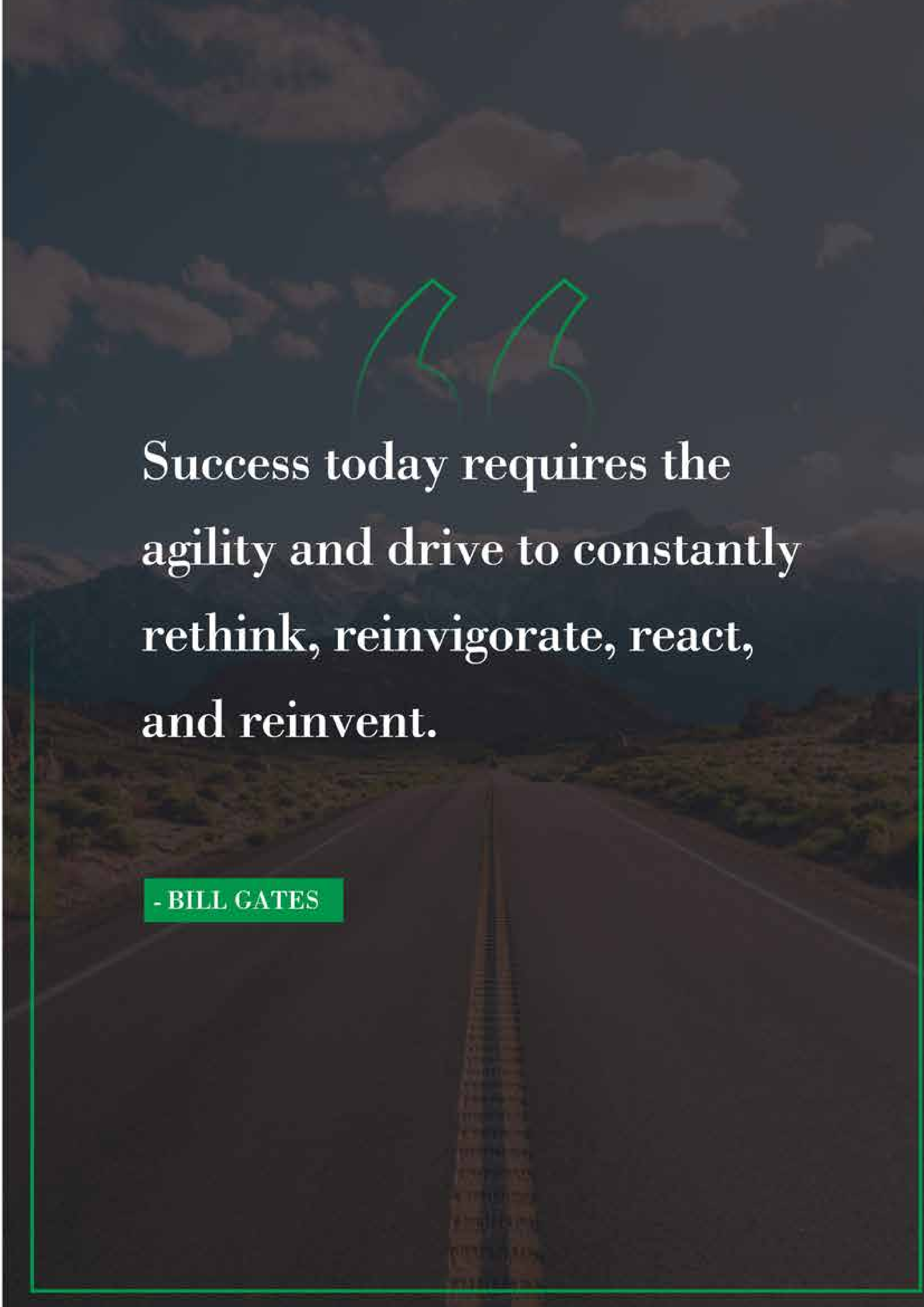
This Christmas, Heroes fulfilled the wishes of underprivileged children by being a Hero Santa. 133 employees donated to become **"Santa" for 260** students.

2. Computer Lab, Tempo Traveller and Vans for school children at Raman Munjal Vidya Mandir School.

3. **Tree Plantation Drive:** **250** employee volunteers from 8 cities together planted more than **500** trees.

Hygiene Kit Distribution

Hygiene kits were distributed to children in government schools and underprivileged women in and around villages of Dharuhera, Gurugram. Approximately 400 kits were distributed. The items in the kit included hand towel, tooth brush, tooth paste, reusable sanitary napkins, comb, antiseptic hand wash and soap. Session was also undertaken around menstrual hygiene management and importance of using reusable sanitary napkins.



Success today requires the agility and drive to constantly rethink, reinvigorate, react, and reinvent.

- BILL GATES

1991-2012

Incorporated as Hero Honda Finlease Ltd.

Financed captive needs of the Hero Ecosystem

Company renamed as Hero FinCorp Ltd.

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 Ltd.

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

OUR JO

HeroFinCorp.

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

2021

Assets Under Management reaches INR 25,121 Cr.

Crossed 6 Mn. happy customers

Launched Customer Service App

Launched 'SimplyCash', a digital Loan Product

2022

Assets Under Management reached INR 32,953 Cr. in FY22

Launched Partnership Loans & achieved Disbursal of INR 1,900 Cr.+ in first year

Crossed 7.5 Mn. happy customers

2023

Assets Under Management reached INR 41,497 Cr. in FY23

Highest ever Disbursals of INR 27,713 Cr. (Consolidated) in FY23

Launched EV Financing

Crossed 10 Mn. Happy Customers

Recognized as 'Great Place to Work' for 6th year in a row

URNEY

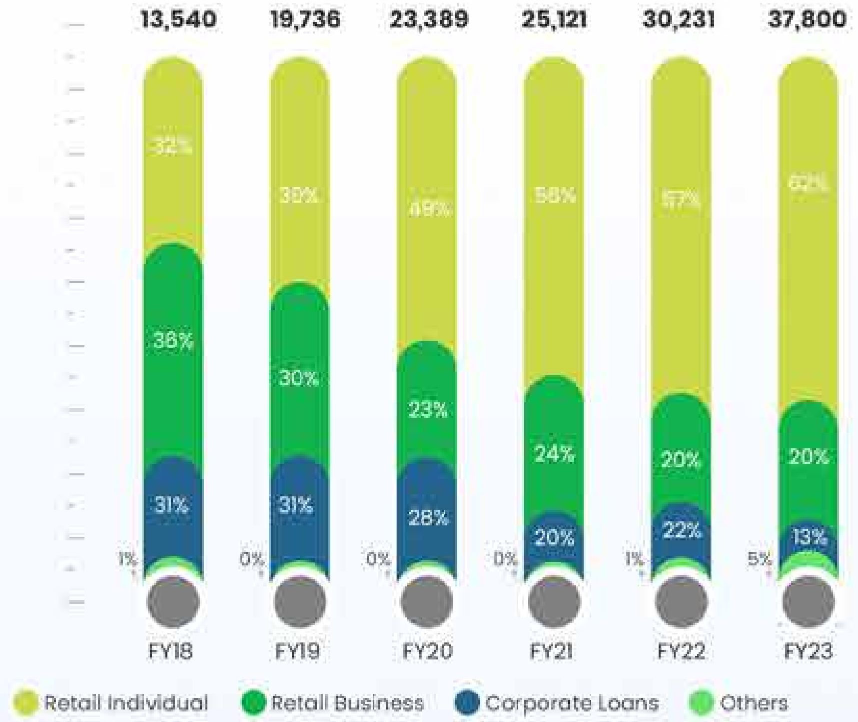
GROWTH AT A GLANCE

Disbursements (INR Crore)

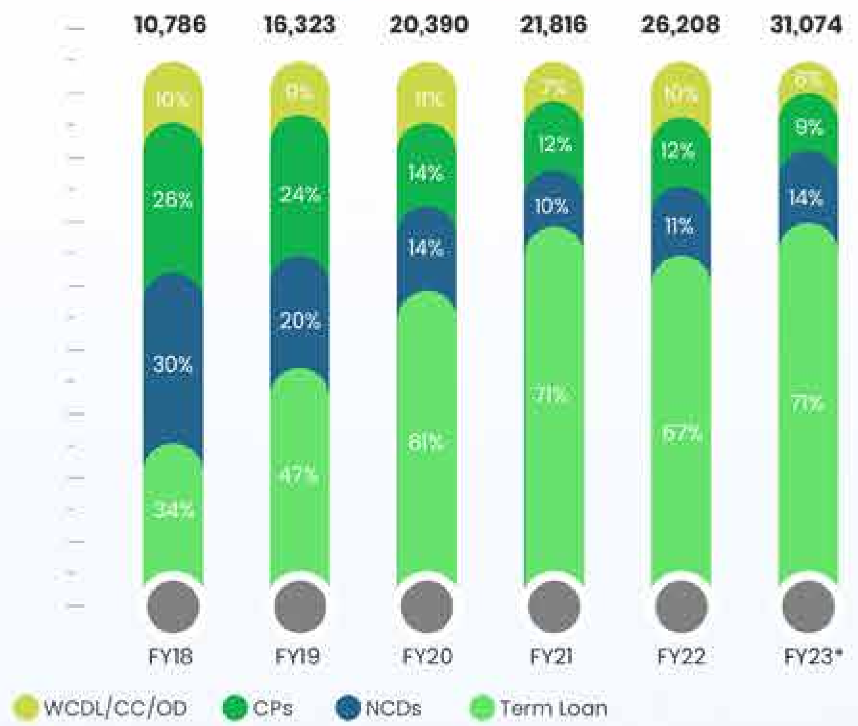
Loan Assets* (INR Crore)

* Including Lease portfolio and trade receivable

Loan Assets Mix (%, INR Crore)



Borrowing Mix (%, INR Crore)



*Excluding compulsorily convertible preference shares (CCPS).

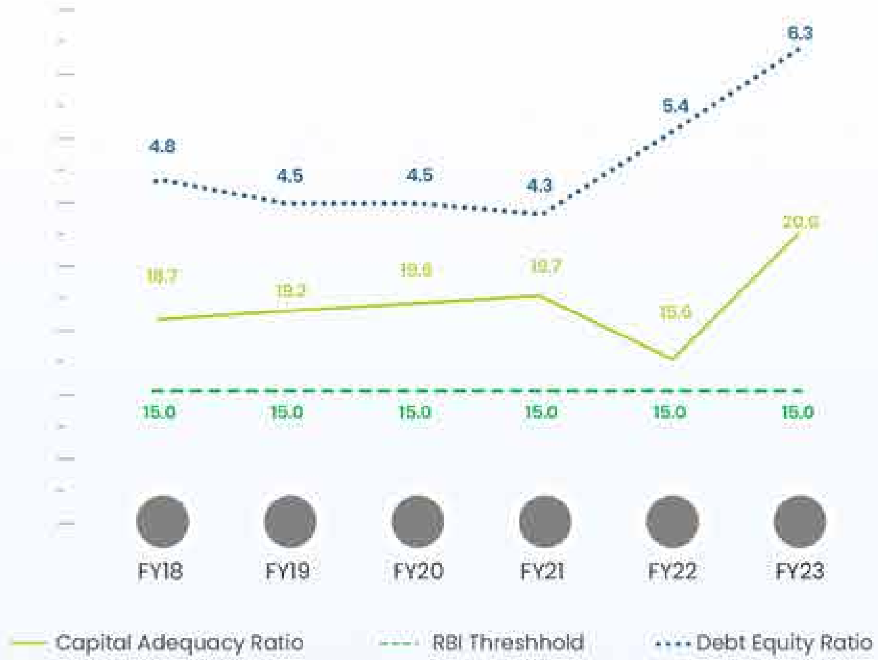
Profit /(Loss) After Tax (INR Crore)

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

Return on Equity^ (ROE) & Return on Assets^ (ROA) (%)

^ ROE and ROA are calculated on monthly average

Capital Adequacy Ratio & Debt Equity Ratio



Book Value Per Share & Earning Per Share

Profit /(Loss) After Tax (INR Crore)

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

Return on Equity^ (ROE) & Return on Assets^ (ROA) (%)

^ ROE and ROA are calculated on monthly average

Capital Adequacy Ratio & Debt Equity Ratio

Book Value Per Share & Earning Per Share

Employee Head Count^

^ On-roll employee count only

Dividend Payout to PAT (%)

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


All our dreams can come true, if we have the courage to pursue them.
- WALT DISNEY

BOARD COMMITTEES

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

IT STRATEGY COMMITTEE

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

STAKEHOLDER RELATIONSHIP COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

COMMITTEE OF DIRECTORS

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

KEY MANEGERIAL PERSONNEL

Mrs. Renu Munjal
Managing Director

Mr. Abhimanyu Munjal
Joint Managing Director & CEO

Mr. Shivendra Suman
Head - Compliance and
Company Secretary

HeroFinCorp.

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)
11th Floor, Tower II, 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

Sanjay Grover & Associates, Company Secretaries
(Firm Registration No.: P2001DE052900)
B-88, 1st Floor, Defence Colony, New Delhi – 110024;
Tel: 011 4679 0000; Fax: +91 46790012
Website: www.cssanjaygrover.in

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, 1st 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 32nd (Thirty-second) Annual Report together with the Audited Financial Statements (both on standalone and consolidated basis) ("Financial Statements") for the Financial Year ended March 31, 2023 ("FY 2022-23" 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).

FINANCIAL SUMMARY

The Company's financial performance (Consolidated and Standalone) for the Financial Year ended March 31, 2023 as compared to the previous financial year ended March 31, 2022 is summarized below:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	2022-23	**2021-22**	**2022-23**	**2021-22**
Total Income	**6,032.93**	**4,490.58**	**6,447.55**	**4,797.66**
Profit before Finance Costs, Depreciation & Amortization Expenses	2,705.75	1,280.41	2,947.10	1,457.69
Less: Finance Costs	1,964.00	1,508.88	2,173.95	1,678.53
Less: Depreciation & Amortization Expense	29.15	27.66	37.93	33.19
Profit before tax	**712.60**	**(256.13)**	**735.22**	**(254.03)**
Less: Tax expense				
Current tax	197.70	27.03	197.70	27.03
Deferred tax (credit) (net)	57.57	(89.16)	57.57	(89.16)
Profit/(Loss) after tax	**457.33**	**(194.00)**	**479.95**	**(191.90)**
Other comprehensive income/(loss) net	(0.15)	(0.96)	0.92	(1.69)
Add: Balance of profit brought forward	341.48	548.33	266.07	471.08
Balance available for appropriation	799.57	354.21	747.23	279.22
Appropriations				
Dividend (Rs.) – Paid	0.00	(12.73)	0.00	(12.73)
Transfer to statutory reserve	91.47	0.00	96.00	0.00
Balance carried to Balance Sheet	708.10	341.48	651.23	266.07
Dividend (%) (Proposed)	81%	Nil	81%	Nil
Equity Earnings per Share (EPS)				
• Basic	**35.92**	**(15.24)**	**37.70**	**(15.07)**
• Diluted	35.89	(15.24)	37.67	(15.07)

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

The Audited Financial Statements including the Consolidated Financial Statements of the Company as stated above and the Financial Statements of the Subsidiary and all other documents required to be attached thereto are available on the Company's website at https://www.herofincorp.com/investor-relations/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 leasing portfolio has grown by 25% from Rs. 30,231 crore in FY 2021-22 to Rs. 37,800 crore 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 report give 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 maintain the high standards of corporate governance and is continuously striving to implement several best corporate governance practices. 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 Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) 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 25% from Rs. 30,231 crore in FY 2021-22 to Rs. 37,800 crore in FY 2022-23. The total income has shown growth of 34% from Rs. 4,491 crore in FY 2021-22 to Rs. 6,033 crore in FY 2022-23. Profit/ (Loss) before tax increased by 378% from Rs. (256.13) crore in FY 2021-22 to Rs. 712.60 Crore in FY 2022-23, accordingly the Profit/(loss) after tax registered an increase of 336% from Rs. (194.00) crore in FY 2021-22 to Rs.457.33 crore in FY 2022-23.

DIVIDEND

The Board of Directors at their meeting held on May 01, 2023 has recommended a final dividend @81% i.e. Rs. 8.10 per equity share, for the FY 2022-23. The final dividend payable shall be subject to the approval of the members of the Company at the ensuing Annual General Meeting (AGM) and shall be payable to those shareholders whose names appear in the Register of Member as on the Record Date. The total outgo on account of equity dividend will be Rs. 103.12 crore for the financial year 2022-23.

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. The total outgo on account of CCPS (Class A & Class B) dividend is Rs. 47.51 crore for the financial year 2022-23.

TRANSFER TO GENERAL AND STATUTORY RESERVE

During the financial year ended March 31, 2023, Rs. 91.47 crore 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 and Two Hundred) divided into 30,00,00,020 (Thirty crore 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 crore Ninety Nine Lakh Ninety Nine Thousand Six Hundred Fifty) divided into 1,70,36,363 (One crore Seventy Lakh 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 Lakh 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.

During the period under review, the Company has issued and allotted 1,70,36,363 Class A Compulsorily Convertible Preference Shares ("Class A CCPS") having a face value of Rs. 550 (Indian Rupees Five Hundred Fifty) each and 1,93,27,273 Class B Compulsorily Convertible Preference Shares ("Class B CCPS") having a face value of Rs. 550 (Indian Rupees Five Hundred Fifty) each.

The issued & subscribed share capital as on March 31, 2023 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 was Rs. 21,273,062,510 divided into 12,73,05,868 fully paid-up equity shares of Rs. 10 each, 806 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, 2023, 12,57,23,644 (98.76%) equity shares 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, 2023. During the period under review, the Company had applied to Reserve Bank of India (RBI) for obtaining factoring business license. Subsequently, the Company on April 17, 2023 has received approval from Reserve Bank of India.

SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE AND CONSOLIDATED FINANCIAL STATEMENTS

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

During the financial year 2022-23, HHFL had allotted 166,666,666 equity shares having face value of Rs. 10 each at a premium of Rs. 8 per share to Hero FinCorp Limited on private placement basis and 15,72,500 equity shares having face value of Rs. 10 each and 2,00,000 equity shares at a premium of Rs. 2 each having face value of Rs. 10 each were allotted to certain employees of HHFL in accordance with Hero Housing Employee Stock Option Plan.

HHFL had seen considerable growth in the financial year 2022-23, aided by strong volume growth across all its lines of businesses. During the year under review, receivables under financing activity has reached to Rs. 3,658.27 crore in the financial year 2022-23 as compared to Rs. 2,689.35 crore in the financial year 2021-22 representing an increase of 36.03% over the previous year.

HHFL has Revenue from operations of Rs. 400.32 crore in financial year 2022-23 as compared to Rs. 298.30 crore in financial year 2021-22, registering a growth of 34.20% over the previous year. During the financial year 2022-23, HHFL has reported profit after tax of Rs. 22.63 crore as against profit after tax Rs. 2.09 crore for the financial year 2021-22.

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)

The Committee of Directors in their meeting dated June 16, 2022 has allotted 1,70,36,363 Class A compulsorily convertible preference shares of face value of Rs. 550 each and 1,27,27,272 Class B compulsorily convertible preference shares of face value of Rs. 550 each.

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

Secured non-convertible debentures worth Rs.1209 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. 3950 crore (On Face Value) were issued by the Company during the year under review. Total Commercial Papers outstanding as on March 31, 2023 was Rs. 3050 crore as against Rs. 3,300 crore as on March 31, 2022. 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. ~8600 crore and Secured ECB of Rs. ~2950 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. 4,076 to Rs. 4,161 crore as on March 31, 2023. 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, 2023, the total outstanding bank/FI lines (secured and unsecured) of the Company stands at Rs. 23,800 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, 2023 were as follows:

(Rs. in crore)

Rating	Program(Category)	Outlook	Quantum
ICRA			
ICRA AA+	Non-Convertible Debentures	Stable	4244
ICRA AA+	Subordinated Debt	Stable	1000
ICRA AA+	Bank Loan Rating (Long Term)	Stable	16700
ICRA A1+	Bank Loan Rating (Short Term)	Stable	1600
ICRA A1+	Commercial Paper	-	6000
CRISIL			
CRISIL AA+	Non-Convertible Debentures	Stable	5035
CRISIL AA+	Subordinated Debt	Stable	1000
CRISIL PP-MLD AA+r	Long Term Principal Protected Market Linked Debentures	Stable	300
CRISIL AA+	Bank Loan Rating	Stable	5660
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, 2023	Rating as on Mar 31, 2023
Entity Level	(BB) Long term / Stable (B) Short term / Stable	Ba1/Stable

DEBENTURE TRUSTEE

The details of debenture trustee for the privately placed non-convertible 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 20.57% as on March 31, 2023, 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

The 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

Pursuant to the Shareholder Agreement executed between AHVF II Holdings Singapore II Pte. Ltd. (Apollo), Hero FinCorp Limited and certain identified promoters, Apollo was entitled to nominate 1 (One) Director on the Board of the Company. Accordingly, your Board of Directors on August 03, 2022 had appointed Mr. Matthew Russell Michelini as a Non-Executive Director.

As on March 31, 2023, the Board of Directors of your Company ("the Board") comprised of 7 (Seven) Directors comprising of 3 (Three) Non-Executive Directors, 2 (Two) Executive Directors and 2 (Two) Independent Directors. Your Directors on the Board possess experience and competency and are renowned in their respective fields. 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 does not have requisite number of Independent Directors as required under Regulation 17 of SEBI Listing Regulations which it needs to comply with.

The Board of Directors, on the basis of recommendation of Nomination and Remuneration Committee on May 01, 2023 had approved the appointment of Mr. Amar Raj Bindra and Mr. Paramdeep Singh as Additional Director (Non-Executive Independent).

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. Shivendra Suman, Head - Compliance & Company Secretary

Pursuant to the RBI master directions on Know Your Customer (KYC) Directions, 2016, Mr. Subhransu Mandal, Chief Compliance Officer, was appointed as Principal Officer of the Company on January 30, 2023 for monitoring and reporting of all transactions and sharing information as required under the aforesaid regulations.

c. Appointment and Cessation of Directors and Key Managerial Personnel

During the period under review, Mr. Matthew Russell Michelini was appointed as a Non-Executive Director on the basis of recommendation of Nomination and Remuneration Committee and Mr. Jayesh Jain has resigned from the post of Chief Financial Officer and his last working day will be May 21, 2023 or earlier with prior concurrence of Jt. MD & CEO.

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mrs. Renu Munjal (DIN: 00012870), 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 undertaking and declaration from each Director on fit and proper criteria in terms of the provisions of RBI Master Directions. The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the appointment as 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 5 (Five) times during the FY 2022-23 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 of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was also held on August 02, 2022, 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

Pursuant to the provisions of Section 177 of the Companies Act, 2013 (the Act), your Company has an Audit Committee comprising of three directors viz. Mr. Pradeep Dinodia, Mr. Vivek Chaand Sehgal and Mrs. Renu Munjal, majority of them are Independent Director. Mr. Pradeep Dinodia, an Independent Director, is the Chairman of the Audit Committee. During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing the risks. Further details on the Audit Committee are provided in the Corporate Governance Report, which forms part of this Annual Report. During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board. The Committee regularly interacts with the statutory auditors, internal auditors and auditees in dealing with matters falling within its terms of reference. In compliance with the provisions of the Act, the committee met 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 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 24, 2023 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 was required to meet with 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

Your Company has a duly constituted Nomination and Remuneration Committee ("NRC") comprising of three directors viz Mr. Pradeep Dinodia, Dr. Pawan Munjal and Mr. Vivek Chaand Sehgal, 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 under:

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), 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 well-equipped and effective internal control systems in place that match the scale of its sector and the complexity of the market it works in. Such stringent and detailed controls ensure effective and productive use of resources to the degree that the Company's assets and interests are safe-guarded, transactions are approved, registered, and properly reported and checks and balances guarantee reliability and consistency of accounting data.

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

INTERNAL AUDIT

The Internal Audit Department of the Company, co-sourced with professional firms of Chartered Accountants, reports directly to the Audit Committee. The Internal Auditors independently evaluate the adequacy of internal controls and concurrent audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board.

Internal auditing at the Company involves the utilisation of a systematic methodology for analysing business processes or organisational problems and recommending solutions to add value and improve the organisation's operations. The audit approach verifies compliance with the regulatory, operational and system related procedures and controls.

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

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2023 is available on the Company's website at https://www. herofincorp. com.

CORPORATE SOCIAL RESPONSIBILITY

Your Company had constituted a Corporate Social Responsibility (CSR) Committee which functions under direct supervision of Mrs. Renu Munjal, Managing Director of the Company, who is also the Chairperson of the CSR Committee. Other members of the committee are Dr. Pawan Munjal, Mr. Abhimanyu Munjal and Mr. Pradeep Dinodia. The Committee has formulated the CSR policy indicating the activities to be undertaken by the Company from time to time.

The Committee has been entrusted with the prime responsibility of implementation of the activities under the CSR policy and recommend the amount to be spent on such CSR activities during the year. The Committee is also responsible for recommending to the Board such activities which could be undertaken as per CSR policy.

Your Company has undertaken the CSR activities and complied with the provisions of Section 135 of the Companies Act, 2013. The CSR activities undertaken by your Company are based on the approved CSR policy, which is available on the Company's website, www.herofincorp. com and can be accessed by clicking on the following link: https://www.herofincorp.com/ company-policies.

During the year under review, CSR obligations for the financial year 2022-23 was Rs. 1.16 crore (2% of the average net profit of the Company for last three financial years). Further, the Company had spent a total amount of Rs. 4.39 crore during the FY 2022-23 which includes unspent amount of FY 22 i.e. Rs. 1.16 crore and Rs. 3.23 crore {comprises of Rs. 1.16 crore (2% of the average net profit of the Company for last three financial years) and excess amount spent i.e. Rs. 2.06 crore} in the manner as approved by the CSR Committee in their meeting held on April 27, 2022 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 2022-23, which is annexed as **Annexure – D.**

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

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

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(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, 2023, the applicable accounting standards have been followed along with 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;
- 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 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 Jt. Statutory Auditors in their report. Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Companies Act, 2013.

SECRETARIAL AUDITORS AND REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with corresponding rules framed thereunder, M/s Sanjay Grover and Associates, Company Secretaries (Firm Registration No.: P2001DE052900), were appointed as the Secretarial Auditors to carry out the secretarial audit of the Company for the financial year ended March 31, 2023.

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 Companies Act, 2013 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 2023 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 Companies Act, 2013 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 – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, 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.

During the financial year 2022-23, following is the summary of complaints received and disposed off and report finally presented before the Audit committee/ Board.

No. of complaints received: 27

No. of complaints disposed off: 26

The whistle blower policy of the Company is available on the Company's website and can be accessed by clicking on the following link: 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, 2023 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 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. 39.29 crore on account of travel, information technology, legal & professional, training etc. (Previous year Rs. 23.49 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 Companies Act, 2013 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 January 30, 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, 2013 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 Companies Act, 2013 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 first proviso to Section 136(1) of the Companies Act, 2013 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. 5,46,600 for FY 2014-15 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 2014-15 whose dividend had not been claimed for last 7 (seven) years, the Company has transferred 14,000 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. The Company has in place the system of ensuring compliance with applicable provisions of Foreign Exchange Management Act, 1999 and rules made thereunder.

The RBI vide its notification dated October 22, 2021 has introduced an integrated regulatory framework for NBFCs under "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs". The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc. Under SBR, NBFCs are divided into four layers viz., top layer, upper layer, middle layer and base layer based on the size, activity, and perceived riskiness.Your Company is in the middle layer (NBFC-ML). Your Company shall continue to ensure compliance with all the requirements applicable to NBFC-ML under SBR within the prescribed timelines.

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.

- Buy Back 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.
- 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: 1*
- *No. of complaints disposed off: 1*

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

The Human Resource team, through its various initiatives, ensured that business continuity was maintained while bringing forth several measures to ensure employees' well-being - social, physical, psychological and development was nurtured.

At HFCL, we are a people centric organization, working collaboratively and blissfully towards being a leading financial service provider without compromising on our responsibilities and ethical values. We focus majorly towards building our core competencies, our "EMPLOYEES". 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 the 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.

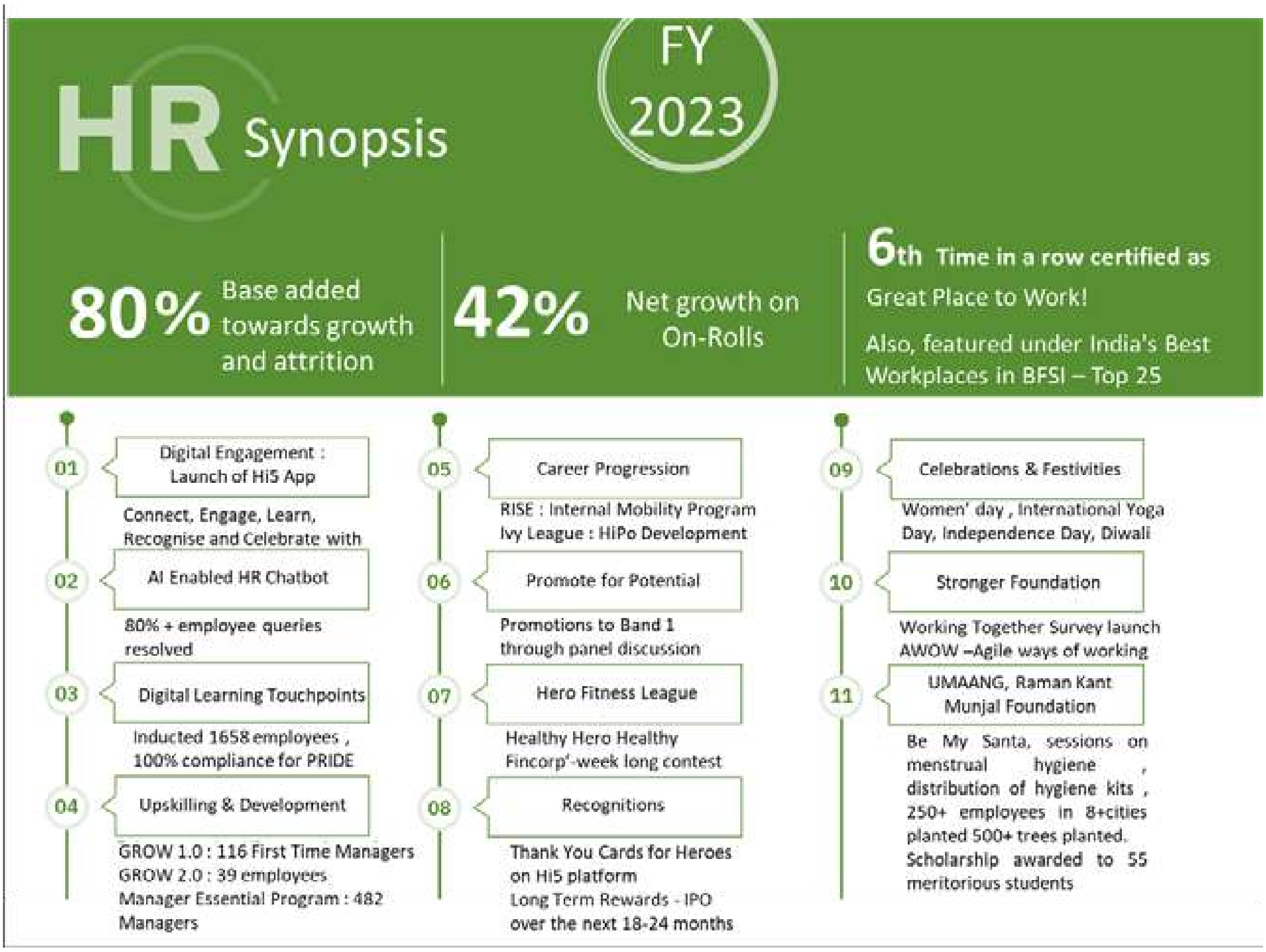
In our quest for excellence, we strive to be innovative, and create best practices to ensure that the business has the right talent to deliver excellence at work. Our approach to attracting, retaining and developing the best diverse talent has evolved since the pandemic, and will continue doing so. At the heart of our strategy is strong leadership, based on TITHI values. What is unique with our value system is that in addition to the emblem and targeted communication of values we have ensure that we enable our Heroes to exhibit these values on a on day-to-day basis. We also have a Green Book which reflects the commitment of HFCL towards maintaining workplace discipline. It is a guide for all employees and managers alike, detailing the Dos and Don'ts of acceptable and not acceptable behavior at the workplace hence making it a vital part of our organization culture.

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.

One of the biggest strategic movements was the adoption of AWOW. As an organization, we have moved towards reorganizing organization structures and have adopted Agile ways of working- also called as AWOW. 'Agile methodology of working' which puts the organizational goal at the center through creation of 'Agile squads' which are small multidisciplinary teams that are largely self-managed and are excellent at cross-collaboration and teamwork. Multiple agile squads are collectively called a TRIBE with a Tribe leader assigned to them.

The Agile way of working includes iterative and incremental development where projects are divided into time-bound iterations called sprints or work cycles. Each sprint typically lasts for a few weeks and involves planning, executing, reviewing, and adapting the work within that timeframe. The framework consists of cross-functional and self-organizing teams with different skills and expertise who work collaboratively to achieve project goals.

Below is the summary and synopsis of our new practices and culture activities which were formed around to strengthen the DNA of our company.



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: New Delhi
Date: May 01, 2023

Registered Office:
34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057
CIN : U74899DL1991PLC046774
Phone : +91 11 4948 7150;
Fax : +91 11 4948 7197-98
E-mail : investors@herofincorp.com
Website : www.herofincorp.com

Annexure - A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY

The global economy has gradually risen from the COVID-19 pandemic, with almost all parts of the world lifting restrictions, and several economies returning to their pre COVID capacity. However, the post Covid era has witnessed enormous disruptions in the field of supply chain as the energy and food markets stabilise after the Russia-Ukraine crisis. One notable change in the post-COVID global economy is the accelerated digital transformation. The pandemic acted as a catalyst, forcing businesses and individuals to adopt digital technologies and remote working practices. E-commerce, telecommunication, and online services experienced tremendous growth, with tech giants and digital platforms thriving. This shift has led to a reshaping of industries and employment patterns, with a greater emphasis on digital skills and remote capabilities.

One of the major concerns faced by economies over the world has been that of hyper-inflation. Inflationary pressures saw a change in the policy stance of various central banks across the globe, prompting many to start raising rates in the near future. The world economy will have to navigate through a difficult period ahead under a cloud of geopolitical uncertainty. Banks have been leveraging a tightened monetary policy, to curb the impact of inflation, one of the most pressing issue in 2022.

According to the International Monetary Fund's latest forecast, global growth is expected to reach 2.8% in 2023 and will rise to 3.0% in 2024. As the world adapts to the new realities, addressing the remaining challenges and seizing opportunities will be vital in shaping a resilient, inclusive, and sustainable global economy. Businesses and households have to be prepared for ongoing disruptions.

The global economy is currently bracing itself for slower growth, primarily due to the disruptive impact of the Russia Ukraine conflict and the tightening of monetary policy. These factors have led to significant supply-side disruptions, creating challenges for economies around the world. However, amidst this uncertain outlook, certain economies are expected to exhibit resilience and drive global growth.

INDIAN ECONOMY

The Indian economy demonstrated an exceptional performance during FY 2022-23, positioning itself as one of the fastest-growing economies in the world. The nation's GDP growth rate stood at 7%, driven by private sector consumption and increased Government focus on infrastructure development. Despite global macroeconomic challenges and tighter domestic monetary policies aimed at addressing inflationary pressures, the growth momentum remained steady, showcasing the underlying strength of India's economy in recovering and revitalising growth drivers.

In line with its global peers, the Reserve Bank of India also undertook several rate hikes during the year to keep inflation under control. Despite such inflationary pressures, the industry demonstrated strong credit growth of 15% YoY in Mar-23, driven by the overall improvement of the economy and pent-up -demand post Covid. This growth was also evidenced by several high frequency indicators including the Purchasing Manager Index readings, buoyant tax collections, healthy vehicle and tractor sales amongst others.

The overall NBFC sector benefited from resurgent domestic economic activity leading to strong momentum in disbursements accompanied by higher business growth. Asset quality indicators have also been improving steadily for NBFCs and HFCs backed by higher collections and lower than anticipated slippages on overall book (including restructured book). Notably, most major players are focusing on growing their Retail AUM. As per ICRA, the NBFC-Retail AUM is projected to have grown at 16-18% in FY23 and expected to further grow at a healthy 12-14% in FY24. On the contrary, margins will be an area of focus as they are expected to remain under pressure in FY24 which might simmer down in the long term.

The overall outlook for industry remains positive as India treads on 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 being elevated interest rates and inflation.

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:

Review of Prudential Norms – Risk Weights for Exposures guaranteed by Credit Guarantee Schemes (CGS): In order to have a consistent approach with respect to risk weights for exposures guaranteed by such Trust Funds, it was advised by the RBI that the risk weight of zero percent shall be applicable in respect of exposures guaranteed under any existing or future schemes launched by CGTMSE, CRGFTLIH and NCGTC satisfying certain conditions prescribed by RBI.

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 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, prudent management strategic initiatives.

During the year under review, Asset Under Management (AUM) has grown up by 25% from Rs. 30,228 crore in FY 2021-22 to Rs. 37,800 crore in FY 2022-23. The total income has shown a growth of 34% from Rs. 4,491 crore in FY 2021-22 to Rs. 6,033 crore in FY 2022-23.

SEGMENT WISE PERFORMANCE

Retail Business

The Two-Wheeler business is present at over 900 dealerships at the end of Financial Year 2023. Our services are available at over 4,100+ touch points across 2,000 cities, towns & villages. The Retail team has built the capacity to disburse a loan every 10 seconds and have touched over 10 Million Lives; an amazing achievement within a short span of less than 10 years. A total of over 1 Million Two-wheeler loans were disbursed in the last financial year (8.78 Lakh in FY22) amounting to a total active customer base of over 2.5 Million and an asset book of approx. Rs. 8,631 Cr.

SME & Corporate Business

At present the Company is operating out of 75 Locations on the non-retail segment. The team built a capacity to process over 3,000 applications including EMI & No EMI loans in a month. In FY23, Rs. 7,572 crore worth of loans were disbursed during the year under review. The Company has closed the year with an impressive SME & Corporate asset book of Rs. 12,538 Cr.

TREASURY

The Company has an independent, full-fledged treasury department that efficiently manages borrowings and treasury investments. In addition to managing ALM, the role makes sure that money is borrowed at competitive rates to meet business needs and keeps adequate cash in hand to weather any unanticipated occurrences. Investment activities are undertaken to invest surplus funds in various liquid instruments.

BORROWED FUNDS

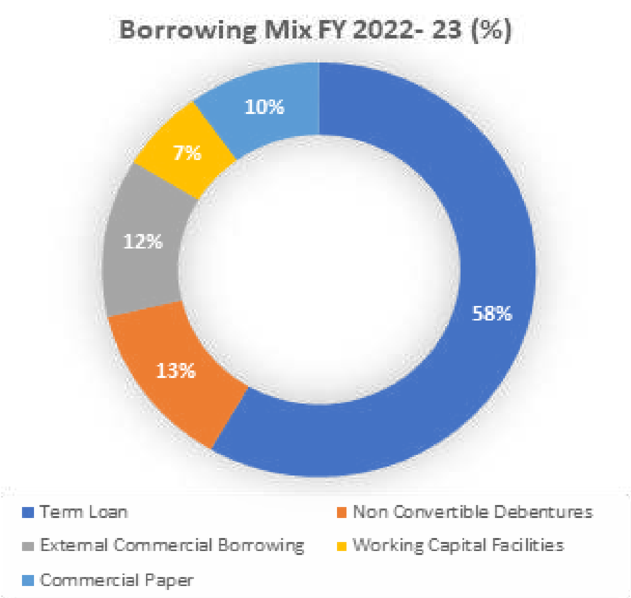
The Company's sources of borrowing are diverse which include borrowings from Debt Markets (non-convertible debentures and commercial papers), Banks and financial institutions (term loans, working capital facilities and external commercial borrowings).

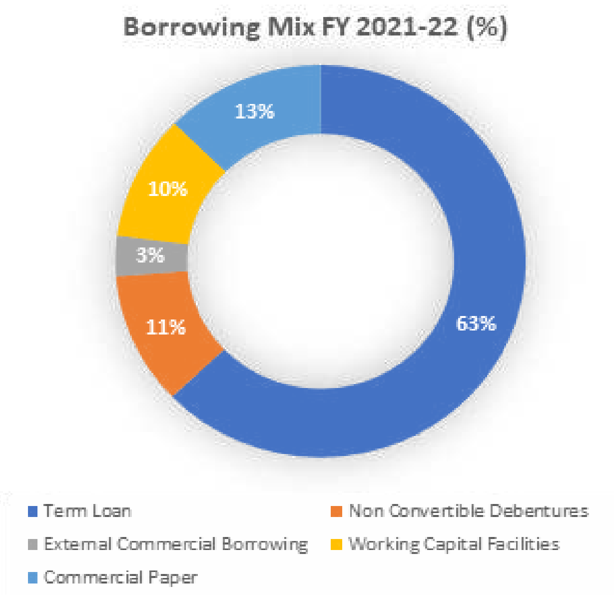
In order to reduce the weighted average cost of borrowing and maintain a healthy spread on its loans and advances, the company countinuously makes an effort to maintain a judicious mix of fixed rate and variable rate borrowings.

During the year, the Company borrowed to the tune of Rs. 16,955.16 crore (excluding rollovers) to serve business needs. The borrowing book stood at Rs. 31,073.62 crore as on March 31, 2023 against Rs. 26,207.77 crore as on March 31, 2022, an increase of 18.57% from the previous year.

Borrowings and debt securities constituted 76.75% of funds employed as on March 31, 2023. Out of the total borrowings, Banks and financial institutions constitute 77.08% (term loans 58.32%, working capital facilities 6.44% and external commercial borrowings 12.32%), debt market constituted 22.92% (non-convertible debentures 13.04% and commercial paper 9.88%).

The Company has close relationships with 34 banks and financial institutions, including major PSU, significant private, and foreign banks. The Company 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. The average cost of borrowing is 7.4% for the year ending March 31, 2023 as against 7.0% for the year ending March 31, 2022.





Term Loans

During the FY 2022-23 the Company raised Rs. 8,605.00 crore from banks/financial institutions in the form of term loan facilities. The term loan book stood at Rs. 18,006.18 crore as on March 31, 2023 against Rs. 16,464.89 crore as on March 31, 2022. The banks lines are rated "CRISIL AA+ with stable outlook" by CRISIL and "ICRA AA+ with stable outlook" by ICRA and "CARE AA+ with stable outlook" by CARE. These 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 Rs. 4,076 crore as on March 31, 2022 to Rs. 4,161.00 crore as on March 31, 2023. The working capital facilities book stood at Rs. 1,989.44 crore as on March 31, 2023 against Rs. 2,692.88 crore as on March 31, 2022.

External Commercial Borrowings

During the FY 2022-23 the Company raised USD 325 Mn. and SGD 48.95 Mn. (Rs. 2,936.16 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 rate structure linked with OIS) and at fixed rate OIS. 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 Rs. 3,934.83 crore as on March 31, 2023 against Rs. 862.32 crore as on March 31, 2022.

Non-Convertible Debentures

During the FY 2022-23 the Company raised Rs. 1,464.00 crore from the Non-convertible debentures. The Non-convertible debenture book stood at Rs. 4,223.26 crore as on March 31, 2023 against Rs. 2975.44 crore as on March 31, 2022 (including subordinate debts). The non-convertible debentures are rated AA+ from CRISIL/ICRA. As per SEBI's "Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper" dated August 10, 2021 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 two financial years, which now has recently been extended to a contiguous block of three financial years (to be reckoned from FY 2021-22) vide SEBI circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/049 dated March 31, 2023. During FY 2021-22, as per the circular, the Company was required to raise Rs. 1822.50 crores through the issuance of debt securities, out of which the company borrowed Rs. 1,040.00 crore during the FY 2021-22 and the remaining amount of Rs. 782.50 crore was met by the issuance of debt securities amounting to INR 1,464 crore during FY 2022-23. There was significant investor interest in the debt security issuances of the Company during the year however, the company decided to explore other available fund-raising options which were more value accretive.

Commercial paper

During the FY 2022-23 the Company raised Rs. 3,950.00 crore from commercial papers. The commercial paper book stood at Rs. 2,919.91 crore as on March 31, 2023 against Rs. 3,212.23 crore as on March 31, 2022. The commercial papers are rated "CRISIL A1+" and "ICRA A1+", indicating very strong degree of safety regarding timely payment of financial obligations.

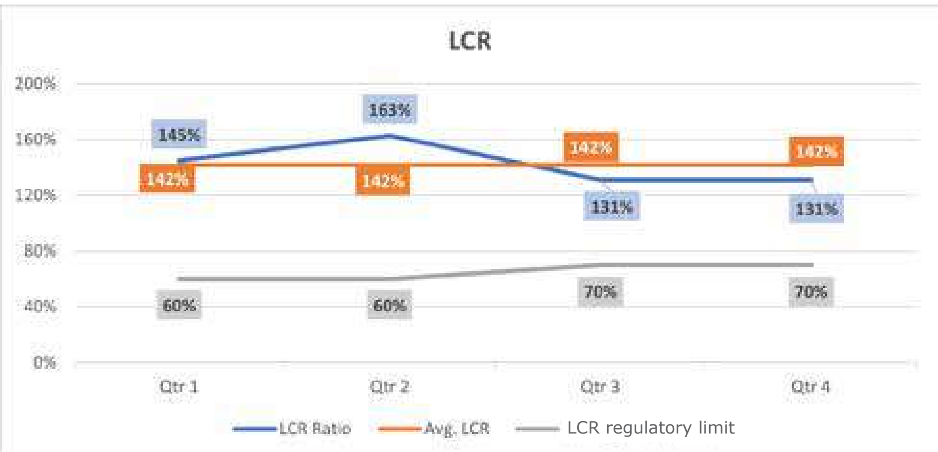
Subordinated Debt

The outstanding subordinated debt as at March 31, 2023 stood at Rs. 881.66 crore. Subordinated debt is considered as Tier II 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 policy established by the Board. The goal of the investment activities is to maintain adequate liquidity, ensure the smooth operation of daily cashflow, and investment of any surplus funds generated during such operations.

As at March 31, 2023, the Treasury investment portfolio stood at Rs. 3,913.00 crore. It constituted 9.75% of total assets as on March 31, 2023. The Company maintained a healthy daily weighted average LCR of 142% during FY 2022-23 as against the regulatory requirement of 70%. Further, the Company has maintained total liquidity of Rs. 6,090.00 crore (Standalone basis) as on March 31, 2023 which included cash and treasury investment of Rs. 3,913.00 crore, available bank lines of Rs. 2,177.00 crore.



ASSET LIABILITY MANAGEMENT

The Company has a prudent ALM policy and the Asset Liability Management Committee which regularly monitors the ALM. 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 laid down by the RBI rules and regulations viz. recognition of non–performing assets, capital adequacy requirements, liquidity coverage ratio, etc. Company has been able to maintain a Capital Adequacy Ratio (CAR) of 20.57% as on March 31, 2023, which is well above the RBI mandated norm of 15%.

IMPACT OF COMPULSORILY CONVERTIBLE PREFERENCE SHARES (CCPS)

During the current 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 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.

The Company in accordance with Ind AS 32 'Financial Instruments: Presentation' has classified these CCPS as a financial liability and presented it in accordance with Schedule III division III of the Companies Act, 2013.

If the CCPS were classified in accordance with section 43 of the Companies Act, 2013 i.e., as equity, profit after tax for the year ended March 31, 2023 would be higher by ₹ 310.05 crore and also result in an increase in equity (net worth) by ₹ 2,310.05 crore and a corresponding decrease of financial liabilities by ₹ 2,310.05 crore as at March 31, 2023. The key numbers considering this impact is given below:

Particulars		**As at March 31, 2023**
a)	Financial Liabilities: Subordinated liabilities (₹ in Crore)	881.67
b)	Net gain on fair value changes (₹ in Crore)	8.00
c)	Profit/ (loss) before tax (₹ in Crore)	1,022.65
d)	Profit/ (loss) after tax (₹ in Crore)	767.39
e)	Earnings per equity share (Basic) (in ₹)	60.28
f)	Earnings per equity share (Diluted) (in ₹)	49.12
g)	Debt equity ratio (no. of times)	4.09
h)	Net worth (₹ in Crore)	7,598.67
i)	Total debts to total assets (%)	77.43
j)	Net profit/ (loss) margin (%)	12.70

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 FY23 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 analytics.

Mobile application catering to the retail LOB now has a customer base of over 5 million in FY23, enabling onboarding, servicing and payment collection on mobile. In addition to the mobile application, personal payment link was enabled over mobile to drive growth in payments for

Retail collections. Analytics driven retail collection was enabled, which helped us to select the appropriate agency & collector for the case resolution. 3MM+ leads were generated for TWL, UCL and OMPL from website. More than 50% of servicing request are handled through digital channels- mobile & WhatsApp.

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 FY23, enablement of the deduplication process for all products minimized fraudulent attempts of loan sanction which helped us to save credit risk by rejecting fraudulent cases. Digital Vertical has 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 FY23 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 27001:2013 certified, which is a global standard for Information security management system.

We take pride in well-secured Infrastructure with state of the art networking (Firewalls, Load Balancers, P2P, MPLS, ILL), End User Assets (DLP, Proxy, EDR, MDM), Hybrid hosting (On-prem Data Center & cloud), Secure patches (Operating System & third party applications), Email Security, Cloud Access Security Broker, Video conferencing, BCP & DR. Web Application Firewall (WAF) & Cyber Geo-Fence is in place to restrict malicious & repeat offender traffic and also protect from cyber-attacks like DDoS, SQL Injection, Cross site scripting etc.

RISK MANAGEMENT

The Company promotes a strong risk culture throughout the organization designed to help reinforce Hero Fincorp's resilience by encouraging a holistic approach to manage risk & return and provide Management with a greater insight into risks and their impact. The Company operates with an effective Risk Management Framework to actively manage all the material risks faced, in a manner consistent with our risk appetite.

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. As the world economy was emerging from the impact of COVID-19, FY23 witnessed headwinds in the form of Russia-Ukraine war, unprecedented level of inflation, contractionary monetary policy, bank failures in advanced nations. These events have jolted the world economies during past three years and have brought in its wake an environment of not only heightened risk, but of prolonged uncertainty. It emphasized the need to manage risk in a VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) environment and the importance of robust risk management practices amongst Banks & NBFCs.

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. The model distinguishes amongst the three groups (or lines) involved in effective risk management:

- Functions that own and manage risks (frontline teams/operational managers who own and manage risks and are responsible for implementing corrective actions to address process and control deficiencies)
- Functions that oversee risks (RMD & Compliance)
- Functions that provide independent assurance (Internal Audit)

Risk Management team at Hero Fincorp identifies, measures and mitigate risks faced by the Company. 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. In its efforts to further strengthen the Risk Management Framework in the Company, the Company in FY23 has implemented a comprehensive Operational Risk Management Framework under the Risk Management Department.

Risk Management team is guided by the Company's Risk Management Committee which oversees development and implementation of Risk Assurance practices. Under the overall ambit of Corporate Governance, the Company has in place a Risk Management policy along with other risk related policies.

Our approach to risk management assists us in identifying risks early and addressing them in ways that manage uncertainties, minimize potential hazards and maximize opportunities for the good of all our stakeholders including shareholders, customers, lenders, regulators and employees.

The Company has to manage various risks associated with the lending business. These risks include credit risk, operational risk, Compliance Risk, liquidity risk and interest rate risk amongst others.

The Company manages credit risk through prudent credit norms. Company has established policies, procedures and systems for managing credit risk. The Company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for individual borrowers is being managed at portfolio level for Loans. 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. Credit concentration of exposures is also monitored to avoid unacceptable risk concentrations. 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 comprises of risk of loss due to losses arising from failure of internal systems, process and personnel or external events. The Company has identified risks under this category and has put in place appropriate controls and disaster recovery plans to mitigate or minimize the risk. The Company has appointed Chief Compliance Officer to oversee and manage the Compliance Risk. Chief Compliance officer is supported by a dedicated team of seasoned professionals who monitor all the statutory matters and ensure compliance to regulatory guidelines to minimise legal or regulatory risk. In order to mitigate the interest rate risk and liquidity risk, we have developed innovative resource mobilization techniques and prudent fund management practices, among others.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established adequate internal control systems in line with the nature of its business and the size of its operations. At the beginning of each financial year, a risk-based internal audit plan approved by Audit Committee is rolled out.

The internal audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are reviewed by Audit Committee of Board on quarterly basis.

The internal auditor identifies and assesses opportunities for improvement in business processes, systems and controls & provides recommendations for changes to be adopted in the existing processes. The Company in material respect has an adequate internal control over financial reporting.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

"Hero Parivaar" this phrase defines our company and the foundation of our culture. Our culture is based on deep bonds, and we have a strong set of Values -TITHI. The foundation of our strong culture is the Family Feeling invoked through our strong commitment to nurturing a Hero Parivaar. Leading by this example, we constantly define all our programs and initiatives at HFCL. Through our initiatives we aim 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.

Last year, some of our new practices and culture activities were formed around to strengthen the DNA of our company.

Continued Focus on building Capacity & Capability:

Capacity: To ensure organizational readiness, the HR team worked in close partnership with the business towards hiring and growing for skills in the organization. Our continued focus on hiring / retention and upskilling continued relentlessly through the year.

- Accelerated rate of hiring, 80% of the base added towards growth and attrition, net growth 42% for On Rolls.
- Concerted efforts towards retention of key and critical talent.
- Digitization of On-Boarding process further adds to building organization capacity with less turnaround time.

Capability: Having the right people in the right place is pivotal to driving a successful business proposition that can deliver swiftly on customer needs. Hence, capacity building is an essential aspect of driving workforce management. At Hero, we firmly believe that having the right people at the right roles at the fastest possible speed is the key to success. Hence, a lot of focus is placed on continuous market mapping and looking at resourcing beyond hiring.

- 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;
- Focus on building and enhancing supervisory capability & in line with the same we have trained 482 managers through Management Essentials training program;
- GROW 1.0 – First Time Managers covering 116 employees focusing on areas of Listening, Speaking, Developing & Thinking;
- Grow 2.0 – Experienced Managers, covering 39 employees focusing on areas of Leadership, Development & Collaboration.
- The Hi-Po development through IVY League took a digital form and continues to be a major focus of development of future leaders; and
- To facilitate learning for all staff across the length and breadth of the country, we curated and launched the PRIDE modules in 10 vernacular languages thereby enabling 100% compliance across all staff.

AWOW- Agile ways of working: As an organization, we have moved towards reorganizing organization structures and have adopted Agile ways of working- also called as AWOW. 'Agile methodology of working' which puts the organizational goal at the center through creation of

'Agile squads' which are small multidisciplinary teams that are largely self-managed and are excellent at cross-collaboration and teamwork. Multiple agile squads are collectively called a TRIBE with a Tribe leader assigned to them. Agile way of working has numerous advantages such as quicker reactions to changing customer needs, ensure collaboration across business & functional collaboration, reduced bureaucracy by empowering people.

Building a digital mindset: Digital is the way forward and so we have ensured that we work towards building the desired capability throughout the organization. One such initiative was enabled through technology.

- Employee On-Boarding saw all new joiners starting their journey in a seamless manner through the tool.
- Various employee processes such as Induction, learning and engagement continued to be digital with more than ~1658 staff having attended a learning session.
- Propelling digital learning through Skillsoft and Study Circles with thematic learning months focusing on 'building digital dexterity' and 'working in the new normal' further adding to this space.
- HR Chatbot (ERA) with AI enabled technology launched to bring speedy resolutions to employee queries around HR policies and processes. It witnessed resolution of more than 80% employee queries in the first instant.
- Engagement App (Hi5) Creating a digital community through Innovation to Connect, Engage, Learn, Recognise and Celebrate with our Heroes. With the launch of our very engagement **App** it enables our Heroes can now like, comment, share pictures, participate in fun activities , celebrations as well as instantly appreciate their colleagues for all the great work they do.

Constant focus on building a meritocratic culture : We have worked extensively towards nurturing a culture which is meritocratic. This journey did not stop at the pandemic but continued even after and more importantly in phase back to work scenarios. Hence, HR business partnering became imperative to ensure performance excellence is captured, enhanced and fostered in a structured and conducive environment for all employees across levels and locations.

- Rigor in Promotion Process: Promotions were based on a comprehensive **'Promote for Potential'** approach along with assessments on key organizational policies to ensure that the key talent is placed in the right spot, thus ensuring maximization of potential. Promotions to Band 1 went through a panel discussion of internal / external assessors to help create a development plan for them.
- Financial and Non-Financial Metrics: To ensure transparency and standardization, a rating scale has been defined for both financial and non-financial parameters. This helps in objective assessment of the individuals and ensures that the same lens is applied across the organisation.
- Working Together Survey which now covers the expanse of the organization aims to strengthen our value based collaborative culture by enabling trust between teams. This also helps in enhancing cross functional performance and coordination.
- Performance Moderation Committee discussions organised towards a Four Eye Principle for objectivity & transparency.
- Long Term Rewards introduced to ensure retention of critical talent who will play a key role in the growth of the organization. Employees were awarded Phantom Stock Units with a wealth creation opportunity over a period of 3 years.

Celebrations & Employee Well Being: The year once again saw several digital engagement initiatives to celebrate big and small wins and occasions.

- Notable events such as Women's Day, Ivy League, International Yoga Day, Independence Day were celebrated with absolute fervour as always and received phenomenal feedback from all corners.
- Festive Celebrations including contests, decorations and Diwali events added just the right amount of brightness.
- Hero Fitness League, focusing on building a 'Healthy Hero Healthy Fincorp', saw more than staff participating in the week-long celebration of fitness.
- Gratitude month was celebrated in Dec'22 with Heroes giving out Thank You cards and posting their selfies giving out Thank you cards on Hi 5.
- Sports Day was celebrated for the off-roll team based out of the HO with more than 200 employees participating.
- Heath Check-up camps were organized in various HFCL office.
- Enhancement of Group term insurance policy

Corporate Social Responsibility Through focused approach, HR team facilitated employees to champion beyond work;

- Through UMANG– number of employees got involved in initiatives such as Be My Santa, sessions on menstrual hygiene management and distribution of hygiene kits to adolescent girls and young women. 250+ employees from 8+ cities participated in the tree plantation event where together, 500+ trees were planted.
- Raman Kant Munjal Scholarship saw the Leadership team's involvement increase steadily to identify almost 55 meritorious students from humble backgrounds to be awarded scholarships. Employees volunteered to undertake interviews of the said students.

Rewards & Accolades:

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 sixth time in a row as well as feature among the Top 25 BFSIs to work for once again. We are also recognized amongst TOP 100 India's Best Companies to Work For™ 2023**

Further, the HR team proved to be a Strategic Partner as we were recognized by the Business World for being recognized for outstanding contribution to the HR Industry, 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.

SWOT ANALYSIS

Strengths

- Strong Brand Name (Hero);
- PAN India presence of network;
- A well-defined and scalable organizational structure based on product, territory and process knowledge;
- Experienced and stable senior management team;
- Cost of borrowing being one of the lowest in the industry;
- More than 7.5 Million happy customers;
- Consistent financial track record with rapid growth in AUMs;

- Strong relationships with public, private as well as foreign banks, institutions and investors; and
- Strong brand pedigree and successful track record

Weaknesses

- Business and growth directly linked with the GDP growth of the country; and
- Retail portfolios also likely to come under stress

Opportunities

- Large untapped market, both rural and urban and also geographically;
- Huge opportunity to finance as more and more customers are likely to go for Technology upgradation;
- On boarding customers on technology platform and effectively used for extending credit on their working capital needs and also for enhancing our digital footprint on recovery.
- NBFCs have opportunity to provide financing solutions to MSMEs, which have traditionally struggled to access credit from banks.

Threats

- Inadequate availability of bank finance and upsurge in borrowing cost;
- Competition from captive finance companies, small banks etc.
- External risks associated with liquidity stress, political uncertainties, fiscal slippage concerns, etc.
- Regulatory and compliance-related changes in the sector affecting NBFCs

Future Strategy

The Board has determined the following medium-term and long term strategies to achieve its corporate goals over a period of next 1-2 years:

- To focus on digital initiatives to effectively service customers and to educate customers on the digital payment of EMIs;
- Effective use and implementation of data analytics in the process of loan disbursement and loan recovery;
- Further enhancing quality of loan portfolio;
- Maintaining customer loyalty through winning relationship and customer satisfaction; and
- Promoting Work from Home, innovative method of working culture, employee up-skilling and re-skilling.

OUTLOOK

In FY 2022-23, 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. 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.

Hero FinCorp Limited "the Company" or "HFCL" is always committed towards achieving the highest standards of Corporate Governance by staying true to its core values:

- 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 Jt. Managing Director and Chief Executive Officer of the Company. Various Management Committee(s) of the Company are headed by the Jt. 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. As on March 31, 2023, the Board of Directors of your Company comprised of 7 (Seven) Directors comprising of 3 (Three) Non-Executive Directors, 2 (Two) Executive Directors and 2 (Two) Independent Directors. The Board composition is in compliance with the requirements of the Companies Act, 2013 ("the Act") and the RBI Master Directions. 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.

The Company being a 'high value debt listed entity' as defined under the provisions of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements (LODR)) Regulations, 2015 ('Listing Regulations'), 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 does not have requisite number of Independent Directors as required under Regulation 17 of SEBI Listing Regulations which it needs to comply with.

The Board of Directors, on the basis of Recommendation of Nomination and Remuneration Committee on May 01, 2023 had approved the appointment of Mr. Amar Raj Bindra and Mr. Paramdeep Singh as Additional Director (Non-Executive Independent).

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

Mr. Matthew Russell Michelini was appointed as an Additional non-executive Director by the Board with effect from August 03, 2022. Mr. Matthew is the Head of Asia-Pacific, Apollo Global Management, Inc., having joined in 2006. Prior to joining Apollo, Mr. Matthew was a member of the Mergers & Acquisitions group at Lazard Frères & Co. from 2004 to 2006. Mr. Matthew served on the board of directors of AISG GP Ltd., Apollo Management Singapore Pte. Ltd., Athene Holding Ltd., Aleris Corporation and Venerable Holdings, Inc. and previously served on the boards of Metals USA and Noranda Aluminum. At Apollo, Mr. Matthew had executed deals across the world including North America, Europe, and Asia. Mr. Matthew was also actively involved in various charities dedicated to helping underprivileged children in New York City.

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, 2023 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 2022-23		Whether attended last AGM held on September 16, 2022	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 active-ly involved in various philanthropic activities across the Hero Group.	5	4	Yes	1	1	0	0	Nil
Mr. Abhimanyu Munjal	Joint Managing Director & CEO	Son of Mrs. Renu Munjal	Mr. Abhimanyu Munjal is a Business Graduate from United Kingdom. Mr. Munjal is the Jt. MD & CEO of Hero FinCorp & MD of the Hero Housing. He has over 15 years of experience in Strategic Leadership and People Management, having successfully spearheaded international JVs, M&A's, & complex transformations. Recognizing his contribution towards Industry and his Leadership Acumen, he was felicitated by The Economic Times as one among '40 Under 40 Business Leaders' and 'Most Inspiring CEOs' in India.	5	5	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.	5	5	Yes	1	2	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. Mr. Kukreja received an MBA from the Indian Institute of Management, Bangalore and graduated with a BA in economics from Delhi University.	5	5	Yes	0	1	0	0	Nil

Matthew Russell Michelini	Director	-	Mr. Michelini is the Head of Asia-Pacific, Apollo Global Management, Inc., having joined in 2006. Prior to joining Apollo, Mr. Michelini was a member of the Mergers & Acquisitions group at Lazard Fréres & Co. from 2004 to 2006. Mr. Michelini serves on the board of directors of AISG GP Ltd., Apollo Management Singapore Pte. Ltd., Athene Holding Ltd., Aleris Corporation and Venerable Holdings, Inc. and previously served on the boards of Metals USA and Noranda Aluminum. At Apollo, Mr. Michelini has executed deals across the world including in North America, Europe, and Asia. Mr. Michelini is actively involved in various charities dedicated to helping underprivileged children in New York City.	5	2	No	0	0	0	0	Nil

Non-Executive and Independent											
Mr. Pradeep Dinodia	Independent Director	-	Mr. Dinodia is a Practicing Chartered Accountant and holds 44 years of experience. Mr. Dinodia is a senior partner in the Delhi based Chartered Accountancy firm M/s. S.R. Dinodia & Co. LLP.	5	5	Yes	1	3	3	6	1.Shriram Pistons and rings Limited (Chairman) 2. Hero MotoCorp Limited (Non Executive Director) 3.DCM Shriram Limited (Non Executive Independent Director)
Mr. Vivek Chaand Sehgal	Independent Director	-	Mr. Sehgal is the Chairman of Motherson Group. Motherson Group combines the power of innovation and product quality to passionately create world class products that cater to customer needs across diverse industries, especially automotive.	5	5	Yes	2	4	0	0	1.Motherson Sumi Wiring India Limited (Chairman & Non Excutive Director) 2. Samvardhana Motherson International Limited (Chairman & Non Excutive Director)

**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, 2023, have been made by the Directors.

(ii) 5 (Five) 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 April 29, 2022, August 03, 2022, October 20, 2022, January 30, 2023 and March 24, 2023. 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 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 M/s Brijmohan Lal Om Parkash, Partnership Firm
		7,90,394	On behalf of Pawan Munjal Family Trust

Details of Compulsorily Convertible Preference Shares (CCPS) 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, 2023.

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 Nomination and Remuneration 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.

The 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. As on the date of this report, 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 August 02, 2022, whereat the following items as enumerated under Schedule IV of 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 for Risk Management

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.

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.

BOARD MEETINGS

During the Financial Year 2022-23, your Board met 5 (Five) times i.e. on April 29, 2022, August 03, 2022, October 20, 2022, January 30, 2023 and March 24, 2023 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:

- 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, if any which are materially important;
- Any material defaults, if any 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 does not 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 April 29, 2022, August 03, 2022, October 20, 2022, January 30, 2023 and March 24, 2023 respectively.

The composition of the Audit Committee as on date of this Report and the attendance details of meetings during FY 2022-23 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	4
Mr. Vivek Chaand Sehgal	Member	5	5

The composition of the Audit Committee is in line with the provisions of Companies Act, 2013,Non-Banking Financial Company (NBFC) Regulations and SEBI 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 September 16, 2022, 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) ASSET LIABILITY MANAGEMENT COMMITTEE

Meeting, Composition and Attendance

During the year under review, the Asset Liability Management Committee (ALM Committee) met 3 (Three) times, i.e. on April 28, 2022, August 02, 2022 and October 19, 2022 respectively.

The composition of the ALM Committee as on date of this Report and the attendance details of meetings during FY 2022-23 is given below:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Abhimanyu Munjal*	Chairman	3	3
Mrs. Renu Munjal	Member	3	3
Mr. Pradeep Dinodia*	Member	3	3
Mr. Sanjay Kukreja	Member	3	3

*Mr. Abhimanyu Munjal was appointed as the Chairman of the ALM Committee as Mr. Pradeep Dinodia stepped down as the Chairman of ALM Committee w.e.f. August 03, 2022.

During the period under review, the Board of Directors in their meeting held on October 20, 2022, approved the change in governance structure of ALM Committee from Board Level Committee to Management Level Committee.

Terms of reference

The responsibilities of the ALM Committee, inter alia, includes:

- To check the Asset Liability mismatches, interest risk exposure, etc;
- To help the Company to improve the overall system for effective risk management in various portfolios held by the Company;
- Compliance with RBI Prudential Norms / directions / guidelines for asset liability management; and
- Debt Composition and plan of the Company for fund raising.

(iii) RISK MANAGEMENT COMMITTEE

Meeting, Composition and Attendance

During the year under review, the Risk Management Committee met 4 (Four) times, i.e. on April 28, 2022, August 02, 2022, October 19, 2022 and January 27, 2023 respectively.

The composition of the Risk Management Committee as on date of this Report and the attendance details of meetings during FY 2022-23 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	4
Mr. Abhimanyu Munjal	Member	4	4
Mr. Sanjay Kukreja	Member	4	4

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, includes:

- 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.

(iv) NOMINATION & REMUNERATION COMMITTEE

Meeting, Composition and Attendance

During the year under review, the Nomination & Remuneration Committee met 3 (Three) times i.e. on April 29, 2022, August 03, 2022 and January 27, 2023 respectively.

The composition of the Nomination & Remuneration Committee as on date of this Report and the attendance details of meetings during FY 2022-23 is given below:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Pradeep Dinodia	Chairman	3	3
Dr. Pawan Munjal	Member	3	3
Mr. Abhimanyu Munjal*	Member	3	2
Mr. Vivek Chaand Sehgal	Member	3	2

*Mr. Abhimanyu Munjal ceased to be member of the Nomination and Remuneration Committee w.e.f. October 20, 2022.

Mr. Pradeep Dinodia was present at the Annual General Meeting of the Company held on September 16, 2022, to answer the shareholders' queries, if any.

Terms of reference

The responsibilities of the Nomination & Remuneration Committee, inter alia, includes:

- 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. 50,000 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, 2023 are given below:

(Amount in Rupees)

Particulars	Mrs. Renu Munjal	Mr. Abhimanyu Munjal
Salary*	11,67,48,340	7,68,25,266
Contribution - Provident Fund	72,91,773	36,72,346
- Super Annuation Fund	91,14,716	-
Variable Pay	-	6,00,00,000
Total	**13,31,54,829**	**14,04,97,612**
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.	Jt. 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 financial year ended March 31, 2023 are given below:

(Amount in Rupees)

Name of the Directors	Sitting Fees	Commission	Total
Dr. Pawan Munjal	5,00,000	-	5,00,000
Mr. Pradeep Dinodia	13,00,000	-	13,00,000
Mr. Sanjay Kukreja	-	-	-
Mr. Vivek Chaand Sehgal	5,50,000	-	5,50,000

(v) STAKEHOLDERS RELATIONSHIP COMMITTEE

Meeting, Composition and Attendance

During FY 2022-23, 1 (One) meeting of the Stakeholders Relationship Committee was held on April 28, 2022.

The composition of the Stakeholders Relationship Committee as on date of this Report and the attendance details of meetings during FY 2022-23 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 September 16, 2022, 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 2022-23 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 2022-23, no complaint was received from the Debenture holders of the Company.

(vi) CORPORATE SOCIAL RESPONSIBILITY

Meeting, Composition and Attendance

During the year under review, the members of the Corporate Social Responsibility Committee met on April 29, 2022 and January 27, 2023.

The composition of the Corporate Social Responsibility as on date of this Report and the attendance details of meetings during FY 2022-23 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 of 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.

(vii) IT STRATEGY COMMITTEE

Meeting, Composition and Attendance

During the year under review, the members of the IT Strategy Committee met 2 (Two) times on April 28, 2022 and October 19, 2022 respectively.

The composition of the IT Strategy Committee as on date of this Report and the attendance details of meetings during FY 2022-23 is, given below:

Name of the Members	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Pradeep Dinodia	Chairman	2	2
Mr. Abhimanyu Munjal	Member	2	2
Mr. Sanjay Kukreja	Member	2	2
Mr. Sajin Mangalathu	Member	2	2

Terms of reference

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

- To approve the IT strategy and policy documents;
- To review the IT / IS Audit report and provide its observation / recommendations to the Board.

As on March 31, 2023, 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. The Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchanges.

(viii) 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, 18 (Eighteen) 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 2022-23 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 Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and in accordance with RBI circular no. DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022 on Disclosures in Financial Statements- Notes to Accounts of NBFCs.

GENERAL BODY MEETINGS

Details of location, day, date and time of the General Meetings held during the last three years and special 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			
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.
2019-20	Video Conferencing (VC) / Other Audio-Visual Means (OAVM)/(e-AGM)	Tuesday, September 15, 2020 at 3:00 P.M	-

The shareholders who participated at the last e-AGM sought clarifications on wide-ranging subjects such as Company strategy for combatting COVID -19, 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, 2023, the financial results of the Company were announced on:

a)	First quarter ended June 30, 2022	August 03, 2022
b)	Second quarter ended September 30, 2022	October 20, 2022
c)	Third quarter ended December 31, 2022	January 30, 2023
d)	Fourth quarter ended March 31, 2023	May 01, 2023

For the year ending March 31, 2024, the financial results of the Company are likely to be announced on (Tentative and Subject to Change):

a)	First quarter ending on June 30, 2023	First week of August, 2023
b)	Second quarter ending on September 30, 2023	Third week of October, 2023
c)	Third quarter ending on December 31, 2023	First week of February, 2024
d)	Fourth quarter ending on March 31, 2024	First week of May, 2024

MEANS OF COMMUNICATION

(a) Results:

The Company publishes limited review 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/disclosures-under-regulation-62-of-the-SEBI-LODR/financial-performance**

(d) Annual Report

The Annual Report containing, inter-alia, the audited financial statements (standalone & consolidated), Board's Report, Auditors' Report, Management Discussion and Analysis (MDA) report and other important information is circulated to shareholders & 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/disclosures-under-regulation-62-of-the-SEBI-LODR/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/disclosures-under-regulation-62-of-the-SEBI-LODR/financial-performance**

(f) Official news releases

All financial and other vital official news releases and documents under the SEBI Listing Regulations, 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 2022-23)

Day: Wednesday

Date: August 02, 2023

Time: 3:00 P.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 No. 14/2020 dated 8th April, 2020; 17/2020 dated 13th April, 2020; 20/2020 dated 5th May, 2020; 02/2021 dated 13th January, 2021; 19/2021 dated 8th December 2021; 21/2021 dated 14th December, 2021, 02/2022 dated 05th May, 2022, 10/2022 dated 28th December, 2022 and any amendment/ modification thereof issued by MCA (hereinafter referred to as "Circulars") and in compliance with the provisions of the Companies Act, 2013 ("Act") permitted the holding of the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) upto September 30, 2023 and send financial statements (including Board's report, Auditors' Report and other documents to be attached therewith) through email.

Accordingly, the Annual Report of the Company for FY 2023 along with the Notice of AGM are being sent by email to the members and all other persons/entities entitled to receive the same. As stated above, 32nd AGM of the Company will be convened through VC or OAVM.

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:**

Equity Shares:

The Board has recommended dividend @ 81% i.e. Rs. 8.10/- per equity share for the financial year 2022-23. This dividend as recommended by the Board, if approved by the shareholders at their 32nd Annual General Meeting, shall be paid within 30 days from the date of conclusion of the 32nd 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, July 26, 2023; 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, July 26, 2023.

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 2023-24 to the exchange within the stipulated time.

v) **Stock Code:** 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 2022-23, 18,898 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

x) Distribution of Shareholding as on 31st March 2023:

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	2,60,49,436	806	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), pursuant to the notification, 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, 2023, 12,57,23,644 Equity Shares (98.76%) 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 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. Jayesh Jain, 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, July 27, 2023 to Wednesday, August 02, 2023 (both days inclusive) for the purpose of payment of dividend.

xvii) Dividend Payment:
The Board has recommended dividend @ 81% i.e. Rs. 81.10/- per equity share of Rs. 10 each for the financial year 2022-23. This dividend as recommended by the Board, if approved by the shareholders at their 32nd Annual General Meeting, shall be paid to those members, 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, July 26, 2023; 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, July 26, 2023.

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 2015-16, 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 2015-16

Year	Dividend %age	Date of Declaration	Date of Payment	Last Date of claiming of Unpaid Dividend
2021-22	Nil	-	-	-
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
2015-16	10	15/09/2016	16/09/2016	15/10/2023

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, 2023 and the remote e-voting shall be open for a period of 3 days, from July 23, 2023 (9.00 a.m. IST) till August 01, 2023 (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.

The Company has appointed Mr. Devesh Kumar Vasisht, (FCS-8488; CP. No. 13700), Managing Partner of M/s. DPV & Associates LLP, Practicing Company Secretaries, New Delhi (Firm Registration No. Firm Reg. No.: L2021DE009500) as the Scrutinizer for scrutinizing the remote e-voting & e-voting process to ensure that the process is carried out in a fair and transparent manner.

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 recommends 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. The Company has put in place a whistle blower policy to support the Code of Conduct. The details about the vigil mechanism forms part of the Board's report.
Web link where policy for determining 'material' subsidiaries is disclosed.	https://www.herofincorp.com/sites/default/files/HFC-Policy-on-Material-Subsidiary.pdf
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 disquali-fied from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authori-ty.</td><td>The Company has obtained certificate from M/s Sanjay Grover & Associates, Practising Company Secretaries 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 of this report and marked as Annexure I.</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 2022-23, 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 2022-23 is given below:

<table>
<tr><th rowspan="2">Particulars</th><th>Hero FinCorp Limited</th><th>Hero Housing Finance Limited</th><th rowspan="2">Total Amount (in Rs. Cr)</th></tr>
<tr><th>Amount (in Rs. Cr)</th><th>Amount (in Rs. Cr)</th></tr>
<tr><td>Audit Fees</td><td>0.95</td><td>0.15</td><td>1.10</td></tr>
<tr><td>Limited Review</td><td>0.57</td><td>0.075</td><td>0.645</td></tr>
<tr><td>Certification Fees</td><td>0.08</td><td>0.05</td><td>0.13</td></tr>
<tr><td>Group Reporting</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Others</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Out of pocket expenses</td><td>0.11</td><td>0.01</td><td>0.12</td></tr>
<tr><td>Total</td><td>1.71</td><td>0.285</td><td>1.995</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 2022-23, 1 complaint under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was received and accepted by the Board.</td></tr>
</table>

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.	Nil
Familiarization Program	Details of familiarisation programmes imparted to Independent Directors is disclosed on its website at: https://www.herofincorp.com/aboutus

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, 2023, 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. 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 Jt. MANAGING DIRECTOR AND CEO 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 Jt. Managing Director and CEO to this effect is reproduced at the end of this report and marked as Annexure -II.

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 Sanjay Grover & Associates on Corporate Governance. The same is reproduced at the end of this report and marked as Annexure - C .

Annexure - I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to 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

1. That the debt securities of Hero Fincorp Limited (herein after referred as the Company) are listed on National Stock Exchange of India Limited.
2. We have examined the relevant disclosures received from the Directors, registers, records, forms, and returns maintained by the Company and produced before us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. In our opinion and to the best of our information and according to the verifications and examination of the disclosures under section 184, 189, 170, 164, 149 of the Companies Act, 2013 (the Act) and Director Identification Number (DIN) status at MCA portal, www.mca.gov.in, and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as on March 31, 2023 have been debarred or disqualified from being appointed or continuing as directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number	Date of Appointment
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. Vivek Chaand Sehgal	00291126	06/12/2019
7.	Mr. Matthew Russell Michelini	09692765	03/08/2022

4. Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company and 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.

5. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900
Peer review No.: 1352/2021

Vijay K. Singhal
Partner
CP No.: 10385 / M.No. A21089
UDIN: A021089E000233609

Place: New Delhi
Date: May 01, 2023

Annexure - II

DECLARATION BY THE Jt. MANAGING DIRECTOR AND CEO

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, 2023.

For Hero FinCorp Limited

Abhimanyu Munjal
Jt. Managing Director and CEO
Place: Delhi
Date: May 01, 2023

ANNEXURE - C

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Hero FinCorp Limited
(CIN: U74899DL1991PLC046774)
34, Community Centre, Basant Lok Vasant Vihar,
New Delhi - 110057

We have examined the compliance of conditions of Corporate Governance by Hero Fincorp Limited ("the Company"), for the financial year ended March 31, 2023 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company is a "high value debt listed entity" as defined under the provisions of LODR Regulations, which is effective from 07.09.2021. Accordingly, Regulation 16 to Regulation 27 of the LODR Regulations are applicable on the Company on a "comply or explain" basis.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900
Peer review No.: 1352/2021

Vijay K. Singhal
Partner
CP No.: 10385 / M.No. A21089
UDIN: A021089E000233611

Place: New Delhi
Date: May 01, 2023

ANNEXURE - D

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2022-23

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 is available on the Company's website, www.herofincorp.com on the following link: https://www.herofincorp.com/investor-relations/company-policies and the projects or programs are available on the Company's website, www.herofincorp.com on the following link: https://www.herofincorp.com/csr/

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.

2019-20	Rs. 439.01 crore
2020-21	Rs. 51.17 crore
2021-22	Rs. (314.82) crore
Total	**Rs. 175.36 crore**
Average Net Profit	**Rs. 58.45 crore**

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135– Rs. **1,16,90,433**

(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. **1,16,90,433**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)- Rs. **4,39,28,464**

(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. **4,39,28,464**

(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**
4,39,28,464	NIL	NA	NA	NA	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)	1,16,90,433
(ii)	Total amount spent for the Financial Year	3,23,28,464
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	2,06,38,031
(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)]	2,06,38,031

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.**		
1.	FY-1	84,00,000	0	84,00,000	NA	NA	NIL	
2.	FY-1	32,00,000	0	32,00,000	NA	NA	NIL	
	Total	**1,16,00,000**	**0**	**1,16,00,000**				

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: 4

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	Computer Lab Raman Munjal Vidya Mandir (CBSE School) 67 KM Stone, Delhi-Jaipur Highway VPO Sidhrawali, Distt, Gurugram, Haryana 122413	122413	27.03.23	35,00,000	CSR00004870	Raman Kant Munjal Foundation	67 KM Stone Delhi-Jaipur Highway VPO Sidhrawali, Distt, Gurugram, Haryana 122413

2	1 School Bus and 2 School Vans Raman Munjal Vidya Mandir (CBSE School) 67 KM Stone Delhi-Jaipur Highway VPO Sidhrawali, Distt, Gurugram, Haryana 122413	122413	27.03.23	35,79,024	CSR00004870	Raman Kant Munjal Foundation	67 KM Stone Delhi-Jaipur Highway VPO Sidhrawali, Distt, Gurugram, Haryana 122413

(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: Dubai
Date: May 01, 2023

Annexure - E

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hero Fincorp Limited (hereinafter called the Company) whose debt securities are listed on National Stock Exchange of India Limited. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

We report that

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Not applicable during the audit period};

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

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 {Not applicable during the audit period};

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 {Not applicable during the audit period};

  (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

  (f) 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;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 {Not applicable during the audit period}

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 {Not applicable during the audit period}; &

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);

(vi) The Company primarily provides two-wheeler financing, pre-owned car financing, inventory funding, loan against property, loans to SMEs and emerging corporates housing loan and Reserve Bank of India Act, 1934 and rules, regulations & directions issued by Reserve Bank of India from time to time, are the laws specifically applicable to the Company. On the basis of management representation and our check on test basis, we are on the view that the Company has adequate system to ensure compliance of laws specifically applicable on it and the Company was generally complied with these specifically applicable laws.

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

During the audit period, the Company has generally complied with the provisions of the Act, Rules and Regulations to the extent applicable, as mentioned above. Further, the Company is generally regular in filings with the Registrar of Companies and National Stock Exchange.

I further report that the Company being a "high value debt listed entity" as defined under the provisions of LODR, Regulation 16 to Regulation 27 of LODR are applicable on the Company w.e.f. 07.09.2021 and these provisions are applicable on a "comply or explain". Accordingly, the Company is required to appoint requisite number of Independent Directors as per Regulation 17 of LODR.

I also report that the Company has entered into factoring business. For the purpose, the Company has applied for RBI license and as on the date of this report, the approval of RBI is pending.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent directors. The changes in the composition of board of directors that took place during the audit period were carried out in compliance with the provisions of the Act.

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

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

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

We further report that during the audit period, the members of the Company approved the following resolutions-

- Special resolution for alteration of the object clause of the Memorandum of Association of the Company;
- Special resolution for Adoption of amended and restated Articles of Association of the Company; and
- Ordinary resolution for appointment of M/s. B.R. Maheswari & Co. LLP, Chartered Accountants and M/s. Price Waterhouse LLP, Chartered Accountants as joint statutory auditors of the Company in compliance with RBI Circular dated April 27, 2021.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900
Peer Review No.: 1352/2021

Vijay K. Singhal

Partner
CP No.: 10385 / M.No. A21089
UDIN: A021089E000233565

Place: New Delhi
Date: May 01, 2023

ANNEXURE - F

RELATED PARTY TRANSACTION POLICY

1. Introduction

Hero FinCorp Ltd. (hereinafter referred to as HFCL or the company) recognizes that Related 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.

The objective of this policy is to regulate transactions between the Company and its Related 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 noncumulative 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 defined in 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,
- (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. 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. <u>Managing Director/Jt. Managing Director& CEO/Whole-time Director/Manager (Managerial Person)</u>

- 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. <u>Independent Director</u>

- 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 section 178, 197 and schedule 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 50,000 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 Company or any of its affiliates;

(b) Wilful misinterpretation / misreporting of financial performance of the Company

(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 Company 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 2014 ON ESOP DISCLOSURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

S. No.	Particulars	ESOP Scheme 2017
1.	Options Granted	23,84,923
2.	Options Vested	7,32,128**
3.	Options Exercised	Nil
4.	The total no. of shares arising as a result of exercise of option	Nil
5.	Options Lapsed	8,70,542
6.	The Exercise Price	NA
7.	Variation of terms of Options	NA
8.	Total No. of Options in Force	15,14,381
9.	Employee wise details:	
	i) Key Managerial Personnel	1,81,485
	ii) any other employee who receives a grant of options in any one year of option amounting to five per cent or more of option granted during that year.	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil

**Vested Options: 1,73,135 till 31st March 23 basis the term of ESOP Letter
Vested Options: 5,58,993 shares 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 2022-23 (Rs. crore)	Percentage (%) increase in Remuneration in FY 2022-23	Ratio of the remuneration to the median employee's remuneration
Executive Directors			
Mrs. Renu Munjal - Managing Director	13.31	10.18%	178.97
Mr. Abhimanyu Munjal – Joint Managing Director & CEO	14.05	91.68%	188.84
Non-Executive Directors^			
Dr. Pawan Munjal	0.05	(9.10%)	0.67
Mr. Sanjay Kukreja	-	-	-
Non-Executive and Independent Directors^			
Mr. Pradeep Dinodia	0.13	(18.75%)	1.74
Mr. Vivek Chaand Sehgal	0.6	(42.10%)	0.80
Employees & KMP			
Mr. Jayesh Jain – Chief Financial Officer	3.15	44.50%	42.34
Mr. Shivendra Suman - Company Secretary	1.20	29.03%	16.12

^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.
3. Mr. Sanjay Kukreja, Non-Executive Director, did not receive any sitting fees or any other remuneration.
4. The median remuneration of employees of the Company during the FY was Rs. 7.44 lakh.
5. Median salary of employees in current year has increased by 1% in comparison to the previous year.
6. The number of permanent employees on the rolls of Company as on March 31, 2023 was 2987 (previous year 2099).
7. Average percentage increase made in the salary of employees other than the managerial personnel in last FY i.e. 2022-23 was 9.3%.
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, 2023

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
KWALITY LIMITED	K.K.R. India Financial Services Pvt. Ltd. Versus M/s Kwality Ltd. CP(IB)-1440(ND)/2018	22.44	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	22.44	Company in Liquidation
LAKSHMI PRECISION SCREWS LIMITED	M/s Hind Tradex Ltd. Versus M/s Lakshmi Precision Screws Ltd. C.P.(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
MATAJI DYEING MILLS PRIVATE LIMITED	Dynamic Star Securities & Allied Services Versus Newgen Speciality Plastics Ltd. C.P.(IB)-1251/ND/2018	2.72	Resolution plan implemented succefully and money received by HFCL.
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
PETROLUBE INDIA LTD	Columbia Petro Chem Pvt. Ltd. Versus Petrolube India Ltd. C.P.(IB)-343/ND/2017	2.8	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

Customer Name	Case Details	HFCL Claim Amount (In Cr)	NCLT Status
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
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	3.15	Company in Liquidation
DILIP CHHABRIA	Minda Capital Pvt. Ltd. Versus Dilip Chhabria Design Pvt. Ltd. C.P.(IB)-1877/2018	2.29	CIRP
EMKAY AUTOMOBILE INDUSTRIES LIMITED	Swastik Pipe Lmtd. Versus Emkay Automobiles Industries Ltd. C.P.(IB)-3173/ND/2019 New Delhi	5.54	Resolution Plan
SRS MEDITECH LIMITED	Durga Enterprises Versus SRS Meditech Ltd. C.P.(IB)-64/2018	4.93	Resolution Plan
Hema Automotive	Five Ess Precision Components Pvt. Ltd. Vs. Hema Automotive Pvt. Ltd. C.P. (IB) 822/2021	53	Liquidation order pending
WORLDS WINDOW IMPEX INDIA PRIVATE LIMITED	State Bank of India Versus Worlds Window Impex India Pvt Ltd C.P.(IB)-376/2020	6.15	CIRP
EVERGREEN ENVIRO PRIVATE LIMITED	Sanchar Polytubes Versus Evergreen Enviro Pvt. Ltd. C.P.(IB)-766/2019	1.63	Regularised and withdrawn
SU KAM POWER SYSTEMS LIMITED	State Bank of India Versus Su-kam Power Systems Ltd. C.P.(IB)-540/2017	30.6	Company in Liquidation
Century Aluminium	HFCL Vs. Century Aluminium	NA	Settled and Withdrawn

Customer Name	Case Details	HFCL Claim Amount (In Cr)	NCLT Status
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
ARADHYA STEEL PRIVATE LIMITED	Peddington Chemical Industries (India) Versus Aradhaya Steel Private Limited C.P.(IB)-227/2019	37.04	Resolution Plan
TAG OFFSHORE LIMITED	R.H. Petroleum Pvt Ltd Versus TAG Offshore Ltd C.P.(IB)-54/2019	36.92	Liquidation exited and assets sold outside NCLT
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
SHILPI CABLE TECHNOLOGIES LIMITED	Macquarie Bank Ltd. Versus Shilpi Cable Technologies Ltd. C.P.(IB)-64/PB/2017	25.79	Company in Liquidation
ARISE INDIA LIMITED	ITW Consulting Pvt. Ltd. Versus Arise India Limited CO.PET. 618/2015	13.08	Company in Liquidation under High Court
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
COROMANDEL AGRICO PVT LTD	Arysta Life Scinece India Ltd. Vs. Coromandel Agrico Pvt. Ltd. C.P.(IB) 228/A:D/2018	0.09	Settled and Withdrawn
SANT DNYANESHWAR HOSPITAL PRIVATE LIMITED	Dr. Vikas Pandurang Sabale Vs. Sant Dnyaneshwar Hospitals Pvt. Ltd. C.P. (IB) 1806/2019	0.30	CIRP

Customer Name	Case Details	HFCL Claim Amount (In Cr)	NCLT Status
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
Feedback Power O&M Services Private Limited	Hero Fincorp Ltd. Vs. Feedback Power O&M SPL C.P. (I.B.)	-	FILED, NOT ADMITTED
BENLON INDIA LIMITED	Gaurav Goel, Proprieter of Riyal Packers Versus Benlon India Ltd. C.P.(IB)-1612/2018	24.97	Resolution Plan
STEEL KONNECT INDIA PVT LTD	Hero Fincorp Ltd. Vs. Steel Konnect India Pvt. Ltd. C.P. (IB) 5/2017	11	Compromise Scheme by GSEC
SRI SDEV NATURAL RESOURCES INDIA PVT LTD	SRI SDEV (Section 10) C.P. (IB)43 (MP)/2021		Company in Liquidation
DCP India	HFCL Vs. DCP INDIA	22.57	CIRP
RCI Industries	Standard Chartered Bank Singapore Vs. RCI Industries	4.7	CIRP
ANDERSON PRINTING HOUSE	Print Sales Pvt Ltd Vs. Anderson Printing House	0.18	CIRP
Talwalkars (OC claims on behalf of OPC)	Axis Bank Limited Versus Talwalkar Healthclubs Limited C.P.(IB)-1056/2020	20	Comapany in Liquidation
Future Retail Limited (OC claims on behalf of HKOLPL)	Bank of India Vs. Future Retail Ltd.	125	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, 2023, 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 a summary of significant accounting policies 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, 2023, 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.

Other Information

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

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

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

5. 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 financial position, financial performance, changes in equity and 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.

6. 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

7. 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.

8. 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 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.

9. 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.

10. 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.

Report on other legal and regulatory requirements

11. 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.

12. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The 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, 2023, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – 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 and 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 the notes to the accounts, 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 persons or entities, 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 (Refer Note 43.6 to the standalone financial statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, 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 (Refer 43.6 to the standalone financial statements); 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 during the year by the Company is in compliance with Section 123 of the Act.

vi As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

13. 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: 23101119BGXIIK3949

Place: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 23081075BGQYRF9887

Place: New Delhi
Date: May 01, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 12(f) 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, 2023

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 standalone financial statements of Hero FinCorp Limited ("the Company") as of March 31, 2023 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 ("the 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 standalone 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 standalone financial statements were 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 standalone 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 standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

7. Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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 standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, 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: 23101119BGXIIK3949

Place: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 23081075BGQYRF9887

Place: New Delhi
Date: May 01, 2023

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, 2023

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 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 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 its 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. Therefore, the provisions of clause 3(ii)(a) of the Order are 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 and financial institutions on the basis of security of loan receivables. The Company has filed quarterly returns or statements with such banks and financial institutions, which are in agreement with the unaudited books of account except the insignificant differences as represented by the management. (Also refer Note 17.9 to the standalone financial statements)

iii. (a) As the Company is a registered non-banking finance company in the business of granting loans and making investments, matters specified in clause iii(a) of paragraph 3 of the CARO, 2020 does not apply to the Company.

(b) Based on our examination and the information and explanations given to us, in respect of the aforesaid investments / loans, 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 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, 2023 is Rs. 608.69 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, 2023.

(e) The Company is a registered non-banking finance company in the business of granting loans and making investments, matters specified in clause iii(e) of paragraph 3 of the CARO, 2020 does not apply to the Company.

(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 and according to the information and explanations given to us, 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 and engaged in the business of giving loans.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of 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 giving 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 products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, 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 employee' state insurance, income tax, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of undisputed statutory dues outstanding as at March 31, 2023, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of Payment	Remarks, if any
Employees' Provident Fund Organization	Provident fund dues	0.03 Crores	April 2022 to August 2022	May 2022 to September 2022	Not yet paid	Due to non - linking of Aadhar number with employee's PF account as required by notification dated June 15th, 2021, issued by Provident Fund authorities. Amount of 0.005 crores deposited subsequently.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of goods and service tax and cess which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at March 31, 2023 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 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 0.14 crore
Income Tax Act, 1961	Income tax	82.98	2017-18	Commissioner (Appeals) of Income Tax	Amount paid under protest is 24.33 crore
Income Tax Act, 1961	Income tax	202.87	2016-17	Commissioner (Appeals) of Income Tax	Amount paid under protest is 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 11.35 crore

Delhi Value added Tax Act	Value added tax	0.20	2013-14 2014-15 2015-16 2016-17 2017-18	Objection hearing authority (Trade & Tax department)	-

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that are required to be recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, 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) According to the information and explanations given to us and 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 and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained except for Rs. 1,311.81 crore which were pending to be utilised as the term loans were raised at the end of the financial year and temporarily parked in liquid assets of the Company as at March 31, 2023. (Also refer Note 17.8 to the standalone financial statements)

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the 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 company, associate or joint venture, 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 company, associate or joint venture, 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 made a private placement of compulsorily convertible preference shares during the year, in compliance with the requirements of Section 42 and Section 62 of the Act. The funds raised have been used for the purpose for which funds were raised. The Company has not made any preferential allotment of shares or private placement of partially or optionally convertible debentures during the year.

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, and according to the information and explanations given to us, except for 4 instances aggregating Rs.9.49 crore for which the Management has taken appropriate steps including criminal complaint and demand notices under SARFAESI act, 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, and according to the information and explanations given to us, a report under Section 143(12) of the Act, as prescribed under rule 13 of Companies (Audit and Auditors)

Rules, 2014, was not required to be filed with the Central Government by us / cost auditor/ the secretarial auditor / predecessor auditor of the Company. 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, and according to the information and explanations given to us, 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 represented 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 hence, the impact on our audit report in respect of those complaints is not considered.

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.

xiv. (a) In our opinion and according to the information and explanation given to us, 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. 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-Banking Financial Company ("NBFC") not accepting public deposits (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 RBI 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 RBI. 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 ("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 current 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 (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also 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 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

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) In respect of ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section135(5) of the Act. Accordingly, reporting under clause 3(xx)(b) clause 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: 23101119BGXIIK3949

Place: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 23081075BGQYRF9887

Place: New Delhi
Date: May 01, 2023

Standalone Balance Sheet as at March 31, 2023

₹ in Crore

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Assets			
Financial assets			
Cash and cash equivalents	4	630.62	774.03
Bank balance other than cash and cash equivalents	5	41.22	144.52
Derivative financial instruments	6	115.83	1.92
Trade receivables	7	1.45	2.12
Loans	8	36,213.00	28,651.69
Investments	9	2,298.81	1,476.82
Other financial assets	10	144.37	90.66
Non-financial assets			
Current tax assets (net)	11	146.41	114.25
Deferred tax assets (net)	12	375.94	433.46
Property, plant and equipment	13	57.39	42.42
Right-of-use assets	13.1	39.52	38.64
Intangible assets	13.2	9.35	14.23
Other non-financial assets	14	56.72	53.60
Total assets		**40,130.63**	**31,838.36**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables	15		
- Total outstanding dues of micro enterprises and small enterprises; and		0.13	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		475.47	289.37
Debt securities	16	6,261.51	5,570.08
Borrowings (other than debt securities)	17	23,930.45	20,020.09
Subordinated liabilities	18	3,191.72	617.60
Lease liabilities	19	45.87	43.60
Other financial liabilities	20	827.86	365.03
Non-financial liabilities			
Current tax liabilities (net)	21	1.03	-
Provisions	22	48.31	42.38
Other non-financial liabilities	23	59.66	52.26
Total liabilities		**34,842.01**	**27,000.41**

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Equity			
Equity share capital	24	127.31	127.31
Other equity	25	5,161.31	4,710.64
Total equity		**5,288.62**	**4,837.95**
Total liabilities and equity		**40,130.63**	**31,838.36**
Significant 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	**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)
New Delhi	Dubai	New Delhi	New Delhi
		Jayesh Jain	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
		(FCA: 110412)	(ACS : 018339)
Date: May 01, 2023		New Delhi	New Delhi

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: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: New Delhi
Date: May 01, 2023

Standalone Statement of Profit and Loss for the year ended March 31, 2023

₹ in Crore

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	26		
Interest income		5,363.69	3,969.85
Dividend income		0.74	0.74
Profit on sale of investments (net)		76.18	38.78
Rental income		0.11	1.96
Net gain on fair value changes		-	19.72
Insurance commission		21.22	15.36
Others charges		541.83	394.17
Total revenue from operations		**6,003.77**	**4,440.58**
Other income	27	29.16	50.00
Total income		**6,032.93**	**4,490.58**
Expenses			
Finance costs	28	1,964.00	1,508.88
Net loss on fair value changes		302.05	-
Impairment on financial instruments	29	1,204.79	1,834.54
Employee benefits expenses	30	448.62	280.72
Depreciation and amortization	13	29.15	27.66
Other expenses	31	1,371.72	1,094.91
Total expenses		**5,320.33**	**4,746.71**
Profit/ (loss) before tax		**712.60**	**(256.13)**
Tax expense:	12		
(i) Current tax		197.70	27.03
(ii) Deferred tax (credit) (net)		57.57	(89.16)
Total tax expense		**255.27**	**(62.13)**
Profit/ (loss) after tax		**457.33**	**(194.00)**
Other comprehensive income/ (loss)			
a) Items that will not be reclassified to profit or loss:-			
Remeasurement of gains/ (losses) on defined benefit plans	34	1.02	(0.16)
Income tax relating to items that will not be reclassified to profit or loss	12	(0.26)	0.04
Sub-total (a)		**0.76**	**(0.12)**
b) Items that may be reclassified to profit or loss:-			
Cash flow hedge reserve		(1.22)	(1.12)
Income tax relating to items that may be reclassified to profit or loss	12	0.31	0.28
Sub-total (b)		**(0.91)**	**(0.84)**

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Other comprehensive income/ (loss) for the year, net of tax		**(0.15)**	**(0.96)**
Total comprehensive income/ (loss) for the year, net of tax		**457.18**	**(194.96)**
Earnings per equity share	32		
Basic (in ₹)		35.92	(15.24)
Diluted (in ₹)		35.89	(15.24)
Significant 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	**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)
New Delhi	Dubai	New Delhi	New Delhi

		Jayesh Jain	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
		(FCA: 110412)	(ACS : 018339)
Date: May 01, 2023		New Delhi	New Delhi

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: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: New Delhi
Date: May 01, 2023

Standalone Statement of Changes in Equity for the year ended March 31, 2023

A. Equity share capital

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

For the year ended March 31, 2022 **₹ 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

Standalone Statement of Changes in Equity for the year ended March 31, 2023

B. Other Equity

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**

For the year ended March 31, 2022

₹ 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, 2021	**265.35**	**3,946.30**	**131.02**	**548.33**	**-**	**-**	**23.23**	**4,914.23**
Profit/ (loss) for the year	-	-	-	(194.00)	-	-	-	(194.00)
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(0.12)	(0.84)	-	(0.96)
Transfer to retained earnings	-	-	-	(0.12)	0.12	-	-	-
Total comprehensive income/ (loss) for the year	-	-	-	(194.12)	-	(0.84)	-	(194.96)
Dividend paid on equity shares	-	-	-	(12.73)	-	-	-	(12.73)
Transfer from retained earnings to statutory/ general reserve	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Share based payment charge	-	-	-	-	-	-	4.10	4.10
As at March 31, 2022	**265.35**	**3,946.30**	**131.02**	**341.48**	**-**	**(0.84)**	**27.33**	**4,710.64**

Significant 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)
New Delhi

Renu Munjal
Managing Director
(DIN No. : 00012870)
Dubai

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

Pradeep Dinodia
Director
(DIN No. : 00027995)
New Delhi

Date: May 01, 2023

Jayesh Jain
Chief Financial Officer
(FCA: 110412)
New Delhi

Shivendra Suman
Company Secretary
(ACS : 018339)
New Delhi

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

Sharad Vasant
Partner
Membership Number: 101119
Place: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: New Delhi
Date: May 01, 2023

Standalone Statement of Cash Flows for the year ended March 31, 2023

₹ in Crore

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

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and other intangible assets	(35.89)	(15.92)
	Proceeds from sale of property, plant and equipment	2.29	5.04
	Dividend received	0.74	0.74
	Interest received on fixed deposit and investments	65.72	35.00
	Purchase of investments	(14,689.67)	(16,246.43)
	Sale of investments	14,251.85	17,039.46
	Investment in subsidiary	(300.00)	-
	Net cash flow generated from/ (used in) investing activities (B)	**(704.96)**	**817.89**
C.	**Cash flow from financing activities**		
	Proceeds from issue of compulsorily convertible preference shares	2,000.00	-
	Proceeds from issue of debt securities	5,033.74	5,295.65
	Repayment of debt securities	(4,495.00)	(4,012.00)
	Proceeds from issue of borrowings (other than debt securities)	17,727.12	15,598.93
	Repayment of borrowings (other than debt securities)	(13,930.66)	(12,740.97)
	Proceeds from issue of subordinated liabilities	264.07	0.20
	Repayment of lease liability	(12.38)	(11.87)
	Dividend paid	-	(12.73)
	Share issue expenses paid	(6.00)	-
	Net cash flow from financing activities (C)	**6,580.89**	**4,117.21**

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
D.	**Net decrease in cash and cash equivalents (A+B+C)**	**(143.41)**	**(106.31)**
	Cash and cash equivalents at the beginning of the year	774.03	880.34
	Cash and cash equivalents at the end of the year*	**630.62**	**774.03**
	* Components of cash and cash equivalents		
	Balances with banks (current accounts)	218.56	63.29
	Deposit with banks (original maturity less than three months)	412.06	710.74
		630.62	**774.03**

(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
Chairman
(DIN No. : 00004223)
New Delhi

Renu Munjal
Managing Director
(DIN No. : 00012870)
Dubai

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

Pradeep Dinodia
Director
(DIN No. : 00027995)
New Delhi

Jayesh Jain
Chief Financial Officer
(FCA: 110412)
New Delhi

Shivendra Suman
Company Secretary
(ACS : 018339)
New Delhi

Date: May 01, 2023

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: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: New Delhi
Date: May 01, 2023

Notes to Standalone Financial Statement for the year ended March 31, 2023

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 (herein after referred to as 'financial statements') have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act and Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. 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 01, 2023.

2.2 Basis of measurement and presentation

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as Net defined (asset)/ liability present value of defined benefit obligations, 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

MCA notifies new standards or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 which is effective from April 01, 2022. Amendments relating to Division III which relate to NBFCs whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, have been complied with.

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 measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Impairment of financial assets

The Company establishes criteria for determining whether credit risk 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.

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.

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 India's base rate and other fee income/expense that are integral parts of the instrument.

Measurement of defined benefit obligations: key actuarial assumptions

The measurement of obligations related to defined benefit plans 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 accounting policies and disclosures require/ may require fair value measurement, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data 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.

The Company measures financial instruments, such as, investments, at fair value on each reporting date. In addition, the fair value of financial instruments measured at amortized cost and FVTPL is disclosed in Note 42.

Note 3: Significant 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 management 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. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

Investment in subsidiaries

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

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

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

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

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

Financial asset – derecognition other than due to substantial modification

A financial asset, such as a loan to a customer, is 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.

Derivative financial instruments

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

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and financial assets measured at FVOCI- debt investments. At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 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; or
- breach of contract such as a default or being past due.

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

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

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

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

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

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the 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 receivable

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost, less loss allowance.

(e) 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 recognised initially at their fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method where the time value of money is significant.

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

Gains or losses arising from the retirement or disposal of a property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and 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 capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method as per useful life prescribed in Schedule II of the Act, and is generally 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.

(g) 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.

(h) 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.

(i) 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 hat 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.

(j) Revenue recognition

Interest income

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

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

Dividend income

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

Lease rental income

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

Other Income

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

Net gain on fair value changes

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

(k) 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 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.

(l) 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, unless the increase is in line with expected general inflation, in which case lease income is recognized based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(m) 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 realised 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 realised.

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 realised.

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

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.

(n) 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.

(o) 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.

(p) Borrowing

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. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(q) Borrowing costs

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

All other borrowing costs are charged to expenses in the period in which they arise.

(r) 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 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 Company 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 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 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 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.

(s) 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.

(t) 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.

(u) Statement of Cash flows

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

Note 4: Cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks (current accounts)	218.56	63.29
Deposit with banks (original maturity less than three months)	412.06	710.74
Total	**630.62**	**774.03**

Note 5: Bank balance other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Dividend accounts (earmarked accounts)	0.43	0.49
Deposit with banks (original maturity more than three months)	-	104.88
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	40.79	39.15
Total	**41.22**	**144.52**

Note 6: Derivative financial instruments

₹ in Crore

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value-Assets	Fair Value-Liablities	Notional amounts	Fair Value-Assets	Fair Value-Liablities
Currency derivatives						
Currency swaps	3,974.25	115.83	-	914.85	1.92	-
	3,974.25	**115.83**	**-**	**914.85**	**1.92**	**-**

The Company enters into derivatives for risk management purposes (refer note 43.5). 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. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Note 7: Trade receivables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	1.45	2.12
(iii) Receivables which have significant increase in credit risk	-	-
(iv) Receivables - credit impaired	-	-
	1.45	2.12
Less : Impairment loss allowance	-	-
Total	**1.45**	**2.12**

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.

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	1.43	0.02	-	-	-	1.45
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, 2022 **₹ 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	2.12	-	-	-	-	2.12
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	-	-	-	-	-	-

Note 8: Loans

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
A. Loans - Amortised cost		
Bills purchased and bills discounted	1,269.07	751.48
Term loans	34,528.84	29,175.72
Clearcorp Repo Order Matching System (CROMS)	2,000.70	300.03
Loans to employees	1.71	1.23
Total- Gross (A)	37,800.32	30,228.46
Less : Impairment loss allowance on loans	(1,587.32)	(1,576.77)
Total - Net (A)	**36,213.00**	**28,651.69**
B. Secured/ Unsecured		
(a) Secured by tangible assets	20,890.48	17,909.36
(b) Secured by other assets	1,380.83	1,639.06
(c) Unsecured	15,529.01	10,680.04
Total - Gross (B)	37,800.32	30,228.46
Less : Impairment loss allowance on loans	(1,587.32)	(1,576.77)
Total - Net (B)	**36,213.00**	**28,651.69**
C. Loans in India		
(a) Public sector	-	-
(b) Others	37,800.32	30,228.46
Total - Gross (C)	37,800.32	30,228.46
Less : Impairment loss allowance on loans	(1,587.32)	(1,576.77)
Total - Net (C)	**36,213.00**	**28,651.69**

Loans includes ₹ 214.05 crore which is secured, considered good (March 31, 2022: ₹ 196.82 crore) and ₹ 50.00 crore which is unsecured, considered good (March 31, 2022: ₹ 225.75 crore), receivable from private companies in which a director is a director or a member (also refer note 38).

No loans and advances in the nature of loans are granted to promoters, directors, KMP's 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, 2023	As at March 31, 2022
In India		
At fair value through profit or loss account		
In equity instruments (quoted)	0.32	0.31
In equity instruments (unquoted)	6.98	6.98
In preference instruments(quoted)	9.00	9.00
In alternative investment Fund (unquoted)	0.07	4.84
In commercial paper (quoted)	145.33	-
In certificate of deposits (quoted)	74.87	49.21
In treasury bills (quoted)	623.36	319.38
In government securities (quoted)	225.21	479.01
In corporate bonds (quoted)	410.88	105.04
In security receipts (unquoted)	2.53	2.79
In optional Convertible debentures (unquoted)	0.26	0.26
Others (Refer note 9.1 below)		
Investment in Subsidiary Company	800.00	500.00
Total- Gross	2,298.81	1,476.82
Less: Allowance for impairment	-	-
Total- Net	**2,298.81**	**1,476.82**

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, 2023	As at March 31, 2022
Security deposits (at amortised cost)	12.76	2.83
Receivable from collection agency	129.73	81.39
Other receivable	1.88	6.44
Total	**144.37**	**90.66**

Note 11: Current tax assets (net)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax [net of provision for tax ₹ 728.03 crore (March 31, 2022: ₹ 983.94 crore)]	146.41	114.25
Total	**146.41**	**114.25**

Note 12: Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax (a)		
Current year	197.70	27.03
Deferred tax (b)		
Attributable to–		
Origination and reversal of temporary differences	57.57	(89.16)
Tax expense recognised in Statement of profit and loss	**255.27**	**(62.13)**

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, 2023 Before tax	Deferred tax expense/ (benefit)	Net of tax	For the year ended March 31, 2022 Before tax	Deferred tax expense/ (benefit)	Net of tax
Remeasurements of defined benefit plan	1.02	(0.26)	0.76	(0.16)	0.04	(0.12)
Cash flow hedge reserve	(1.22)	0.31	(0.91)	(1.12)	0.28	(0.84)

C. Reconciliation of effective tax expense

₹ in Crore

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	**712.60**	**(256.13)**
Other comprehensive income/ (loss) for the year	(0.20)	(1.28)
Tax using the Company's domestic tax rate	179.30	(64.79)
Effect of:		
Non-deductible expenses and exempt income	78.66	0.98
Others	(2.74)	1.36
Effective tax expense	**255.22**	**(62.45)**

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, 2023	As at March 31, 2022	As at March 31, 2022	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provisions for employee benefit	12.16	10.71	-	-	12.16	10.71
Depreciation*	1.96	2.21	-	-	1.96	2.21
Impairment allowance on loans	388.95	395.37	-	-	388.95	395.37
Effect of EIR on interest income	(17.14)	24.41	-	-	(17.14)	24.41
Other temporary differences	5.25	17.87	15.24	17.11	(9.99)	0.76
Net deferred tax (assets)/ liabilities	**391.18**	**450.57**	**15.24**	**17.11**	**375.94**	**433.46**

E. Movement in deferred tax on temporary differences

₹ in Crore

	Balance as at April 1, 2021	Recognised in profit or loss during 2021-22#	Recognised in OCI during 2021-22	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
Provisions for employee benefit	9.51	1.16	0.04	10.71	1.71	(0.26)	12.16
Depreciation*	1.62	0.59	-	2.21	(0.25)	-	1.96
Impairment allowance on loans	308.47	86.90	-	395.37	(6.42)	-	388.95
Effect of EIR on interest income	21.00	3.41	-	24.41	(41.55)	-	(17.14)
Other temporary differences	0.22	0.26	0.28	0.76	(11.06)	0.31	(9.99)
Net deferred tax (assets)/ liabilities	**340.82**	**92.32**	**0.32**	**433.46**	**(57.57)**	**0.05**	**375.94**

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

This includes ₹ 3.15 crore adjustments related to earlier years, hence deferred tax charge in statement of profit and loss is ₹ 89.16 crore.

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	Vehicles	
Cost								
As at April 1, 2021	**3.58**	**0.94**	**2.96**	**27.74**	**43.78**	**4.38**	**14.22**	**97.60**
Additions during the year	-	0.16	0.16	4.11	10.12	0.96	-	15.51
Disposals during the year	-	-	-	3.65	0.14	0.30	12.32	16.41
As at March 31, 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**
Depreciation								
As at April 1, 2021	**0.23**	**0.28**	**0.59**	**9.97**	**29.67**	**2.13**	**7.09**	**49.96**
Disposals during the year	-	-	-	1.35	0.12	0.27	6.91	8.65
Depreciation charge for the year	0.06	0.08	0.30	3.47	7.29	0.79	0.98	12.97
As at March 31, 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**	**0.00**	**63.84**
Net carrying amount								
As at March 31, 2022	**3.29**	**0.74**	**2.23**	**16.11**	**16.92**	**2.39**	**0.74**	**42.42**
As at March 31, 2023	**3.23**	**0.66**	**1.96**	**24.30**	**25.21**	**2.03**	**0.00**	**57.39**

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, 2021	**52.83**
Additions during the year	11.71
Disposals during the year	4.30
As at March 31, 2022	**60.24**
Additions during the year	10.74
Disposals during the year	7.60
As at March 31, 2023	**63.38**
Accumulated amortization	
As at April 1, 2021	**16.33**
Disposals during the year	4.30
Amortization charge for the year	9.57
As at March 31, 2022	**21.60**
Disposals during the year	7.55
Amortization charge for the year	9.81
As at March 31, 2023	**23.86**
Net carrying amount	
As at March 31, 2022	**38.64**
As at March 31, 2023	**39.52**

13.2. Intangible assets

₹ in Crore

Particulars	Computer software
Cost	
As at April 1, 2021	**36.06**
Additions during the year	2.74
Disposals during the year	-
As at March 31, 2022	**38.80**
Additions during the year	0.07
Disposals during the year	-
As at March 31, 2023	**38.87**

Accumulated amortization/ impairment	
As at April 1, 2021	**19.46**
Disposals during the year	-
Amortization charge for the year	5.11
As at March 31, 2022	**24.57**
Disposals during the year	-
Amortization charge for the year	4.95
As at March 31, 2023	**29.52**
Net carrying amount	
As at March 31, 2022	**14.23**
As at March 31, 2023	**9.35**

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, 2023	As at March 31, 2022
Capital advances	3.12	0.41
Prepaid expenses	17.77	23.57
Others	35.83	29.62
Total	**56.72**	**53.60**

Note 15: Trade payables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	0.13	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	475.47	289.37
Total	**475.60**	**289.37**

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

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	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	**0.13**	**-**

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, 2023 ₹ in Crore

Particulars	Outstanding for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	0.13	-	-	-	0.13
ii. Others	28.41	8.14	-	-	36.55
iii. Others- Unbilled	438.92	-	-	-	438.92
iv. Disputed Dues - MSME	-	-	-	-	-
v. Disputed Dues - Others	-	-	-	-	-

As at March 31, 2022 ₹ in Crore

Particulars	Outstanding for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	-	-	-	-
ii. Others	32.94	-	-	-	32.94
iii. Others- Unbilled	256.43	-	-	-	256.43
iv. Disputed Dues - MSME	-	-	-	-	-
v. Disputed Dues - Others	-	-	-	-	-

Note 16: Debt securities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 16.1, 16.2 and 16.3)	3,341.60	2,357.85
Unsecured		
Commercial papers (refer note 16.4 and 16.5)	2,919.91	3,212.23
Total	**6,261.51**	**5,570.08**
Debt securities in India	6,261.51	5,570.08
Debt securities outside India	-	-
Total	**6,261.51**	**5,570.08**

16.1 Terms of fully paid up privately placed secured redeemable non convertible debentures:

₹ in Crore

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2023		As at March 31, 2022	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07492	April 27, 2020	April 27, 2023	7.85%	3,500	350.00	3,500	350.00
INE957N07666	February 28, 2022	February 28, 2024	6.20%	1,500	150.00	1,500	150.00
INE957N07583	March 19, 2021	March 15, 2024	6.50%	1,000	100.00	1,000	100.00
INE957N07609	May 20, 2021	May 20, 2024	3m T-bill + 2.00%	2,000	200.00	2,000	200.00
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	-	-
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	-	-

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2023		As at March 31, 2022	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07708	November 22, 2022	December 20, 2024	Zero Percent (XIRR 8.44%)	200	20.00	-	-
INE957N07740	December 30, 2022	December 30, 2024	8.25%	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	-	-
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	-	-
INE957N07732*	December 27, 2022	December 27, 2028	9.55%	2,500	250.00	-	-
INE957N07591	May 07, 2021	May 07, 2031	7.35%	250	25.00	250	25.00
INE957N07468	June 20, 2019	June 20, 2022	8.41%	-	-	1,100	110.00
INE957N07351	August 18, 2017	August 18, 2022	7.70%	-	-	850	85.00
INE957N07484	December 20, 2019	December 20, 2022	7.75%	-	-	1,000	100.00
Sub total				**31,740**	**3,174.00**	**20,600**	**2,060.00**

16.2 Terms of partly paid up privately placed secured redeemable non convertible debentures

₹ in Crore

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2023		As at March 31, 2022	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07658*	December 27, 2018	December 27, 2028	9.55%	-	-	2,500	200.00
Interest accrued on Secured NCDs					168.87		98.59
EIR adjustments					(1.27)		(0.74)
Grand Total				**31,740**	**3,341.60**	**23,100**	**2,357.85**

* ISIN for previous year was INE957N07658, and till previous year it was a partly paid up debenture, where during current year we received last tranche of this NCD.

16.3 The debentures are Secured by first pari-passu charge by way of hypothecation of receivables.

16.4 Commercial papers are repayable within 12 months and issued at a discount rate ranging from 6.07% p.a. to 8.36% p.a. (March 31, 2022: 4.30% p.a. to 5.37% p.a.).

16.5 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.

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

16.7 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, 2023	As at March 31, 2022
At amortised cost		
Term loan from banks and financial institutions (Secured) (refer note 17.1 and 17.2)	17,966.76	16,412.36
Term loan from banks - Foreign Currency Loan (Secured) (refer note 17.3)	39.42	52.54
External commercial borrowing (Secured) (refer note 17.4)	3,934.83	862.31
Loan repayable on demand from banks		
- Cash credit (Secured) (refer note 17.5)	319.37	546.56
- Working capital demand loans (Secured) (refer note 17.5)	1,470.07	1,761.32
- Working capital demand loans (Unsecured) (refer note 17.5)	200.00	385.00
Total	**23,930.45**	**20,020.09**
Borrowings in India	19,995.62	19,157.78
Borrowings outside India	3,934.83	862.31
Total	**23,930.45**	**20,020.09**

17.1 Secured term loans from banks and financial institutions aggregating ₹ 17,961.07 crore before interest accrued but not due and EIR adjustments (March 31, 2022: ₹ 16,404.43 crore) carrying interest rate ranging from 6.05% p.a. to 9.30% p.a (March 31, 2022: 5.13% p.a. to 8.00% p.a) are secured by a first pari-passu charge by way of hypothecation of receivables.

17.2 As on March 31, 2023, Company does not have any outstanding term loan from banks and financial institutions secured by an exclusive charge by way of hypothecation of specified/identified receivables. As on March 31, 2022 , secured term loans from banks and financial institutions aggregating ₹ 166.50 crore before interest accrued but not due and EIR adjustments carrying interest rate of 7.15 % p.a. were secured by an exclusive charge by way of hypothecation of specified/identified receivables.

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		**7,200.87**		**5,750.13**		**2,912.13**		**2,097.94**	**17,966.76**

Terms of repayment as at March 31, 2022:

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	48	421.05	48	421.05	48	421.05	38	333.34	**1,596.49**
Quarterly	2 to 3 Years	69	1,812.59	52	1,564.11	10	594.20	-	-	**3,970.90**
Quarterly	More than 3 years	94	1,677.94	77	1,244.61	46	936.17	23	699.50	**4,558.22**
Semi-annual	More than 3 years	30	1,468.64	22	1,422.08	14	814.38	4	222.22	**3,927.32**
Annually	More than 3 years	7	375.00	7	375.00	5	315.00	3	150.00	**1,215.00**
Bullet	2 to 3 Years	1	150.00	-	-	1	250.00	-	-	**400.00**
Bullet	More than 3 years	8	346.80	7	256.80	4	132.90	-	-	**736.50**
Interest accrued but not due										**14.58**
EIR Adjustments										**(6.65)**
	Total		**6,252.02**		**5,283.65**		**3,463.70**		**1,405.06**	**16,412.36**

17.3 Foreign currency loan carry interest rate of 4.52% (March 31, 2022: 1.97%) are secured by a first pari-passu charge by way of hypothecation of receivables.

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**

Terms of repayment as at March 31, 2022:

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	51.36	-	-	-	-	-	-	51.36
Interest accrued but not due										1.22
EIR adjustments										(0.04)
	Total	**1**	**51.36**		**-**		**-**		**-**	**52.54**

17.4. External commercial borrowings carry interest rates ranging 4.89% to 6.41% (March 31, 2022: 1.46% to 1.96%) are secured by a first pari-passu charge by way of hypothecation of receivables.

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**

Terms of repayment as at March 31, 2022:

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	870.33	-	-	870.33
Interest accrued but not due										2.88
EIR Adjustments										(10.90)
	Total	**-**	**-**	**-**	**-**	**7**	**870.33**	**-**	**-**	**862.31**

17.5. The cash credit facilities are repayable on demand and carry interest rates ranging from 7.00% p.a. to 8.80% p.a. (March 31, 2022: 4.75% p.a. to 7.70% p.a.). Working capital demand loans are repayable on demand and carrying interest rates ranging from 7.58% p.a. to 8.55% p.a. (March 31, 2022: 4.40% p.a to 7.15% p.a.). 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.

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 ₹ 1,311.81 crore which were pending to be utilised as the term loans were raised at the end of the financial year and temporarily parked in liquid assets as at March 31, 2023.

17.9 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 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, 2023	As at March 31, 2022
Subordinated liabilities (unsecured)		
At amortised cost		
Redeemable non-convertible debentures-Tier II (refer note 18.1 to 18.3)	881.67	617.60
Designated at fair value through profit or loss		
Compulsorily convertible preference shares (CCPS) (refer note 18.4 to 18.8)	2,310.05	-
3,63,63,636 CCPS of face value ₹ 550 each (March 31, 2022: Nil)		
Total	**3,191.72**	**617.60**
Subordinated liabilities in India	2,109.46	617.60
Subordinated liabilities outside India	1,082.26	-
Total	**3,191.72**	**617.60**

18.1 Terms of repayment of non-convertible debentures-Tier II:

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2023		As at March 31, 2022	
				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

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2023		As at March 31, 2022	
				Number of NCDs	Amount ₹ in Crore	Number of NCDs	Amount ₹ in Crore
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	-	-
INE957N08094	October 21, 2022	October 21, 2032	8.65%	55	55.00	-	-
INE957N08102	December 01, 2022	December 01, 2032	8.65%	100	100.00	-	-
Interest accrued but not due				-	35.17	-	24.09
EIR adjustments				-	(3.50)	-	(1.49)
				6,205	**881.67**	**5,950**	**617.60**

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 quarter ended June 30, 2022, the Company had allotted 3,63,63,636 Compulsorily Convertible Preference Shares (CCPS) (comprising of 1,70,36,363 Class A CCPS and 1,93,27,273 Class B CCPS) of face value of ₹ 550 each aggregating to ₹ 2,000 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 of conditions of such preference shares, they are required to be classified as a financial liability.

The Company in accordance with Ind AS 32 'Financial Instruments: Presentation' has classified these CCPS as a financial liability and presented it in accordance with Schedule III division III of the Companies Act, 2013.

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

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, 2023.

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, 2023	As at March 31, 2022
Lease liabilities (Refer note 41)	45.87	43.60
Total	**45.87**	**43.60**

Note 20: Other financial liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend (refer note 20.1)	0.43	0.49
Book overdrafts	584.90	131.36
Other payables		
Salaries and wages payable	71.14	23.54
Security deposits	0.11	0.17
Loans pending disbursement	96.93	126.31
Margin money from customers	26.55	27.88
Others	47.80	55.28
Total	**827.86**	**365.03**

20.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2023 and March 31, 2022 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, 2023	As at March 31, 2022
Provision for income tax [net of advance tax ₹ 196.85 crore (March 31, 2022 : ₹ 87.54 crore)	1.03	-
Total	**1.03**	**-**

Note 22: Provisions

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
-Provision for gratuity (refer note 34.2)	27.83	24.32
-Provision for compensated absences (refer note 34.3)	20.48	18.06
Total	**48.31**	**42.38**

Note 23: Other non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Unamortised interest on margin money deposits	14.61	11.52
Statutory dues payable	45.05	40.74
Total	**59.66**	**52.26**

Note 24: Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	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)	12,73,05,868	127.31	12,73,05,868	127.31
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)	806	#	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, 2023		As at March 31, 2022	
	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	-	-	-	-
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)				
Opening balance	806	#	806	#
Issued during the year	-	-	-	-
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, 2023		As at March 31, 2022	
	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, 2023			As at March 31, 2022		
		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	Santosh Munjal	-	0.00	-	-	0.00	(0.25)
11	Sunil Kant Munjal	3,14,502	0.25	-	3,14,502	0.25	-
12	Abhimanyu Munjal	3,01,363	0.24	-	3,01,363	0.24	-
13	Pawan Munjal	5,92,259	0.47	-	5,92,259	0.47	0.25
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	-

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.

Note 25: Other equity

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium		
Opening balance as at reporting date	**3,946.30**	**3,946.30**
Add: Additions during the year	-	-
Less: Share issue expenses	(6.00)	-
Closing balance as at reporting date	**3,940.30**	**3,946.30**
Statutory reserve		
Opening balance as at reporting date	**265.35**	**265.35**
Add: Transferred from retained earnings	91.47	-
Closing balance as at reporting date	**356.82**	**265.35**
Stock options outstanding account		
Opening balance as at reporting date	**27.33**	**23.23**
Add: Charge during the year	(0.51)	4.10
Closing balance as at reporting date	**26.82**	**27.33**
General reserve		
Opening balance as at reporting date	**131.02**	**131.02**
Add: Transferred 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	0.76	(0.12)
Less: Transferred to retained earnings	(0.76)	0.12
Closing balance as at reporting date	**-**	**-**
Cash flow hedge reserve		
Opening balance as at reporting date	**(0.84)**	**-**
Add: Other comprehensive income/ (loss) for the year	(0.91)	(0.84)
Closing balance as at reporting date	**(1.75)**	**(0.84)**

Retained earnings		
Opening balance as at reporting date	**341.48**	**548.33**
Add: Profit / (loss) for the year	457.33	(194.00)
Add: Other comprehensive income/ (loss) for the year	0.76	(0.12)
Less: Dividend paid on equity shares	-	(12.73)
Less: Transfers to general reserves	-	-
Less: Transfers to statutory reserve	(91.47)	-
Closing balance as at reporting date	**708.10**	**341.48**
Total	**5,161.31**	**4,710.64**

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 group. The reserve is used to recognise the fair value of the options issued to employees under Company's employee stock option plan. Refer note 45 for further detail of this plan.

General reserve:

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

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, 2023	For the year ended March 31, 2022
Interest on:		
- Loans (at amortised cost)	5,297.97	3,934.85
- Investments (FVTPL)	48.94	22.28
- Fixed deposits	16.78	12.72
Dividend income	0.74	0.74
Profit on sale of investments	76.18	38.78
Rental income	0.11	1.96
Net gain on fair value changes (refer note 26.1)	-	19.72
Insurance commission	21.22	15.36
Others charges	541.83	394.17
Total	**6,003.77**	**4,440.58**

26.1 Net gain / (loss) on fair value changes

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(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	(310.05)	-
(ii) Others	8.00	19.72
Total net gain/(loss) on fair value changes (A)	**(302.05)**	**19.72**
(B) Fair value changes		
(i) Unrealised gain/(loss)	(302.05)	19.72
Total net gain/(loss) on fair value changes (B)	**(302.05)**	**19.72**

Note 27: Other income

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fees on value added services	25.70	45.62
Other income	3.46	4.38
Total	**29.16**	**50.00**

Note 28: Finance costs

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	364.67	246.30
- Interest on borrowings (other than debt securities)	1,531.44	1,204.71
- Interest on subordinated liabilities	63.96	53.73
- Interest on lease liabilities	3.93	3.58
- Others	-	0.56
Total	**1,964.00**	**1,508.88**

Note 29: Impairment on financial instruments

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Impairment allowance (on loans measured at amortised cost)	10.55	327.88
Settlement loss and bad debts written off *	1,194.24	1,506.66
Total	**1,204.79**	**1,834.54**

* Net off recoveries from bad debts written off cases ₹ 425.20 crore (March 31, 2022: ₹ 140.32 crore).

Note 30: Employee benefits expenses

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	409.42	252.26
Contribution to provident and other funds (refer note 34.1)	18.59	13.76
Employee share based payment expense (refer note 45)	6.65	4.21
Gratuity expense (refer note 34.2)	6.36	4.99
Staff welfare expenses	7.60	5.50
Total	**448.62**	**280.72**

Note 31: Other expenses

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	1.48	0.70
Rates and taxes	1.13	0.63
Insurance	14.97	9.22
Repairs and maintenance		
-Building	3.04	1.23
-Vehicle	0.32	0.17
Contractual staff cost	239.77	184.68
Recruitment and training	16.75	9.31
Loan processing fee	15.85	7.72
Communication	13.72	10.44
Printing and stationery	8.58	5.71
Bank charges	30.70	34.20
Travelling and conveyance	52.43	18.11
Loss on sale of property, plant and equipment (net)	1.45	2.72
Advertisement and marketing	32.75	6.75
Information technology	126.09	80.85
Loan collection charges	715.19	666.08
Legal and professional (refer note 31.1 for auditor's remuneration)	73.43	32.73
Expenditure towards corporate social responsibility (CSR) (refer note 31.2)	3.24	2.69
Miscellaneous	20.83	20.97
Total	**1,371.72**	**1,094.91**

31.1: Auditor's remuneration

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit fee	0.95	0.95
Limited review	0.57	0.33
Certification fees	0.08	0.28
Others	-	0.54
Out of pocket expenses	0.11	0.10
Total	**1.71**	**2.20**

31.2: Expenditure on Corporate Social Responsibility (CSR)

₹ in Crore

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a)	Gross amount required to be spent by the company during the year	1.17	5.73
(b)	Amount approved by the Board to be spent during the year	1.17	5.73
(c)	Amount spent during the year on:	-	
	i) Construction/acquisition of any assets	-	-
	ii) On purpose other than (i) above	4.39	1.53
(d)	Shortfall at the end of the year	-	1.16
(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	-	3.04
(i)	Excess amount spent during the year carried forward to subsequent year	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
2021-22	3.04	5.73	1.53	-	(1.16)
2022-23	(1.16)	1.17	4.39	-	2.06

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, 2023	As at March 31, 2022
Net profit/ (loss) for the year (₹ in crore) **(A)**	457.33	(194.00)
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)**	12,73,06,271	12,73,06,271
Basic earnings per share of face value of ₹ 10 each **(A) / (B)**	35.92	(15.24)
Weighted average number of potential dilutive equity shares **(C)**	12,74,23,670	12,74,48,798
Dilutive earnings per share of face value of ₹ 10 each **(A) / (B+C)**	35.89	(15.24)
Weighted average number of equity shares (diluted)		
Weighted average number of equity shares outstanding during the year	12,73,06,271	12,73,06,271
Add: Number of potential equity share in respect of employee stock option scheme and partly paid up shares	1,17,399	1,42,527
Weighted average number of potential dilutive equity shares	12,74,23,670	12,74,48,798

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 percent 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, 2023	For the year ended March 31, 2022
Employer's contribution to provident fund	16.70	12.17
Employer's contribution to superannuation fund	0.94	0.86
Employer's contribution to national pension scheme	0.95	0.73
	18.59	**13.76**

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, 2023	As at March 31, 2022
Balance at the beginning of the year	24.32	20.63
Included in statement of profit and loss account :		
Current service cost	4.76	3.72
Interest expense	1.60	1.27
Benefits paid	(1.83)	(1.46)
	4.53	**3.53**
Remeasurement gains/(losses) in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from :		
- demographic assumptions	(0.33)	-
- financial assumptions	(0.25)	0.10
- experience adjustment	(0.44)	0.06
	(1.02)	**0.16**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**27.83**	**24.32**

Since the liability is not funded, Therefore information with regards to the plan assets has not been furnished.

ii) Expense recognised in statement of profit and loss account :

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	4.76	3.72
Net interest expense/ (income)	1.60	1.27
Total	**6.36**	**4.99**

iii) Expense recognised in Other comprehensive income/ (loss):

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Remeasurement gains/(losses)		
Actuarial loss (gain)/arising from :		
- demographic assumptions	(0.33)	-
- financial assumptions	(0.25)	0.10
- experience adjustment	(0.44)	0.06
Total	**(1.02)**	**0.16**

iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	6.60%
Withdrawal rate		
Up to 30 years	22.00%	24.00%
31 - 44 years	22.00%	22.00%
Above 44 years	22.00%	2.00%
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.

v) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	27.00	28.73	23.13	25.67
Salary growth rate (- / + 1%)	28.71	27.00	25.64	23.14
Attrition rate (- / + 50%)	27.02	28.73	23.69	25.12
Mortality rate (- / + 10%)	27.83	27.83	24.32	24.33

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

vi) Expected contribution during the next annual reporting period

Since the scheme is managed on unfunded basis, the next year contribution is taken as Nil (March 31, 2022: Nil)

vii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

₹ in Crore

Duration (years)	As at March 31, 2023	As at March 31, 2022
within the next 12 months	13.36	10.74
Between 2 to 5 years	11.60	6.20
Above 5 years	10.72	20.05

As at March 31, 2023, the weighted-average duration of the defined benefit obligation was 3 years (March 31, 2022: 5 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 ₹ 20.48 crore (March 31, 2022: ₹ 18.06 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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	630.62	-	630.62	774.03	-	774.03
Bank balance other than cash and cash equivalents	41.22	-	41.22	144.52	-	144.52
Derivative financial instruments	(0.04)	115.87	115.83	(0.06)	1.98	1.92
Trade receivables	1.45	-	1.45	2.12	-	2.12
Loans	18,148.80	18,064.20	36,213.00	14,343.86	14,307.83	28,651.69
Investments	1,481.20	817.61	2,298.81	954.16	522.66	1,476.82
Other financial assets	132.22	12.15	144.37	88.48	2.18	90.66
Non financial assets						
Current tax assets (net)	-	146.41	146.41	-	114.25	114.25
Deferred tax assets (net)	-	375.94	375.94	-	433.46	433.46
Property, plant and equipment	-	57.39	57.39	-	42.42	42.42
Right-of-use assets	-	39.52	39.52	-	38.64	38.64
Intangible assets	-	9.35	9.35	-	14.23	14.23
Other non-financial assets	56.24	0.48	56.72	46.88	6.72	53.60
Total assets	**20,491.71**	**19,638.92**	**40,130.63**	**16,353.99**	**15,484.37**	**31,838.36**

₹ in Crore

Liabilities	As at March 31, 2023 Within 12 months	As at March 31, 2023 After 12 months	As at March 31, 2023 Total	As at March 31, 2022 Within 12 months	As at March 31, 2022 After 12 months	As at March 31, 2022 Total
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	0.13	-	0.13	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	467.33	8.14	475.47	289.37	-	289.37
Debt securities	3,847.66	2,413.85	6,261.51	3,588.33	1,981.75	5,570.08
Borrowing (other than debt securities)	9,297.26	14,633.19	23,930.45	9,013.84	11,006.25	20,020.09
Subordinated liabilities	34.26	3,157.46	3,191.72	24.09	593.51	617.60
Lease Liabilities	8.81	37.06	45.87	7.72	35.88	43.60
Other financial liabilities	802.76	25.10	827.86	339.98	25.05	365.03
Non financial liabilities						
Current tax liabilities (net)	1.03	-	1.03	-	-	-
Provisions	22.22	26.09	48.31	17.52	24.86	42.38
Other non - financial liabilities	45.51	14.15	59.66	44.06	8.20	52.26
Total liabilities	**14,526.97**	**20,315.04**	**34,842.01**	**13,324.91**	**13,675.50**	**27,000.41**
Net	**5,964.74**	**(676.12)**	**5,288.62**	**3,029.08**	**1,808.87**	**4,837.95**

Note 36: Change in liabilities arising from financing activities

₹ in Crore

Particulars	April 1, 2022	Cash flows	Others	March 31, 2023
Debt securities*	5,570.08	538.74	152.69	6,261.51
Borrowings other than debt securities	20,020.09	3,910.36	-	23,930.45
Subordinated liabilities	617.60	2,264.07	310.05	3,191.72
Lease Liabilities	43.60	(12.38)	14.65	45.87
Total liabilities from financing activities	**26,251.37**	**6,700.79**	**477.39**	**33,429.55**

₹ in Crore

Particulars	April 1, 2021	Cash flows	Others	March 31, 2022
Debt securities*	4,179.44	1,283.65	106.99	5,570.08
Borrowings other than debt securities	17,162.14	2,857.95	-	20,020.09
Subordinated liabilities	617.40	0.20	-	617.60
Lease Liabilities	40.40	(11.87)	15.07	43.60
Total liabilities from financing activities	**21,999.38**	**4,129.93**	**122.06**	**26,251.37**

* 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, 2023	As at March 31, 2022
37.1	**Capital commitment**		
	(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid amounting to ₹ 3.12 crore (March 31, 2022: ₹ 0.41 crore)	5.42	0.81
	(ii) Undrawn committed credit lines	903.69	552.23
	Total	**909.11**	**553.04**

₹ in Crore

	Particulars	As at March 31, 2023	As at March 31, 2022
37.2	**Contingent liability**		
	VAT matters under appeal	0.20	0.53
	Income tax matters		
	Appeals/ Writ by the company	312.09	298.62
	Appeals by the Income tax department	0.33	0.33
	Total	**312.62**	**299.48**

(a) The Company has provided bank guarantee amounting to ₹ 0.25 crore (March 31, 2022: ₹ 0.25 crore) 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.

(b) 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 period

(a) Parties in respect of which the Company is an associate:

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
Mr. Sanjay Kukreja - Non-Executive Director
Mr. Matthew Russell Michelini - Non-Executive Director (w.e.f August 03, 2022)
Mr. Jayesh Jain – Chief Financial Officer
Mr. Shivendra Kumar Suman – Company Secretary

(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 Parkash (Partnership Firm)
Munjal Acme Packaging Systems Private Limited
Cosmic Kitchen Private Limited
Ather Energy Private Limited
Hero Wind Energy Private Limited
SR Dinodia & Co. LLP
Hero Mind Mine Institute Private limited
BML Munjal University
Motherson Auto Limited
Motherson Lease Solution Limited

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Loan given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150.00**	**422.50**	**150.00**	**422.50**
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	250.00	-	250.00
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	-	-	42.50	-	42.50
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	150.00	130.00	150.00	130.00
Loan repaid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**352.46**	**391.89**	**352.46**	**391.89**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	133.80	44.47	133.80	44.47
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	176.08	25.00	176.08	25.00
Hero Wind Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	250.77	-	250.77
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	-	42.58	71.65	42.58	71.65
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 ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
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**	**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.03**	**0.06**
Hero Housing Finance Limited	0.03	0.06	-	-	-	-	-	-	-	-	-	-	0.03	0.06
Sale of property, plant and equipment	**0.08**	**0.09**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.08**	**0.09**
Hero Housing Finance Limited	0.08	0.09	-	-	-	-	-	-	-	-	-	-	0.08	0.09
Subvention income	**-**	**-**	**3.06**	**8.74**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.06**	**8.74**
Hero MotoCorp Limited	-	-	3.06	8.74	-	-	-	-	-	-	-	-	3.06	8.74

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Rental income	**-**	**0.23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.23**
Hero Housing Finance Limited	-	0.23	-	-	-	-	-	-	-	-	-	-	-	0.23
Interest received/ accrued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38.74**	**61.58**	**38.74**	**61.58**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	17.16	24.97	17.16	24.97
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	18.23	16.38	18.23	16.38
Hero Wind Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	20.20	-	20.20
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	-	3.35	0.03	3.35	0.03
Lease rental received	**-**	**-**	**0.11**	**1.73**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.11**	**1.73**
Hero MotoCorp Limited	-	-	0.11	1.73	-	-	-	-	-	-	-	-	0.11	1.73
Other charges	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**0.02**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02

₹ in Crore

Related Party / Items	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Other Income	**3.44**	**4.38**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.44**	**4.38**
Hero Housing Finance Limited	3.44	4.38	-	-	-	-	-	-	-	-	-	-	3.44	4.38
Processing fees received	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.88**	**5.10**	**1.88**	**5.10**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	-	1.88	2.60	1.88	2.60
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	-	-	2.50	-	2.50

₹ in Crore

Related Party / Items	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Professional Fee	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**0.02**
SR Dinodia & Co. LLP	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Reimbursement for sale of operating lease vehicles	**-**	**-**	**0.21**	**0.75**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.21**	**0.75**
Hero MotoCorp Limited	-	-	0.21	0.75	-	-	-	-	-	-	-	-	0.21	0.75
Employee's training expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.22**	**0.70**	**0.22**	**0.70**
BML Munjal University	-	-	-	-	-	-	-	-	-	-	-	0.22	-	0.22
Hero Mind Mine Institute Private limited	-	-	-	-	-	-	-	-	-	-	0.22	0.48	0.22	0.48
Staff welfare expense and others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.93**	**0.22**	**0.93**	**0.22**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	-	-	0.93	0.22	0.93	0.22

₹ in Crore

Related Party / Items	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Business Promotion Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.42**	**-**	**0.42**	**-**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	-	-	0.42	-	0.42	-
Sourcing Commission Income	**0.15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.15**	**-**
Hero Housing Finance Limited	0.15	-	-	-	-	-	-	-	-	-	-	-	0.15	-
ESOP cross charge paid	**-**	**0.02**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**
Hero Housing Finance Limited	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02
ESOP cross charge received	**0.18**	**0.29**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.18**	**0.29**
Hero Housing Finance Limited	0.18	0.29	-	-	-	-	-	-	-	-	-	-	0.18	0.29

₹ in Crore

Related Party / Items	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Director sitting fee/ commission	**-**	**-**	**-**	**-**	**0.24**	**0.34**	**-**	**-**	**-**	**-**	**-**	**-**	**0.24**	**0.34**
Directors and their relatives	-	-	-	-	0.24	0.34	-	-	-	-	-	-	0.24	0.34
Dividend paid	**-**	**-**	**-**	**7.83**	**-**	**0.09**	**-**	**0.21**	**-**	**-**	**-**	**1.74**	**-**	**9.87**
Directors and their relatives	-	-	-	-	-	0.09	-	0.21	-	-	-	-	-	0.30
Bahadur Chand Investment Private Limited	-	-	-	2.59	-	-	-	-	-	-	-	-	-	2.59
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	1.21	-	1.21
Hero Investcorp Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.34	-	0.34
Hero MotoCorp Limited	-	-	-	5.24	-	-	-	-	-	-	-	-	-	5.24
Munjal Acme Packaging Systems Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.19	-	0.19

₹ in Crore

Related Party / Items	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Dividend received	**-**	**-**	**0.01**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**0.01**
Hero MotoCorp Limited	-	-	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
Short term employee benefits**	**-**	**-**	**-**	**-**	**27.36**	**19.41**	**-**	**-**	**4.44**	**2.97**	**-**	**-**	**31.80**	**22.38**
Directors	-	-	-	-	27.36	19.41	-	-	-	-	-	-	27.36	19.41
Key Management Personnel	-	-	-	-	-	-	-	-	4.44	2.97	-	-	4.44	2.97
Post-employment benefits#	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* *Parties in respect of which the Company is an associate.*

** *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.*

Transactions with related parties during the year:

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	March 31, 2023	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**
Outstanding balances at the year end														
Investment in equity shares	**800.00**	**500.00**	**0.32**	**0.31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**800.32**	**500.31**
Hero Housing Finance Limited (Maximum outstanding during the year ₹ 800.00 crore (Previous year ₹ 500.00 crore))	800.00	500.00	-	-	-	-	-	-	-	-	-	-	800.00	500.00
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 0.40 crore (Previous year ₹ 0.42 crore))	-	-	0.32	0.31	-	-	-	-	-	-	-	-	0.32	0.31

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Investment in compulsory 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	-
Loan outstanding at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**264.05**	**465.10**	**264.05**	**465.10**
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 220.35 crore (Previous year ₹ 232.34 crore)	-	-	-	-	-	-	-	-	-	-	214.05	196.82	214.05	196.82

₹ in Crore

Related Party / Items	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 3.29 crore (Previous year ₹ 5.86 crore))	-	-	-	-	-	-	-	-	-	-	50.00	225.75	50.00	225.75
Motherson Lease Solution Limited ((Maximum outstanding during the year ₹ 42.53 crore (Previous year ₹ 42.53 crore))	-	-	-	-	-	-	-	-	-	-	-	42.53	-	42.53

₹ in Crore

Items / Related Party	Subsidiaries		Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Amount receivable as at year end	**0.03**	**-**	**0.02**	**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.05**	**0.06**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 3.29 crore (Previous year ₹ 5.86 crore))	-	-	0.02	0.06	-	-	-	-	-	-	-	-	0.02	0.06
Hero Housing Finance Limited ((Maximum outstanding during the year ₹ 4.06 crore (Previous year ₹ 4.03 crore))	0.03	-	-	-	-	-	-	-	-	-	-	-	0.03	-

* *Parties in respect of which the Company is an associate.*

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) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. The Company has complied in full with all its externally imposed capital requirements over the reported period.

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 other 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, 2023	As at March 31, 2022
At the beginning of the year	**38.64**	**36.50**
Additions	10.74	11.71
Deductions/ Adjustments	0.05	-
Depreciation	9.81	9.57
At the year end	**39.52**	**38.64**

(ii) Amount recognized in Profit/ Loss

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation charge for right-of-use assets	9.81	9.57
Interest expense (included in finance cost)	3.93	3.58
Variable lease payments	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses related to short term leases and leases of low value assets	1.48	0.70

(iii) Maturity analysis of undiscounted lease liability

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	12.65	11.24
One to Five years	37.82	34.23
More than five years	7.22	6.78
Total Payments	**57.69**	**52.25**

(iv) Cash Flows

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
The total cash outflow of leases	13.64	12.57

(v) Future Commitments

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Future undiscounted lease payments to which leases are not commenced	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, 2023	Carrying amount					Fair value*		
	FVTPL	FVTOCI	Amortised Cost	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#	-	-	1.45	-	**1.45**	-	-	-
Loans	-	-	36,213.00	-	**36,213.00**	-	-	36,306.61
Investments##	1,498.81	-	-	800.00	**2,298.81**	848.89	631.08	18.84
Other financial assets#	-	-	144.37	-	**144.37**	-	-	-
	1,498.81	**115.83**	**37,030.66**	**800.00**	**39,445.30**	**848.89**	**746.92**	**36,325.45**
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
Borrowings (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**

₹ in Crore

As at March 31, 2022	Carrying amount					Fair value*		
	FVTPL	FVTOCI	Amortised Cost	At Cost	Total	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents#	-	-	774.03	-	**774.03**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	144.52	-	**144.52**	-	-	-
Derivative financial instruments	-	1.92	-	-	**1.92**	-	1.92	-
Trade receivables#	-	-	2.12	-	**2.12**	-	-	-
Loans	-	-	28,651.69	-	**28,651.69**	-	-	28,517.31
Investments##	976.82	-	-	500.00	**1,476.82**	798.70	154.25	23.87
Other financial assets#	-	-	90.66	-	**90.66**	-	-	-
	976.82	**1.92**	**29,663.02**	**500.00**	**31,141.76**	**798.70**	**156.17**	**28,541.18**
Financial liabilities								
Trade payable#								
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	289.37	-	**289.37**	-	-	-
Debt securities	-	-	5,570.08	-	**5,570.08**	-	-	5,513.81
Borrowings (other than debt securities)	-	-	20,020.09	-	**20,020.09**	-	-	20,017.82
Subordinated liabilities	-	-	617.60	-	**617.60**	-	-	629.82
Lease Liabilities#	-	-	43.60	-	**43.60**	-	-	-
Other financial liabilities#	-	-	365.03	-	**365.03**	-	-	-
	-	**-**	**26,905.77**	**-**	**26,905.77**	**-**	**-**	**26,161.45**

* 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, 2023	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**
Opening balance	23.87	35.20	-	-
Acquisitions during the year	-	3.05	2,000.00	-
Disposals during the year	8.67	15.10	-	-
Fair value gains/(losses) recognised in profit or loss*	3.64	0.72	(310.05)	-
Gains/(losses) recognised in other comprehensive income	-	-	-	-
Closing balance	**18.84**	**23.87**	**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	(2.00)	(4.65)	(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 of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans. Fair value is then reduced by the impairment loss allowance on loans which is already calculated incorporating probability of default and loss given defaults.

Debt securities, borrowings (other than debt securities) and subordinated liabilities (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 ₹ 44.06 crore and decrease in discount rate by 100 bps would increase the fair value by ₹ 45.05 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 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 standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

43.2 *Credit risk*

Credit risk arises from loans, cash and cash equivalents, bank balance other than cash and cash equivalents, investments and other financial assets. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance and trade receivables from customers; loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) Credit risk management

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured i.e. based on whether the loans are secured - Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Company on terms that the Company would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Portfolio review is performed every quarter and is reviewed by the management on quarterly basis.

(b) Definition of default

The Company considers a financial instrument 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 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 expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

(f) Significant increase in credit risk

The Company continuously monitor all the assets subject to ECL in order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative methods for triggering a significant increase in credit risk for an asset, such as moving customer/ facilities to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than one month overdue, the credit risk is deemed to have increase significantly since initial recognition. The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

(g) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, date of initial recognition, remaining term to maturity, collateral type, and other relevant factors. For the assessment, each financial asset (after segmentation based on the nature), is then clubbed into the following DPD cohorts:

- Current (0 DPD)
- 1-30 DPD
- 31-60 DPD
- 61-90 DPD
- >90 DPD

The Company considers 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 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; avg), 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 PD's to forecast the forward-looking PD's with macro-economic overlay incorporated.

Best, base and worst scenarios were created for all the variables and default rates were estimated for all the scenarios. These default rates were then used with the same LGD and EAD to arrive at the expected credit loss for all three cases. The three cases were then assigned weights and a final probability-weighted expected credit loss estimate was computed

Macro economic indicator	Scenario	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4
Domestic demand (% real change pa)	Base	13.30	16.20	11.40	10.10	(5.20)	(4.00)	(4.80)	(0.20)
	Best	14.63	17.82	12.54	11.11	(5.72)	(4.40)	(5.28)	(0.22)
	Worst	9.31	11.34	7.98	7.07	(3.64)	(2.80)	(3.36)	(0.14)
Real GDP (% change pa)	Base	4.00	6.10	4.80	6.20	7.10	6.20	5.40	6.10
	Best	4.40	6.71	5.28	6.82	7.81	6.82	5.94	6.71
	Worst	2.80	4.27	3.36	4.34	4.97	4.34	3.78	4.27
Services (% change pa)	Base	7.49	7.38	7.26	7.15	7.03	6.92	6.80	6.68
	Best	8.24	8.12	7.99	7.86	7.73	7.61	7.48	7.35
	Worst	5.25	5.17	5.08	5.00	4.92	4.84	4.76	4.68
Consumer prices (% change pa; avg)	Base	6.30	5.40	5.70	5.90	5.30	5.00	4.70	4.60
	Best	5.67	4.86	5.13	5.31	4.77	4.50	4.23	4.14
	Worst	8.19	7.02	7.41	7.67	6.89	6.50	6.11	5.98
Private consumption (real % change pa)	Base	20.90	22.90	11.30	14.20	(12.60)	(10.70)	(9.60)	(6.40)
	Best	22.99	25.19	12.43	15.62	(13.86)	(11.77)	(10.56)	(7.04)
	Worst	14.63	16.03	7.91	9.94	(8.82)	(7.49)	(6.72)	(4.48)
Lending interest rate (%)	Base	10.20	9.70	9.40	8.80	8.50	8.20	7.90	7.50
	Best	9.18	8.73	8.46	7.92	7.65	7.38	7.11	6.75
	Worst	13.26	12.61	12.22	11.44	11.05	10.66	10.27	9.75
Gross fixed investment (% real change pa)	Base	(1.60)	3.70	8.80	6.90	12.40	6.90	(3.60)	(2.20)
	Best	(1.76)	4.07	9.68	7.59	13.64	7.59	(3.96)	(2.42)
	Worst	(1.12)	2.59	6.16	4.83	8.68	4.83	(2.52)	(1.54)

43.2.2 Analysis of Risk Concertation

The Company's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any individual client or counterparty is ₹ 300.07 crore and ₹ 313.31 crore as at March 31, 2023 and March 31, 2022 respectively.

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, 2023				For the year ended March 31, 2022			
	Stage 1	**Stage 2**	**Stage 3***	**Total**	**Stage 1**	**Stage 2#**	**Stage 3**	**Total**
Gross carrying amount opening balance	26,085.60	1,741.83	2,401.03	30,228.46	20,862.47	2,375.37	1,867.90	25,105.74
New assets originated (refer note 1 and 2 below)	24,427.80	422.25	334.75	25,184.80	17,973.91	339.23	203.92	18,517.06
Assets repaid (excluding write offs) (refer note 2 below)	(14,370.60)	(1,141.48)	(364.24)	(15,876.32)	(10,868.49)	(647.07)	(124.62)	(11,640.18)
Transfers from Stage 1	(1,389.12)	498.58	890.54	-	(2,056.83)	716.87	1,339.96	-
Transfers from Stage 2	84.01	(400.01)	316.00	-	204.71	(841.98)	637.27	-
Transfers from Stage 3	57.15	14.67	(71.82)	-	7.24	3.45	(10.68)	-
Settlement loss and bad debts written off **	(105.08)	(158.43)	(1,473.11)	(1,736.62)	(37.41)	(204.04)	(1,512.72)	(1,754.16)
Gross carrying amount closing balance	**34,789.76**	**977.41**	**2,033.15**	**37,800.32**	**26,085.60**	**1,741.83**	**2,401.03**	**30,228.46**

* Includes principal overdue of more than 90 days cases of ₹ 416.50 crore as at March 31, 2023 (2,05,737 cases). As per the contractual terms, total interest overdue for more than 90 days cases is of ₹ 192.19 crore.

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.

** includes interest overdue on bad debts written off cases amounting to ₹ 116.00 crore (March 31, 2022 : ₹ 107.06 crore).

Reconciliation of Impairment loss allowance in relation to Loan portfolio is as follows:

₹ in Crore

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2#	Stage 3	Total
Impairment allowance- opening balance	184.51	341.64	1,050.62	1,576.77	115.87	387.23	745.79	1,248.89
New assets originated (refer note 1 and 2 below)	149.72	90.94	171.12	411.78	126.95	97.22	101.05	325.22
Effect of change in estimate/ repayment	63.80	(60.30)	558.31	561.81	(38.02)	146.26	628.54	736.78
Transfers from Stage 1	(12.06)	4.28	7.78	-	(12.63)	3.82	8.81	-
Transfers from Stage 2	15.26	(72.19)	56.93	-	8.70	(198.55)	189.85	-
Transfers from Stage 3	20.92	5.79	(26.71)	-	1.07	0.73	(1.80)	-
Settlement loss and bad debts written off	(61.20)	(92.26)	(809.58)	(963.04)	(17.43)	(95.07)	(621.62)	(734.12)
Impairment allowance- Closing balance	**360.95**	**217.90**	**1,008.47**	**1,587.32**	**184.51**	**341.64**	**1,050.62**	**1,576.77**

#Assets amounting to ₹ 406.02 crore , wherein company has offered one time resolution plan to borrowers as per RBI Circular dated August 06, 2020 and May 05, 2021 has a days past due (DPD) bucket of upto 30. Considering the significant increase in credit risk, these have been included and disclosed under Stage 2 assets. The corresponding provision on these assets, including additional provisions amounting to ₹ 70.16 crore have been disclosed under Stage 2 provision.

An analysis of Expected credit loss rate:

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate*	1.04%	22.29%	49.60%	4.20%	0.71%	19.61%	43.76%	5.22%

* 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 year end staging.

Note 2: Assets originated and repaid during the year have not been disclosed in the movement of gross carrying amount.

Note 3: The contractual amount of financial assets that has been written off by the Company during the year ended March 31, 2023 and that were still subject to enforcement activity was ₹ 1,502.15 crore (March 31, 2022: ₹ 1,459.70 crore).

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. Accordingly, the previous year numbers are not comparable.

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 ₹ 1,248.89 crore to ₹ 1,576.77 crore as at March 31, 2022. Further, the same has increased to ₹ 1,587.32 crore as at March 31, 2023.

During the year ended March 31, 2023, expected credit loss rate in stage III has increased from 43.76% to 49.60% and overall expected credit loss rate has decreased from 5.22% to 4.20% as compared to year ended March 31, 2022. The portfolio composition has improved with greater concentration in Stage 1 in March 31, 2023 (~92%) as compared to March 31, 2022 (~88%) 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.

Valuation of the collateral, wherever applicable, is done by empanelled valuers who carry the necessary experience and expertise in the area. The guidelines governing these valuation have been clearly laid out for each collateral class. For two wheeler loan since the asset is new no valuation is has been carried out by the Company. Valuation of the collateral for pre-owned car is done by empanelled valuers who carry the necessary experience and expertise in the area. 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 manage property valuation activity.

₹ in Crore

Stage 3 TOS	Wheeled Assets	Immovables(Land & Buildings)	Other Asset	Total Collateral	Net Exposure	Total ECL
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

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 the COVID-19 pandemic related RBI measures on its funding and liquidity, the Company 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.

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 assets and liabilities as at reporting date.

₹ 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**

₹ in Crore

As at March 31, 2022	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade Payables	289.37	289.37	-	-	289.37
Debt securities*	5,570.08	3,827.96	2,039.61	272.39	6,139.96
Borrowings (other than debt securities)*	20,020.09	10,051.20	12,003.74	-	22,054.94
Subordinate liabilities*	617.60	53.53	400.26	473.64	927.43
Lease liabilities	43.60	11.24	34.23	6.78	52.25
Other financial liabilities	365.03	340.09	29.38	7.76	377.23
Total undiscounted financial liabilities	**26,905.77**	**14,573.39**	**14,507.22**	**760.57**	**29,841.18**

* 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, 2023. 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.

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, 2023	7,170.20	30,630.12
March 31, 2022	5,762.22	24,466.24
Financial liabilities		
March 31, 2023	24,241.35	9,142.32
March 31, 2022	18,254.24	7,953.53

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, 2023	For the year ended March 31, 2022
1.00%	(107.77)	(83.61)
(1.00%)	107.77	83.61

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 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 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 2023	As at 31 March 2022
Hedged			
Borrowings (other than debt securities)	USD	3,334.12	612.97
Borrowings (other than debt securities)	SGD	640.13	301.88

Impact of hedge on the Balance Sheet:

Foreign currency exposure	As at 31 March 2023			As at 31 March 2022		
	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	3,934.83	123.14	7.27	862.31	1.98	-
Foreign Currency Loan	39.42	-	0.04	52.54	-	0.06

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. Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk.

₹ in Crore

Foreign currency exposure	Impact on profit after tax		Impact on other comprehensive income	
	For the year ended March 31, 2023	**For the year ended March 31, 2022**	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Borrowings (other than debt securities) +5%	-	-	(192.12)	(45.93)
Borrowings (other than debt securities) -5%	-	-	192.12	45.93

43.6 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, 2023	**As at March 31, 2022**
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2022: ₹ Nil per share (March 31, 2021: ₹ 1.00* per share)	-	12.73
Dividend distribution tax on final dividend declared and paid	-	-
Total dividends paid (including dividend distribution tax)	**-**	**12.73**

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, 2023: ₹ 8.1# per share (March 31, 2022: ₹ Nil per share)	103.12	-
	103.12	**-**

* On April 29, 2021, the Board of Directors has proposed a final dividend on equity shares of ₹ 1.00 per share for the financial year ended March 31, 2021 and the same was approved by the shareholders at the Annual General Meeting held on September 14, 2021.

\# On May 01, 2023, the Board of Directors has proposed a final dividend on equity shares of Rs. ₹ 8.1# per share for the financial year ended March 31, 2023 subject to the approval of the shareholders at Annual General Meeting.

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. Options may be exercised by the employees after vesting period within 4.5 years from the date of grant. The fair value as on the date of the grant of the options, representing Stock compensation charge, is expensed over the vesting period.

Plan	Number of Options Granted	Grant date	Vesting condition and vesting period	Exercise price (₹)	Weighted average fair value of the options at grant date (₹)
ESOP 2017	9,62,590	July 1, 2017	10% on completion of first year, 20% on completion of second year, 30% on completion of third year and 40% on completion of fourth year	495	240.60
	25,000	December 1, 2017		495	329.09
	49,000	December 5, 2017		495	329.21
	93,215	January 8, 2018		495	327.95
	30,000	December 6, 2019		780	345.68
	1,15,000	April 1, 2020		780	345.68
ESOP 2017#	6,78,600	July 1, 2020	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		780	306.80
	6,400	January 1, 2021		780	306.80
	45,000	October 1, 2021		780	199.52
	6,000	January 1, 2022		780	199.52
	2,02,800	June 1, 2022		780	201.45
	7,500	October 1, 2022		780	201.45
	12,000	November 1, 2022		780	201.45
	1,42,000	January 2, 2023		780	273.64
	1,07,418	March 1, 2023		780	273.64

\# 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

* The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

** Expected volatility calculation is based on volatility of similar listed enterprises.

Movement in share options during the year

Particulars		As at March 31, 2023		As at March 31, 2022	
		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	13,33,534	278.66	14,72,819	282.79
(ii)	Granted during the year	4,71,718	239.62	51,000	199.52
(iii)	Forfeited/ cancelled during the year	2,90,871	268.33	1,90,285	275.05
(iv)	Exercised during the year	-	-	-	-
(v)	Outstanding at the end of the year	15,14,381	268.65	13,33,534	278.66
(vi)	Exercisable at the end of the year	7,32,128	273.52	7,52,251	263.43

Weighted average remaining contractual life of options outstanding as at year end is 6 months (March 31, 2022: 8 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>Vesting condition and vesting period</th><th>Fair value of the options at grant date (₹)</th></tr>
<tr><td rowspan="5">Phantom Stock Units Plan 2022</td><td>3,23,511</td><td>September 1, 2022</td><td rowspan="5">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></tr>
<tr><td>2,500</td><td>November 1, 2022</td></tr>
<tr><td>17,437</td><td>January 1, 2023</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></tr>
</table>

Fair value of share options as at date of grant

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

Phantom Stock Units Plan 2022	Fair value of option as at date of grant (₹)*	Fair value of shares as at option grant date	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)***
September 1, 2022 October 1, 2022 November 1, 2022	Tranche I -548.13 Tranche II -546.50 Tranche III- 45.10	550.00	Tranche I - 54.86 Tranche II - 51.48 Tranche III - 48.15	Tranche I - 3 Tranche II - 4 Tranche III - 5	0.36	Tranche I - 6.76 Tranche II - 6.92 Tranche III - 7.02
January 1, 2023 March 1, 2023	Tranche I - 659.10 Tranche II - 657.40 Tranche III -656.00	661.00	Tranche I - 41.01 Tranche II -53.76 Tranche III - 52.27	Tranche I- 2.4 Tranche II -3.4 Tranche III - 4.4	0.30	Tranche I - 7.09 Tranche II - 7.12 Tranche III - 7.14

* *The estimated fair value of the above options as at March 31, 2023 is ₹659.10 (Tranche I), ₹657.40 (Tranche II) and ₹656.00 (Tranche III).*

** *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, 2023	As at March 31, 2022
(i) Outstanding at the beginning of the year	-	NA
(ii) Granted during the year	3,64,223	NA
(iii) Forfeited/ cancelled during the year	19,368	NA
(iv) Exercised during the year	-	NA
(v) Outstanding at the end of the year	3,44,855	NA
(vi) Exercisable at the end of the year	-	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 the Master Direction-Non Banking Financial Company-Systematically Important, Non deposit taking and Deposit taking Company (Reserve Bank) Directions’ 2016 dated September 1, 2016 as amended time to time.

Capital to risk assets ratio (CRAR)

Particulars	As at March 31, 2023	As at March 31, 2022
Tier I Capital (₹ in Crore) (a)	6,452.58	3,783.01
Tier II Capital (₹ in Crore) (b)	1,053.11	720.38
Risk weighted assets (₹ in Crore) (c)	36,482.35	28,859.22
CRAR – Tier I capital (%) (d) = (a) / (c)	17.68	13.10
CRAR – Tier II capital (%) (e) = (b) / (c)	2.89	2.50
CRAR % (f) = (d) + (e)	20.57	15.60
Amount of subordinated debts raised as Tier-II Capital (₹ in Crore)	881.67	593.51
Amount raised by issue of perpetual instruments	-	-

46.2 Investments

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Value of investments		
Gross value of investments		
(a) In India	2,298.81	1,476.82
(b) Outside India	-	-
Provisions for depreciation	-	-
(a) In India	-	-
(b) Outside India		
Net value of investments		
(a) In India	2,298.81	1,476.82
(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, 2023	As at March 31, 2022
(i) The notional principal of swap agreements	3,974.25	914.85
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	115.83	1.92
(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	115.83	1.92

(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, 2023	As at March 31, 2022
(i) Derivatives (notional principal amount) for hedging	3,974.25	914.85
(ii) Marked to market positions		-
(a) Asset	115.83	1.92
(b) Liability	-	-
(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, 2023	For the year ended March 31, 2022
Number of accounts	-	55.0
Aggregate principal outstanding of loans transferred (₹ in Crore)	-	139.13
Weighted average residual tenor of the loans transferred (in years)	-	4.79
Net book value of loans transferred (at the time of transfer) (₹ in Crore)	-	95.86
Aggregate consideration (₹ in Crore)	-	29.22
Additional consideration realized in respect of accounts transferred in earlier years (₹ in Crore)	-	-

In previous year, in addition to above the Company has transferred 46 additional loans which have been written off, having an amount outstanding of ₹ 139.68 crore for a sale consideration of ₹ 29.19 crore.

(iii) Details in respect of loans not in default acquired through assignment

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Count of loan accounts acquired	13,589	4,444
Amount of loan accounts acquired (₹ in Crore)	65.84	96.77
Retention of beneficial economic interest (MRR %)	10%	10%
Weighted average maturity (residual maturity in years)	1.41	3.07
Weighted average holding period (in years)	0.37	1.83
Coverage of tangible security coverage	Not applicable	15%
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, 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
Liabilities											
Borrowing from banks (excluding book overdrafts)	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**
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**

As at March 31, 2022

₹ 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
Liabilities											
Borrowing from banks (excluding book overdrafts)	12.71	11.87	335.95	117.18	1,176.83	1,494.67	5,811.24	8,743.77	1,403.05	-	**19,107.27**
Market borrowings^	-	-	284.74	11.16	569.35	1,031.13	1,716.04	1,548.39	408.56	618.31	**6,187.68**
Foreign Currency liabilities	-	-	-	-	0.47	52.92	-	859.43	-	-	**912.82**
Assets											
Advances #	507.42	627.42	176.50	1,648.59	1,507.04	3,863.91	6,012.98	9,630.86	3,080.65	1,596.32	**28,651.69**
Investments	798.39	105.04	-	-	0.22	49.64	0.87	1.26	-	521.40	**1,476.82**

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 liabilities

46.6 Exposure to real estate sector

₹ in Crore

Direct exposure	As at March 31, 2023	As at March 31, 2022
(i) Residential mortgages	**1,403.42**	**844.85**
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.	1,403.42	844.85
(ii) Commercial real estate	**1,581.12**	**1,260.31**
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.	1,581.12	1,260.31
(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	**2,984.54**	**2,105.16**

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, 2023	As at March 31, 2022
(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;	807.56	507.29
(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	1,380.83	1,639.06

(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) 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	0.07	4.84
(iii) Category III	-	-
Total Exposure to Capital Market	**2,188.46**	**2,151.19**

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) Long term stable (B) Short term stable	Ba1/ Stable
Migration during the year	Nil	Nil	Nil	Refer note 46.9.1	Nil

46.9.1 S&P Global Ratings has revised 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, 2023	For the year ended March 31, 2022
(i) Provision for depreciation on investments	-	-
(ii) Provision towards NPA*	(42.15)	304.83
(iii) Provision made towards income tax (including deferred tax assets)	255.22	(62.45)
(iv) Provision for leave encashment	5.50	3.92
(v) Provision for gratuity (including OCI)	5.34	5.15
(vi) Other provision and contingencies	-	-
(vii) Provision for standard assets **	52.70	23.06

* 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, 2023	As at March 31, 2022
(i)	Total advances to twenty largest borrowers/ customers (₹ in Crore)	3,536.59	4,164.56
(ii)	Percentage of advances to twenty largest borrowers/ customers to total advances	9.36%	13.78%

46.12 Concentration of exposure (including off-balance sheet exposure)

Particulars		As at March 31, 2023	As at March 31, 2022
(i)	Total exposure to twenty largest borrowers/ customers (₹ in Crore)	3,551.59	4,169.56
(ii)	Percentage of exposure to twenty largest borrowers/ customers to total exposure	9.18%	13.55%

46.13 Intra-group exposures

Particulars		As at March 31, 2023	As at March 31, 2022
(i)	Total amount of Intra-group exposures (₹ in Crore)	264.05	465.10
(ii)	Total amount of top 20 intra-group exposures (₹ in Crore)	264.05	465.10
(iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	1%	2%

46.14 Concentration of NPAs

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to top four NPA accounts	367.73	313.59

46.15 Sector wise exposure

Sectors	As at March 31, 2023			As at March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
Basic Metal & Metal Product	654.74	4.93	0.75%	780.09	16.55	2.12%
Vehicles, Vehicle Parts & Transport Equipment	596.34	199.88	33.52%	648.65	23.57	3.63%
Infrastructure	382.80	0.07	0.02%	724.21	-	0.00%
Others	2,102.57	70.90	3.37%	2,677.75	138.33	5.17%
Total of Industry	**3,736.45**	**275.78**	**7.38%**	**4,830.70**	**178.45**	**3.69%**
3. Services						
Trade	2,602.67	189.82	7.29%	1,312.58	227.03	17.30%
Commercial Real Estate	2,425.74	103.03	4.25%	1,700.87	104.31	6.13%
NBFCs	1,156.39	-	0.00%	1,185.00	1.58	0.13%
Others	6,471.47	113.18	1.75%	4,573.92	223.69	4.89%
Total of Services	**12,656.27**	**406.03**	**3.21%**	**8,772.37**	**556.61**	**6.35%**
4. Personal Loans						
Retail Loans	11,609.72	644.34	5.55%	7,372.67	540.86	7.34%
Others	0.17	-	0.00%	1.48	-	0.00%
Total of Personal Loans	**11,609.89**	**644.34**	**5.55%**	**7,374.15**	**540.86**	**7.33%**
5. Vehicle/Auto Loans	**10,701.40**	**707.00**	**6.61%**	**9,803.47**	**1,125.11**	**11.48%**

46.16 Movement of NPAs

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Net NPAs to net advances (%)	2.79%	4.63%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,401.03	1,867.90
(b) Additions during the year	1,541.29	2,181.15
(c) Reductions during the year	1,909.17	1,648.02
(d) Closing balance	2,033.15	2,401.03
(iii) Movement of Net NPAs		
(a) Opening balance	1,350.41	1,122.11
(b) Additions during the year	747.15	1,252.91
(c) Reductions during the year	1,072.88	1,024.61
(d) Closing balance	1,024.68	1,350.41
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,050.62	745.79
(b) Provisions made during the year	794.14	928.24
(c) Write-off / write-back of excess provisions	836.29	623.41
(d) Closing balance	1,008.47	1,050.62

46.17 Customer Complaints

Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Complaints received by the NBFC from its customers		
(1) No. of complaints pending at the beginning of the year	244	943
(2) No. of complaints received during the year	21,970	9,321
(3) No. of complaints disposed during the year	21,765	10,020
(3.1) Of which, number of complaints rejected by the Company	-	-
(4) No. of complaints pending at the end of the year	449	244
Maintainable complaints received by the NBFC from Office of Ombudsman		
(5) Number of maintainable complaints received by the Company from Office of Ombudsman	1,157	652
(5.1) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	1,134	645
(5.2) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	23	7
(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)	-	-

2) Top grounds of complaints received by the Company from customers

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	58%	300	24
Recovery Agents/ Direct Sales Agents	46	2,848	60%	78	4
Levy of charges without prior notice/ excessive charges/ foreclosure charges	25	1,782	41%	16	-
Others	45	3,870	43%	55	6
Total	**244**	**21,970**		**449**	**34**

As at March 31, 2022					
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	566	5,325	5.0%	128	22
Recovery Agents/ Direct Sales Agents	234	1,119	7.8%	46	1
Levy of charges without prior notice/ excessive charges/ foreclosure charges	31	982	8.6%	25	3
Others	112	1,895	43.2%	45	3
Total	**943**	**9,321**		**244**	**29**

46.18 The disclosures as required by the Master Direction -Monitoring of frauds in NBFCs issued by RBI dated September 29, 2016

There were 4 instances (Previous year 3) amounting to ₹ 9.49 crore (Previous year ₹ 48.45 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 significant 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, 2023

₹ 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	-	-	-	-	-	-	-	-	-	-	-	7.00	-	-	7.00	-	7.00	-	-	7.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	64.98	-	-	64.98	-	64.98	-	-	64.98
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	48.32	-	-	48.32	-	48.32	-	-	48.32
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	1.00	1.00	2.00	-	4.00	1.00	1.00	2.00	-	4.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	1.82	0.49	2.30	-	4.61	1.82	0.49	2.30	-	4.61
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.01	0.18	0.93	-	1.12	0.01	0.18	0.93	-	1.12
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	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	1.00	-	1.00	-	-	1.00
		Amount Outstand-ing	-	-	-	-	-	-	-	-	-	-	-	1.20	-	-	1.20	-	1.20	-	-	1.20
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.44	-	-	0.44	-	0.44	-	-	0.44
5	Downgradations of restructured accounts during the FY (net of receipt during the year)*	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	(3.00)	3.00	-	-	-	(3.00)	3.00	-	-
		Amount Outstand-ing	-	-	-	-	-	-	-	-	-	-	-	(3.15)	0.88	-	(2.27)	-	(3.15)	0.88	-	(2.27)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(1.12)	0.34	-	(0.78)	-	(1.12)	0.34	-	(0.78)
6	Write-offs of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	3.00	-	-	3.00	-	3.00	-	-	3.00
		Amount Outstand-ing	-	-	-	-	-	-	-	-	-	-	-	60.63	-	-	60.63	-	60.63	-	-	60.63
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	46.76	-	-	46.76	-	46.76	-	-	46.76
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	1.00	5.00	-	7.00	1.00	1.00	5.00	-	7.00
		Amount Outstand-ing	-	-	-	-	-	-	-	-	-	-	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

*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 Master Directions for NBFCs vide RBI/DNBR/2016-17/45 dated February 17, 2020, 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), Treasury Bills (T-Bills) and Commercial papers of AAA rated entities. The components considered for HQLA are as under:

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
T-Bills	623.36	319.38
G Sec	225.21	479.01
AAA rated securities	507.34	105.04
Cash & cash equivalent	218.56	63.29
Total	**1,574.47**	**966.72**

(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 balancesheet 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 endeavors 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 balancesheet 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, 2023		December 31, 2022		September 30, 2022		June 30, 2022	
		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)	1,312.39	1,238.26	1,318.74	1,236.12	1,277.10	1,208.37	958.30	930.86
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	368.72	424.03	471.42	542.13	269.46	309.87	260.47	299.54
4	Secured wholesale funding	785.21	903.00	723.93	832.52	533.68	613.73	574.63	660.82
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, 2023		December 31, 2022		September 30, 2022		June 30, 2022	
		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	1,303.44	1,498.95	1,237.72	1,423.38	1,060.40	1,219.46	837.48	963.10
7	Other contingent funding obligations	834.82	960.04	857.78	986.45	722.73	831.14	563.27	647.76
	Total Cash Outflows	**3,292.19**	**3,786.02**	**3,290.85**	**3,784.48**	**2,586.27**	**2,974.20**	**2,235.85**	**2,571.22**
	Cash Inflows								
8	Secured lending	-	-	-	-	-	-	-	-
9	Inflows from fully performing exposures	1,555.79	1,166.84	1,235.43	926.57	1,194.13	895.60	1,030.73	773.04
10	Other cash inflows	4,188.42	3,141.31	4,954.16	3,715.62	5,637.59	4,228.19	4,724.04	3,543.03
	Total Cash Inflows	**5,744.21**	**4,308.15**	**6,189.59**	**4,642.19**	**6,831.72**	**5,123.79**	**5,754.77**	**4,316.07**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
11	**Total HQLA**	1,312.39	1,238.26	1,318.74	1,236.12	1,277.10	1,208.37	958.30	930.86
12	**Total Net Cash Outflows**		946.50		946.12		743.55		642.81
13	**Liquidity Coverage Ratio (%)**		**131%**		**131%**		**163%**		**145%**

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, 2023		
Sr. No.	**Number of Significant Counterparties**	**Amount (₹ in Crore)**	**% of Total deposits**	**% of Total Liabilities**
1	22	26,459.20	Not Applicable	75.94%

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, 2023
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, 2023
Amount of top ten borrowings (₹ in Crore)	20,458.27
Percentage of top ten borrowings to total borrowings	61.28%

(iv) Funding Concentration based on significant instrument/ product

Sr. No.	Name of the instrument/product	As at March 31, 2023	
		Amount(₹ in Crore)	% of Total Liabilities
1	Bank/FI Borrowing	19,995.62	57.39%
2	External Commercial borrowing	3,934.83	11.29%
3	Non-Convertible Debentures	3,341.60	9.59%
4	Tier II NCD	881.67	2.53%

5	Compulsorily convertible preference shares (CCPS)	2,310.05	6.63%
6	Commercial Paper	2,919.91	8.38%
	Total	**33,383.68**	**95.81%**

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	8.75%	8.38%	7.28%
(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	34.77%	33.31%	28.92%

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 - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

(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 Company has given relevant disclosure for corporate governance as required by Scale Based Regulation (SBR) issued by RBI vide circular RBI/2021-22/112 DOR.CRE.REC. No.60/03.10.001/2021-22, in the "Corporate Governance Report" section of Annual report for the 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, 2023						₹ 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	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 Provisi-oning (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**

As at March 31, 2022						₹ 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	26,085.60	182.93	25,902.67	135.86	47.07
	Stage 2	1,741.83	341.64	1,400.19	24.25	317.39
Subtotal		27,827.43	524.57	27,302.86	160.11	364.46
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,204.81	970.98	1,233.83	232.99	737.99
Doubtful - up to 1 year	Stage 3	113.67	44.88	68.79	47.66	(2.78)
1 to 3 years	Stage 3	71.38	27.24	44.14	25.67	1.57
More than 3 years	Stage 3	11.17	7.52	3.65	7.81	(0.29)
Subtotal for doubtful		196.22	79.64	116.58	81.14	(1.50)

Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,401.03	1,050.62	1,350.41	314.13	736.49
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	552.23	1.58	(1.58)	-	1.58
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		552.23	1.58	(1.58)	-	1.58
Total	**Stage 1**	26,637.83	184.51	25,901.09	135.86	48.65
	Stage 2	1,741.83	341.64	1,400.19	24.25	317.39
	Stage 3	2,401.03	1,050.62	1,350.41	314.13	736.49
	Total	**30,780.69**	**1,576.77**	**28,651.69**	**474.24**	**1,102.53**

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, 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. 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, 2023 and March 31, 2022, 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 IV as amended from time to time of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

₹ in Crore

S. No.	Particulars	As at March 31, 2023		As at March 31, 2022	
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	3,341.60	-	2,357.85	-
	Unsecured	881.67	-	617.60	-
	(other than falling within the meaning of public deposits)				
	(b) Deferred credits	-	-	-	-
	(c) Term loans	17,966.76	-	16,412.36	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial paper	2,919.91	-	3,212.23	-
	(f) Public deposits	-	-	-	-
	(g) Others:				
	External commercial borrowing	3,934.83	-	862.31	-
	Secured Cash Credit from bank (excluding book overdrafts)	319.37	-	546.56	-
	Other loan from banks-FCNR	39.42	-	52.54	-
	Secured- working capital demand loan	1,470.07	-	1,761.32	-
	Unsecured – working capital demand loan and cash credit	200.00	-	385.00	-
	Compulsorily convertible preference shares (CCPS)	2,310.05	-	-	-

₹ in Crore

Assets side		As at March 31, 2023	As at March 31, 2022
2	**Break-up of loans and advances including bills receivables [other than those included in (4) below] (Net off provision on NPA)**		
	(a) Secured	21,758.48	18,861.35
	(b) Unsecured	15,033.38	10,316.49
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	0.06
	(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, 2023**	**As at March 31, 2022**
	Current Investments :		
	1. Quoted :		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	410.88	105.04
	(iii) Units of mutual funds	-	-
	(iv) Government Securities*	848.57	798.39
	(v) Others: Commercial paper	145.33	-
	2. Unquoted :		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others: Certificate of deposits	74.87	49.21

	Long Term investments :		
	1. Quoted :		
	(i) Shares :		
	(a) Equity	0.32	0.31
	(b) Preference	9.00	9.00
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(i) Shares :		
	(a) Equity	806.98	506.98
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	2.86	7.89

* 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, 2023**			**As at March 31, 2022**		
		Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
5.1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	213.45	49.90	263.35	239.35	225.75	465.10
5.2	Other than related parties	21,545.03	14,983.48	36,528.51	18,622.00	10,090.74	28,712.74
	Total*	**21,758.48**	**15,033.38**	**36,791.86**	**18,861.35**	**10,316.49**	**29,177.84**

*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, 2023		As at March 31, 2022	
		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	500.00	500.00
	(b) Companies in the same Group	0.32	0.32	0.31	0.31
	(c) Other related parties				
6.2	Other than related parties	1,498.49	1,498.49	976.51	976.51
	Total	**2,298.81**	**2,298.81**	**1,476.82**	**1,476.82**

₹ in Crore

7	Other Information	As at March 31, 2023	As at March 31, 2022
	Particulars		
7.1	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	2,033.15	2,401.03
7.2	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	1,024,68	1,350,41
7.3	Assets acquired in satisfaction of debt		

Note 47 : 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 48 : 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, 2022	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023	Of (A) amount written off during the half-year ended March 31, 2023	Of (A) amount paid by the borrowers during the half-year ended March 31, 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2023
Personal Loans	64.88	8.64	0.00	22.27	35.37
Corporate persons*	356.08	35.64	-	85.50	246.85
Of which MSMEs	287.00	34.42	-	18.95	245.55
Others	69.08	1.22	-	66.55	1.30
Total	**420.96**	**44.28**	**0.00**	**107.77**	**282.22**

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

Note 49 : There are no loan against gold portfolio as at March 31, 2023 and March 31, 2022.

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

Hero FinCorp Limited

Pawan Munjal Chairman (DIN No. : 00004223) New Delhi	**Renu Munjal** Managing Director (DIN No. : 00012870) Dubai	**Abhimanyu Munjal** Jt. Managing Director & CEO (DIN No. : 02822641) New Delhi	**Pradeep Dinodia** Director (DIN No. : 00027995) New Delhi
Date: May 01, 2023		**Jayesh Jain** Chief Financial Officer (FCA: 110412) New Delhi	**Shivender Suman** Company Secretary (ACS : 018339) New Delhi

Signature to note 1 to 50 forming part of the financial statements

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: New Delhi Date: May 01, 2023	**Sudhir Maheshwari** Partner Membership Number: 081075 Place: New Delhi Date: May 01, 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERO FINCORP LIMITED

Report on the Audit of 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, 2023, 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, including a summary of significant accounting policies 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, 2023, of 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 12 and 13 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the report of the other auditor as furnished to us (Refer paragraph [12 and 13] below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

5. 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 and consolidated cash flows, and changes in equity 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.

6. 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.

7. 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

8. 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.

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

   - Identify and assess the risks of material misstatement of the consolidated financial 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 an 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 has been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Other Matters

12. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs 4,120.65 crore and net assets of Rs 759.23 crore as at March 31, 2023, total income of Rs. 420.55 crore, total comprehensive income (comprising of profit and other comprehensive income) of Rs 23.70 crore and net cash flows amounting to Rs 18.92 crore 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 have 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 reports of the other auditor.

13. 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 matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

14. 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 subsidiary of the Holding Company, in their CARO 2020 report issued in respect of the financial statements of the subsidiary company which are included in these Consolidated Financial Statements.

15. 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.
    (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, 2023, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
    (f) 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.
    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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, 2023– 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 submitted to us by the management of the Company, the subsidiary company 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 a company incorporated in India, whose financial statements have been audited under the Act have represented to us and to the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or it's subsidiary to or in any other persons or entities, 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 Company or it's subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

            (b) The respective Managements of the Company and it's subsidiary, which is a company incorporated in India, whose financial statements have been audited under the Act have represented to us and to the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiary from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such 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 auditors 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 submitted to us by the management of the Company, 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 are not applicable to the subsidiary Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group, is applicable to the Group only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

16. The Group have 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: 23101119BGXIIL5986

Place: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 23081075BGQYRE7507

Place: New Delhi
Date: May 01, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 15(f) 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, 2023

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, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Hero FinCorp Limited (hereinafter referred to as "the Holding Company") and 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 consolidated financial statements is applicable, which is 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 consolidated 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 consolidated 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 consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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, 2023, 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 report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding reports 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: 23101119BGXIIL5986

Place: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
UDIN: 23081075BGQYRE7507

Place: New Delhi
Date: May 01, 2023

Consolidated Balance Sheet as at March 31, 2023

₹ in Crore

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Assets			
Financial assets			
Cash and cash equivalents	4	750.01	874.49
Bank balance other than cash and cash equivalents	5	41.22	164.52
Derivative financial instruments	6	115.82	2.14
Trade receivables	7	1.45	2.12
Loans	8	39,871.27	31,341.04
Investments	9	1,747.49	1,172.98
Other financial assets	10	189.61	109.87
Non-financial assets			
Current tax assets (net)	11	147.41	116.65
Deferred tax assets (net)	12	376.15	433.68
Property, plant and equipment	13	67.59	49.52
Right-of-use assets	13.1	45.55	43.07
Intangible assets under development	13.2	2.76	0.79
Other intangible assets	13.3	19.15	21.41
Other non-financial assets	14	75.74	66.77
Total assets		**43,451.22**	**34,399.05**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables:	15		
- Total outstanding dues of micro enterprises and small enterprises; and		2.48	2.84
- Total outstanding dues of creditors other than micro enterprises and small enterprises		496.02	301.97
Debt securities	16	6,747.08	5,981.04
Borrowings (other than debt securities)	17	26,612.99	22,030.67
Subordinated liabilities	18	3,267.79	668.02
Lease liabilities	19	52.40	48.48
Other financial liabilities	20	893.47	482.64
Non-financial liabilities			
Current tax liabilities (net)	21	1.03	-
Provisions	22	54.87	48.06
Other non-financial liabilities	23	75.26	65.35
Total liabilities		**38,203.39**	**29,629.07**

₹ in Crore

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Equity			
Equity share capital	24	127.31	127.31
Other equity	25	5,116.13	4,640.21
Non-controlling interests	25	4.39	2.46
Total equity		**5,247.83**	**4,769.98**
Total liabilities and equity		**43,451.22**	**34,399.05**
Significant 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	**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)
New Delhi	Dubai	New Delhi	New Delhi

		Jayesh Jain	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
		(FCA: 110412)	(ACS : 018339)
Date: May 01, 2023		New Delhi	New Delhi

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: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075

Place: New Delhi
Date: May 01, 2023

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

₹ in Crore

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	26		
Interest income		5,719.60	4,241.87
Dividend income		0.74	0.74
Profit on sale of investments (net)		85.63	43.44
Rental income		0.11	1.73
Gain on derecognition of financial instruments under amortised cost category		23.13	15.84
Net gain on fair value changes		-	21.05
Insurance commission		21.22	15.36
Others charges		551.17	398.63
Total revenue from operations		**6,401.60**	**4,738.66**
Other income	27	45.95	59.00
Total income		**6,447.55**	**4,797.66**
Expenses			
Finance costs	28	2,173.95	1,678.53
Net loss on fair value changes		299.71	-
Impairment on financial instruments	29	1,212.23	1,840.81
Employee benefits expenses	30	542.15	356.45
Depreciation and amortization	13	37.93	33.19
Other expenses	31	1,446.36	1,142.71
Total expenses		**5,712.33**	**5,051.69**
Profit/ (loss) before tax		**735.22**	**(254.03)**
Tax expense:	12		
(i) Current tax		197.70	27.03
(ii) Deferred tax (credit) (net)		57.57	(89.16)
Total tax expense		**255.27**	**(62.13)**
Profit after tax		**479.95**	**(191.90)**
Other comprehensive income/ (loss)			
a) Items that will not be reclassified to profit or loss:			
Remeasurement of gains/ (losses) on defined benefit plans	35	1.63	0.01
Income tax relating to items that will not be reclassified to profit or loss	12	(0.26)	0.04
Sub-total (a)		**1.37**	**0.05**
b) Items that may be reclassified to profit or loss:			
Cash flow hedge reserve		(0.76)	(2.02)
Income tax relating to items that may be reclassified to profit or loss	12	0.31	0.28
Sub-total (b)		**(0.45)**	**(1.74)**
Other comprehensive income/ (loss) for the year, net of tax		**0.92**	**(1.69)**

Particulars	Note	For the year ended March 31, 2023	₹ in Crore For the year ended March 31, 2022
Total comprehensive income/ (loss) for the year, net of tax		**480.87**	**(193.59)**
Profit/ (loss) for the year attributable to			
Owners of the Company		479.80	(191.91)
Non-controlling interest		0.15	0.01
Other comprehensive income/ (loss) for the year, net of tax, attributable to			
Owners of the Company		0.91	(1.68)
Non-controlling interest		0.01	(0.01)
Total comprehensive income/ (loss) for the year, net of tax, attributable to			
Owners of the Company		480.71	(193.60)
Non-controlling interest		0.16	0.01
Earnings per equity share	32		
Equity shareholder of parent for the year:			
Basic (in ₹)		37.70	(15.07)
Diluted (in ₹)		37.67	(15.07)
Significant 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	**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)
New Delhi	Dubai	New Delhi	New Delhi

		Jayesh Jain	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
		(FCA : 110412)	(ACS : 018339)
Date: May 01, 2023		New Delhi	New Delhi

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: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075
Place: New Delhi
Date: May 01, 2023

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

A. Equity share capital

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

For the year ended March 31, 2022 **₹ 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

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

B. Other Equity
For the year ended March 31, 2023

₹ in Crore

Particulars	Reserves and surplus				Other comprehensive income/ (loss)		Stock options outstanding account	Total	Non-controlling interests
	Statutory reserve	Securities premium	General reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve			
As at April 1, 2022	**265.77**	**3,947.64**	**131.02**	**266.07**	**-**	**(1.74)**	**31.45**	**4,640.21**	**2.46**
Non-controlling interest 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	96.00	-	-	(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	**361.77**	**3,942.75**	**131.02**	**651.23**	**-**	**(2.19)**	**31.55**	**5,116.13**	**4.39**

* During the year, the subsidiary company has allotted 17,72,500 (March 31, 2022: 24,55,000) fully paid equity shares of ₹ 10 each under employee stock option scheme.

For the year ended March 31, 2022

₹ in Crore

Particulars	Reserves and surplus				Other comprehensive income/ (loss)		Stock options outstanding account	Total	Non Controlling Interest
	Statutory reserve	Securities premium	General reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve			
As at April 1, 2021	**265.35**	**3,946.30**	**131.02**	**471.08**	**-**	**-**	**26.70**	**4,840.45**	**-**
Addition during the year	-	-	-	-	-	-	-	-	2.45
Profit/ (loss) for the year	-	-	-	(191.91)	-	-	-	(191.91)	0.01
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	0.05	(1.74)	-	(1.69)	(0.01)
Transfer to retained earnings	-	-	-	0.05	(0.05)	-	-	-	-
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**(191.86)**	**-**	**(1.74)**	**-**	**(193.60)**	**2.46**
Dividend paid on equity shares	-	-	-	(12.73)	-	-	-	(12.73)	-
Transfer from retained earnings to statutory/ general reserve	0.42	-	-	(0.42)	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Securities premium received	-	1.34	-	-	-	-	(1.34)	-	-
Share based payment charge	-	-	-	-	-	-	6.09	6.09	-
As at March 31, 2022	**265.77**	**3,947.64**	**131.02**	**266.07**	**-**	**(1.74)**	**31.45**	**4,640.21**	**2.46**

Significant 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	**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)
New Delhi	Dubai	New Delhi	New Delhi
		Jayesh Jain	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
		(FCA : 110412)	(ACS : 018339)
Date : May 01, 2023		New Delhi	New Delhi

This is the Consolidated Statement of Changes in Equity referred to in our report of even date

For **Price Waterhouse LLP**	For **B R Maheswari & Co LLP**
Chartered Accountants	Chartered Accountants
Firm Registration Number:	Firm Registration Number:
301112E/E300264	001035N/N500050
Sharad Vasant	**Sudhir Maheshwari**
Partner	Partner
Membership Number: 101119	Membership Number: 081075
Place: New Delhi	Place: New Delhi
Date: May 01, 2023	Date: May 01, 2023

Consolidated Statement of Cash Flows for the year ended March 31, 2023

₹ in Crore

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A.	**Cash flow from operating activities**		
	Profit/ (loss) before tax	**735.22**	**(254.03)**
	Adjustments for:		
	Depreciation and amortization	37.93	33.19
	Impairment on financial instruments	1,212.23	1,840.81
	Dividend income from investments	(0.74)	(0.74)
	Discount on commercial paper	157.60	110.09
	Employee share based payment expense	8.32	6.21
	Net loss on sale of property, plant and equipment	1.60	2.15
	Interest income on fixed deposit and investments	(68.72)	(39.58)
	Interest expense on lease liability	4.51	3.98
	Gain on derecognition of financial instruments under amortised cost category	(23.13)	(15.84)
	Net loss/ (gain) on fair value changes	299.71	(21.05)
	Profit on sale of investments	(85.63)	(43.44)
	Operating profit before working capital changes	**2,278.90**	**1,621.75**
	Working capital adjustments:		
	Decrease in trade receivables	0.67	5.86
	Increase in loans	(9,742.46)	(6,987.16)
	(Increase)/ decrease in bank balance other than cash and cash equivalents	123.30	(48.39)
	(Increase)/ decrease in other financial assets	(56.70)	16.98
	Increase in other non financial assets	(6.27)	(31.54)
	Increase in other financial liabilities	402.73	48.05
	Increase in trade payables	193.72	47.13
	Increase in other non financial liabilities	9.90	20.36
	Increase in provisions	7.22	5.27
	Net cash used in operating activities before income tax	**(6,788.99)**	**(5,301.69)**
	Income tax paid (net of refund)	(227.42)	(109.86)
	Net cash used in operating activities (A)	**(7,016.41)**	**(5,411.55)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and other intangible assets	(50.98)	(23.93)
	Proceeds from sale of property, plant and equipment	2.71	5.27
	Dividend received	0.74	0.74
	Interest received on fixed deposit and investments	68.72	39.58
	Purchase of investments	(17,641.62)	(18,773.49)
	Sale of investments	17,163.09	19,582.24
	Net cash generated from/ (used in) investing activities (B)	**(457.34)**	**830.41**
C.	**Cash flow from financing activities**		
	Proceeds from shares issue (including securities premium)	1.81	2.46
	Proceeds from issue of compulsorily convertible preference shares	2,000.00	-
	Share issue expenses paid	(6.00)	-

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
	Proceeds from issue of debt securities	5,176.12	5,533.29
	Repayment of debt securities	(4,566.75)	(4,012.00)
	Proceeds from issue of borrowings (other than debt securities)	19,026.50	15,598.93
	Repayment of borrowings (other than debt securities)	(14,556.37)	(12,747.88)
	Proceeds from issue of subordinated liabilities	288.97	0.25
	Repayment of lease liability	(15.01)	(13.56)
	Dividend paid	-	(12.73)
	Net cash generated from financing activities (C)	**7,349.27**	**4,348.76**
D.	**Net increase/ (decrease) in cash and cash equivalents (A+B+C)**	**(124.48)**	**(232.38)**
	Cash and cash equivalents at the beginning of the year	874.49	1,106.87
	Cash and cash equivalents at the end of the year*	**750.01**	**874.49**
	*Components of cash and cash equivalents		
	Balances with banks (current accounts)	222.68	63.49
	Deposit with banks (original maturity less than three months)	527.33	811.00
		750.01	**874.49**

(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
Chairman
(DIN No.: 00004223)
New Delhi

Renu Munjal
Managing Director
(DIN No.: 00012870)
Dubai

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

Pradeep Dinodia
Director
(DIN No.: 00027995)
New Delhi

Jayesh Jain
Chief Financial Officer
(FCA : 110412)
New Delhi

Shivendra Suman
Company Secretary
(ACS : 018339)
New Delhi

Date: May 01, 2023

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: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075

Place: New Delhi
Date: May 01, 2023

Notes to Consolidated Financial Statement for the year ended March 31, 2023

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.

Note 2: Basis of preparation

2.1 Statement of Compliance

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

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

The consolidated financial statements were authorized for issue by the Company's Board of Directors on May 01, 2023.

2.2 Basis of measurement and presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as Net defined (asset)/ liability present value of defined benefit obligations, 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

MCA notifies new standards or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 which is effective from April 01, 2022. Amendments relating to Division III which relate to NBFCs whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, have been complied with.

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, 2023.

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	99.33%

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

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

2.6 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.

Impairment of financial assets: 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.

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.

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 India's base rate and other fee income/expense that are integral parts of the instrument.

Measurement of defined benefit obligations: key actuarial assumptions

The measurement of obligations related to defined benefit plans 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 accounting policies and disclosures require/ may require fair value measurement, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data 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.

The Group measures financial instruments, such as, investments, at fair value on each reporting date. In addition, the fair value of financial instruments measured at amortized cost and FVTPL is disclosed in Note 43.

Note 3: Significant 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 management 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. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- sssterms 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 asssets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

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

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

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

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

Financial asset – Derecognition other than due to substantial modification

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

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

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

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

Derecognition - Financial liability

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are 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.

Derivative financial instruments

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

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and financial assets measured at FVOCI- debt investments. At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 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; or
- breach of contract such as a default or being past due.

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

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

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

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

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

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-offs

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

(c) Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(d) Trade receivable

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost, less loss allowance.

(e) 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 fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method where the time value of money is significant.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Revenue recognition

Interest income

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

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

Dividend income

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

Lease rental income

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

Other Income

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. Revenue is measured at fair value of the consideration received or receivable.

Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Group 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.

(k) 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.

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.

(I) 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, unless the increase is in line with expected general inflation, in which case lease income is recognized based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognize over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(m) 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 only if, the Group:

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

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.

- 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.

(n) Foreign Currency Transactions

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

(o) 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.

(p) Borrowing

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. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(q) Borrowing costs

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

All other borrowing costs are charged to expenses in the period in which they arise.

(r) 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 Company 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 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 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.

(s) 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.

(t) 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 sinformation is available.

(u) Statement of Cash flows

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

Note 4: Cash and cash equivalents

₹ in Crore

Particulars	As at March 31,2023	As at March 31, 2022
Balances with banks (current accounts)	222.68	63.49
Deposit with banks (original maturity less than three months)	527.33	811.00
Total	**750.01**	**874.49**

Note 5: Bank balance other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Dividend accounts (earmarked accounts)	0.43	0.49
Deposit with banks (original maturity more than three months)	-	124.88
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	40.79	39.15
Total	**41.22**	**164.52**

Note 6: Derivative financial instruments

₹ in Crore

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Currency derivatives:						
Currency swaps	3,974.25	115.83	-	914.85	1.92	-
Forwards	40.22	-	0.01	51.08	0.22	-
Total	**4,014.47**	**115.83**	**0.01**	**965.93**	**2.14**	**-**

The Group enters into derivatives for risk management purposes. 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. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Note 7: Trade receivables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	1.45	2.12
(iii) Receivables which have significant increase in credit risk	-	-
(iv) Receivables - credit impaired	-	-
	1.45	2.12
Less : Impairment loss allowance	-	-
Total	**1.45**	**2.12**

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 39 for receivables from related parties.

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	1.43	0.02	-	-	-	1.45
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, 2022 ₹ 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	2.12	-	-	-	-	2.12
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	-	-	-	-	-	-

Note 8: Loans

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
A. Loans - Amortised cost		
Bills purchased and bills discounted	1,269.07	751.48
Term loans	38,225.79	31,898.07
Clearcorp Repo Order Matching System (CROMS)	2,000.70	300.03
Loans to employees	1.71	1.23
Total- Gross (A)	41,497.27	32,950.81
Less: Impairment loss allowance on loans	(1,626.00)	(1,609.77)
Total - Net (A)	**39,871.27**	**31,341.04**
B. Secured/ Unsecured		
(a) Secured by tangible assets	24,548.12	20,601.03
(b) Secured by other assets	1,380.83	1,639.06
(c) Unsecured	15,568.32	10,710.72
Total - Gross (B)	41,497.27	32,950.81
Less: Impairment loss allowance on loans	(1,626.00)	(1,609.77)
Total - Net (B)	**39,871.27**	**31,341.04**

Particulars	As at March 31, 2023	As at March 31, 2022
C. Loans in India		
(a) Public sector	-	-
(b) Others	41,497.27	32,950.81
Total - Gross (C)	**41,497.27**	**32,950.81**
Less: Impairment loss allowance on loans	(1,626.00)	(1,609.77)
Total - Net (C)	**39,871.27**	**31,341.04**

Loans includes ₹ ₹ 214.05 crore which is secured, considered good (March 31, 2022: ₹ 196.82 crore) and ₹ 50.00 crore which is unsecured, considered good (March 31, 2022: ₹ 225.75 crore), receivable from private companies in which a director is a director or a member (also refer note 39).

Loans amounting to ₹ 70.56 crore (March 31, 2022: Nil) are exclusively charged against Refinance Facility taken from National Housing Bank.

No loans and advances in the nature of loans are granted to promoters, directors, KMP's 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, 2023	As at March 31, 2022
A) In India		
At fair value through profit and loss account		
In equity instruments (quoted)	0.32	0.31
In equity instruments (unquoted)	6.98	6.98
In preference instruments (quoted)	9.00	9.00
In alternative investment Fund (unquoted)	0.07	4.84
In mutual funds	130.02	86.11
In commercial paper (quoted)	169.45	-
In certificate of deposits (unquoted)	74.87	123.98
In treasury bills (quoted)	672.55	334.05
In government securities (quoted)	245.81	499.62
In corporate bonds (quoted)	435.63	105.04
In security receipts (unquoted)	2.53	2.79
In optional Convertible debentures (unquoted)	0.26	0.26
Total- Gross	1,747.49	1,172.98
Less: Allowance for impairment	-	-
Total- Net	**1,747.49**	**1,172.98**

9.1 The Company does not have any investment outside India.

Note 10: Other financial assets

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits (at amortised cost)	13.95	3.98
Receivable from collection agency	140.73	82.76
Excess interest spread receivable	32.95	15.84
Other receivable	1.98	7.29
Total	**189.61**	**109.87**

Note 11: Current tax assets (net)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax [net of provision for tax ₹ 728.03 crore (March 31, 2022: ₹ 983.94 crore)]	147.41	116.65
Total	**147.41**	**116.65**

Note 12: Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax (a)		
Current year	197.70	27.03
Deferred tax (b)		
Attributable to–		
Origination and reversal of temporary differences	57.57	(89.16)
Tax adjustment relating to earlier year	-	-
Tax expense recognised in statement of profit and loss	**255.27**	**(62.13)**

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, 2023			For the year ended March 31, 2022		
	Before tax	Deferred tax expense/ (benefit)	Net of tax	Before tax	Deferred tax expense/ (benefit)	Net of tax
Remeasurements of defined benefit plans	1.63	(0.26)	1.37	0.01	0.04	0.05
Cash flow hedge reserve	(0.76)	0.31	(0.45)	(2.02)	0.28	(1.74)

C. Reconciliation of effective tax expense

₹ in Crore

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/ (loss) before tax	**735.22**	**(254.03)**
Other comprehensive income/ (loss) for the year	0.87	(2.01)
Tax using the Company's domestic tax rate	179.30	(64.43)
Effect of:		
Unrecognised deferred tax assets	-	(0.36)
Non-deductible expenses and exempt income	78.66	0.98
Others	(2.74)	1.36
Effective tax expense	**255.22**	**(62.45)**

D. Recognised deferred tax assets and liabilities (Group)

₹ in Crore

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset / (liabilities)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provisions for employee benefit	12.19	10.74	-	-	12.19	10.74
Depreciation*	2.15	2.40	-	-	2.15	2.40
Impairment allowance on loans	388.95	395.37	-	-	388.95	395.37
Effect of EIR on interest income	(17.14)	24.41	-	-	(17.14)	24.41
Other temporary differences	5.25	17.87	15.25	17.11	(10.00)	0.76
Net deferred tax (assets)/ liabilities	**391.40**	**450.79**	**15.25**	**17.11**	**376.15**	**433.68**

Considering future taxable income, the Subsidiary Company has recognized deferred tax assets (net of liabilities) only to the extent it is probable that future taxable income will be available against which unused tax credits / losses will be adjusted.

E. Deferred tax assets/ (liabilities) not recognized of subsidiary company

₹ in Crore

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset / (liabilities)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	1.63	1.32	-	-	1.63	1.32
Depreciation*	-	-	(1.00)	(1.07)	(1.00)	(1.07)
Impairment allowance on loans and other financial assets	9.79	7.38	-	-	9.79	7.38
Unamortized loan origination cost	-	-	(5.60)	(3.24)	(5.60)	(3.24)
Fair valuation of investment	-	-	(0.01)	(0.34)	(0.01)	(0.34)
Unamortized borrowing cost	-	-	(0.62)	(0.79)	(0.62)	(0.79)
Leases	0.13	0.15	-	-	0.13	0.15
Unabsorbed losses	16.53	19.65	-	-	16.53	19.65
Excess interest spread receivable	-	-	(8.34)	(4.12)	(8.34)	(4.12)
Net deferred tax (assets)/ liabilities	**28.08**	**28.50**	**(15.57)**	**(9.56)**	**12.51**	**18.94**

F. Movement in deferred tax on temporary differences (recognised)

-In respect of Group

₹ in Crore

	Balance as at March 31, 2021	Recognised in profit or loss during 2021-22#	Recognised in OCI during 2021-22	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
Provisions for employee benefit	9.54	1.16	0.04	10.74	1.71	(0.26)	12.19
Depreciation*	1.81	0.59	-	2.40	(0.25)	-	2.15
Impairment allowance on loans	308.47	86.90	-	395.37	(6.42)	-	388.95
Effect of EIR on interest income	21.00	3.41	-	24.41	(41.55)	-	(17.14)
Other temporary differences	0.22	0.26	0.28	0.76	(11.06)	0.31	(10.00)
Net deferred tax assets/ (liabilities)	**341.04**	**92.32**	**0.32**	**433.68**	**(57.57)**	**0.05**	**376.15**

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

\# *This includes ₹ 3.15 crores adjustments related to earlier years, hence deferred tax charge in statement of profit and loss is ₹ 89.16 crores.*

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	Vehicles	
Cost								
As at April 1, 2021	**3.93**	**0.94**	**3.33**	**30.21**	**49.38**	**4.51**	**14.22**	**106.52**
Additions during the year	-	0.16	0.51	5.23	12.75	1.34	-	19.99
Disposals during the year	-	-	-	4.24	0.16	0.30	12.32	17.02
As at March 31, 2022	**3.93**	**1.10**	**3.84**	**31.20**	**61.97**	**5.55**	**1.90**	**109.49**
Additions during the year	0.96	-	0.16	17.75	20.23	0.69	-	39.79
Disposals during the year	-	-	-	7.25	0.56	0.07	1.90	9.78
As at March 31, 2023	**4.89**	**1.10**	**4.00**	**41.70**	**81.64**	**6.17**	**-**	**139.50**
Depreciation								
As at April 1, 2021	**0.35**	**0.28**	**0.63**	**10.53**	**32.42**	**2.15**	**7.11**	**53.47**
Disposals during the year	-	-	-	1.55	0.14	0.27	6.91	8.87
Depreciation charge for the year	0.25	0.08	0.34	3.76	9.11	0.85	0.98	15.37
As at March 31, 2022	**0.60**	**0.36**	**0.97**	**12.74**	**41.39**	**2.73**	**1.18**	**59.97**
Disposals during the year	-	-	-	3.59	0.43	0.04	1.25	5.31
Depreciation charge for the year	0.39	0.09	0.39	3.93	11.37	1.01	0.07	17.25
As at March 31, 2023	**0.99**	**0.45**	**1.36**	**13.08**	**52.33**	**3.70**	**-**	**71.91**

Net carrying amount								
As at March 31, 2022	**3.33**	**0.74**	**2.87**	**18.46**	**20.58**	**2.82**	**0.72**	**49.52**
As at March 31, 2023	**3.90**	**0.65**	**2.64**	**28.62**	**29.31**	**2.47**	**-**	**67.59**

(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 Holding Company.

13.1. Right-of-use assets

₹ in Crore

Particulars	Building
Cost	
As at April 1, 2021	**58.32**
Additions during the year	13.95
Disposals during the year	4.30
As at March 31, 2022	**67.97**
Additions during the year	15.20
Disposals during the year	9.10
As at March 31, 2023	**74.07**
Accumulated amortization/ impairment	
As at April 1, 2021	18.17
Disposals during the year	4.30
Amortization charge for the year	11.03
As at March 31, 2022	**24.90**
Disposals during the year	8.55
Amortization charge for the year	12.18
As at March 31, 2023	**28.53**
Net carrying amount	
As at March 31, 2022	**43.07**
As at March 31, 2023	**45.54**

13.2. Intangible assets under development

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Intangible assets under development	2.76	0.79
Total	**2.76**	**0.79**

a) Intangible assets under development (IAUD) ageing schedule

₹ 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	-	-	-	-	-

₹ in Crore

IAUD	Amount in IAUD for a period of				Total
As at 31 March 2022	1-2 years	2-3 years	More than 3 years	More than 3 years	
Projects in progress	0.79	-	-	-	0.79
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. Other intangible assets

₹ in Crore

Particulars	Computer software
Cost	
As at April 1, 2021	**44.70**
Additions during the year	5.68
Disposals during the year	-
As at March 31, 2022	**50.38**
Additions during the year	6.24
Disposals during the year	-
As at March 31, 2023	**56.62**
Accumulated amortization/ impairment	
As at April 1, 2021	**22.16**

Particulars	Computer software
Disposals during the year	-
Amortization charge for the year	6.81
As at March 31, 2022	**28.97**
Disposals during the year	-
Amortization charge for the year	8.50
As at March 31, 2023	**37.47**
Net carrying amount	
As at March 31, 2022	**21.41**
As at March 31, 2023	**19.15**

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, 2023	As at March 31, 2022
Capital advances	3.12	0.41
Prepaid expenses	19.46	25.64
Balance with government authorities	16.35	10.40
Advance to vendor	0.92	0.59
Others	35.89	29.73
Total	**75.74**	**66.77**

Note 15: Trade payables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	2.48	2.84
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	496.02	301.97
Total	**498.50**	**304.81**

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

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2.48	2.84
(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	**2.48**	**2.84**

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, 2023 ₹ in Crore

Particulars	Outstanding for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	2.40	0.08	-	-	2.48
ii. Others	48.13	8.33	0.64	-	57.10
iii. Others-Unbilled	438.92	-	-	-	438.92
iv. Disputed Dues - MSME	-	-	-	-	-
v. Disputed Dues - Others	-	-	-	-	-

As at March 31, 2022

₹ in Crore

Particulars	Outstanding for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	2.84	-	-	-	2.84
ii. Others	43.59	1.95	-	-	45.54
iii. Others-Unbilled	256.43	-	-	-	256.43
iv. Disputed Dues - MSME	-	-	-	-	-
v. Disputed Dues - Others	-	-	-	-	-

Note 16: Debt securities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 16.1, 16.2 and 16.3)	3,705.55	2,719.48
Unsecured		
Commercial papers (refer note 16.4 and 16.5)	3,041.53	3,261.56
Total	**6,747.08**	**5,981.04**
Debt securities in India	6,747.08	5,981.04
Debt securities outside India	-	-
Total	**6,747.08**	**5,981.04**

16.1 Terms of fully paid up privately placed secured redeemable non convertible debentures:

₹ in Crore

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2023		As at March 31, 2022	
				Number of NCDs	Amount	Number of NCDs	Amount
INE800X07014	05 March 2019	10 May 2022	Zero Percent (XIRR 9.10%)	-	-	220	22.00
INE957N07468	20 June 2019	20 June 2022	8.41%	-	-	1,100	110.00
INE957N07351	18 August 2017	18 August 2022	7.70%	-	-	850	85.00
INE957N07484	20 December 2019	20 December 2022	7.75%	-	-	1,000	100.00
INE957N07492	27 April 2020	27 April 2023	7.85%	3,500	350.00	3,500	350.00
INE800X07022	25 June 2020	23 June 2023	7.75%	1,000	100.00	1,000	100.00
INE957N07666	28 February 2022	28 February 2024	6.20%	1,500	150.00	1,500	150.00
INE957N07583	19 March 2021	15 March 2024	6.50%	1,000	100.00	1,000	100.00
INE957N07609	20 May 2021	20 May 2024	3m T-bill + 2.00%	2,000	200.00	2,000	200.00
INE957N07534	03 November 2020	21 May 2024	Zero Percent (XIRR 6.38%)	250	25.00	250	25.00
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
INE957N07724	13 December 2022	13 August 2024	Zero Percent (XIRR 8.28%)	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	-	-
INE957N07708	22 November 2022	20 December 2024	Zero Percent (XIRR 8.44%)	200	20.00	-	-
INE957N07740	30 December 2022	30 December 2024	8.25%	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	-	-
INE957N07542	03 November 2020	03 November 2025	6.95%	1,000	100.00	1,000	100.00
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	-	-
INE957N07732*	27 December 2022	27 December 2028	9.55%	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	-	-
Sub total				**37,490**	**3,524.00**	**24,070**	**2,407.00**

16.2 Terms of partly paid up privately placed secured redeemable non convertible debentures:

₹ in Crore

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2023		As at March 31, 2022	
				Number of NCDs	Amount	Number of NCDs	Amount
INE957N07658*	27 December 2018	27 December 2028	9.55%	-	-	2,500	200.00
Interest accrued on secured NCDs					183.07		113.73
EIR adjustments					(1.52)		(1.25)
Grand Total				**37,490**	**3,705.55**	**26,570**	**2,719.48**

*ISIN for previous year was INE957N07658, and till previous year it was a partly paid up debenture, where during current year we received last tranche of this NCD.

16.3 The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

16.4 Commercial papers are repayable within 12 months and issued at a discount rate ranging from 6.07% p.a. to 8.36% p.a. (March 31, 2022: 4.30% p.a. to 5.37% p.a.)

16.5 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.

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

16.7 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, 2023	As at March 31, 2022
At amortised cost		
Term loan from banks and financial institutions (Secured) (refer note 17.1 and 17.2)	20,561.40	18,371.72
Term loan from banks - Foreign currency loan (Secured) (refer note 17.3)	77.32	103.61
External commercial borrowing (Secured) (refer note 17.4)	3,934.83	862.32
Loan repayable on demand from banks		
- Cash credit (Secured) (refer note 17.5)	319.37	546.70
- Working capital demand loans (Secured) (refer note 17.5)	1,470.07	1,761.32
- Working capital demand loans (Unsecured) (refer note 17.5)	200.00	385.00
Additional special refinance facility from National Housing Bank (refer note 17.6)	50.00	-
Total	**26,612.99**	**22,030.67**
Borrowings in India	22,678.16	21,168.35
Borrowings outside India	3,934.83	862.32
Total	**26,612.99**	**22,030.67**

17.1 Secured term loans from banks and financial institutions aggregating ₹ 20,556.37 crore before interest accrued but not due and EIR adjustment (March 31, 2022: ₹ 18,197.44 crore) carrying interest rate ranging from 6.05% p.a. to 9.30% p.a (March 31, 2022: 5.13% p.a.to 8.00% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

17.2 As on March 31, 2023, Group does not have any outstanding term loan from banks and financial institutions secured by an exclusive charge by way of hypothecation of specified/ identified receivables. As on March 31, 2022, secured term loans from banks and financial institutions aggregating ₹ 166.50 crore before interest accrued but not due and EIR adjustments carrying interest rate of 7.15 % p.a. were secured by an exclusive charge by way of hypothecation of specified/ identified receivables.

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		**7,732.26**		**6,272.59**		**3,341.96**		**3,209.56**	**20,561.40**

Terms of repayment as at March 31, 2022:

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	72	441.57	72	441.57	72	441.57	191	464.10	**1,788.81**
Quarterly	Upto 1 Year	-	-	-	-	-	-	-	-	**-**
Quarterly	2 to 3 Years	69	1,812.59	52	1,564.11	10	594.20	-	-	**3,970.90**
Quarterly	More than 3 years	127	1,832.30	109	1,392.06	75	1,078.94	113	1,153.89	**5,457.20**
Semi-annual	More than 3 years	40	1,582.21	34	1,563.15	23	925.45	5	234.72	**4,305.53**
Annually	More than 3 years	15	500.00	16	512.50	13	402.50	16	290.00	**1,705.00**
Bullet	2 to 3 Years	1	150.00	-	-	1	250.00	-	-	**400.00**
Bullet	More than 3 years	8	346.80	7	256.80	4	132.90	-	-	**736.50**
Interest accrued but not due										**16.55**
EIR Adjustments										**(8.77)**
	Total		**6,665.47**		**5,730.19**		**3,825.56**		**2,142.72**	**18,371.72**

17.3 Foreign currency loan carry interest rates ranging 4.52% p.a. to 5.13% p.a. (March 31, 2022: 1.83% p.a. to 1.97% p.a.) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

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	37.93	-	-	-	-	-	-	**37.93**
Bullet	Upto 1 Year	1	38.22	-	-	-	-	-	-	**38.22**
Interest accrued but not due										**1.19**
EIR adjustments										**(0.02)**
	Total	**2**	**76.15**	**-**	**-**	**-**	**-**	**-**	**-**	**77.32**

Terms of repayment as at March 31, 2022:

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	51.12	-	-	-	-	-	-	**51.12**
Bullet	Upto 1 Year	1	51.36	-	-	-	-	-	-	**51.36**
Interest accrued but not due										**1.22**
EIR adjustments										**(0.09)**
	Total	**2**	**102.48**	**-**	**-**	**-**	**-**	**-**	**-**	**103.61**

17.4 External commercial borrowings carry interest rates ranging 4.89% to 6.41% (March 31, 2022: 1.46% to 1.96%) are secured by a first pari-passu charge by way of hypothecation of receivables.

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**

Terms of repayment as at March 31, 2022:

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	870.33	-	-	**870.33**
Interest accrued but not due										**2.89**
EIR Adjustments										**(10.90)**
	Total	**-**	**-**	**-**	**-**	**7**	**870.33**	**-**	**-**	**862.32**

17.5 The cash credit facilities are repayable on demand and carry interest rates ranging from 7.00% p.a. to 8.80% p.a. (March 31, 2022: 4.75% p.a. to 8.10% p.a.). Working capital demand loans are repayable on demand and carrying interest rates ranging from 7.58% p.a. to 8.55% p.a. (March 31, 2022: 4.40% p.a. to 7.15% p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. The secured facilities are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

17.6 During the year ended March 31, 2023, the subsidiary company has availed refinance from National Housing Bank (NHB) aggregating of ₹ 50.00 crore under different refinance schemes carrying interest rate of ranging 5.25% p.a. to 7.85% p.a. These facilities are secured by exclusive charge by way of hypothecation of receivables.

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

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

17.9 The term loans have been applied for the purposes for which they were obtained except for ₹ 1,311.81 crore which were pending to be utilised as the term loans were raised at the end of the financial year and temporarily parked in liquid assets as at March 31, 2023.

17.10 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.

17.11 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, 2023	As at March 31, 2022
Subordinated liabilities (unsecured)		
At amortised cost		
Redeemable non-convertible debentures-Tier II (refer note 18.1 to 18.3)	957.74	668.02
Designated at fair value through profit or loss		
Compulsorily convertible preference shares (CCPS) (Unsecured) (refer note 18.4 to 18.6) 3,63,63,636 CCPS of face value ₹ 550 each (March 31, 2022: Nil)	2,310.05	-
Total	**3,267.79**	**668.02**
Subordinated liabilities in India	2,185.53	668.02
Subordinated liabilities outside India	1,082.26	-
Total	**3,267.79**	**668.02**

18.1 Terms of repayment of non-convertible debentures-Tier II:

ISIN of NCD	Issue Date	Redemption Date	ROI	As at March 31, 2023 Number of NCDs	As at March 31, 2023 Amount ₹ in Crore	As at March 31, 2022 Number of NCDs	As at March 31, 2022 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 2023	8.65%	100	100.00	-	-
INE957N08094	21 October 2022	21 October 2032	8.65%	55	55.00	-	-
INE800X08038	25 November 2022	25 November 2032	8.75%	25	25.00	-	-
INE957N08102	01 December 2022	01 December 2032	8.65%	100	100.00	-	-
Interest accrued but not due					36.68		24.86
EIR adjustments					(3.94)		(1.84)
				6,730	**957.74**	**6,450**	**668.02**

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 quarter ended June 30, 2022, the Holding Company had allotted 3,63,63,636 Compulsorily Convertible Preference Shares (CCPS) (comprising of 1,70,36,363 Class A CCPS and 1,93,27,273 Class B CCPS) of face value of ₹ 550 each aggregating to ₹ 2,000 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 of conditions of such preference shares, they are required to be classified as a financial liability.

The Holding Company in accordance with Ind AS 32 'Financial Instruments: Presentation' has classified these CCPS as a financial liability and presented it in accordance with Schedule III Division III of the Companies Act, 2013.

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

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, 2023.

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, 2023	As at March 31, 2022
Lease liabilities (refer note 42)	52.40	48.48
Total	**52.40**	**48.48**

Note 20: Other financial liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend (refer note 20.1)	0.43	0.49
Book overdrafts	623.93	233.89
Other payables		
Payable on purchase of property, plant and equipment and other intangible assets	-	0.26
Salaries and wages payable	91.02	36.44
Security deposits	0.11	0.17
Loans pending disbursement	96.93	126.30
Margin money from customers	26.55	27.88
Others	54.50	57.21
Total	**893.47**	**482.64**

20.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2023 and March 31, 2022 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, 2023	As at March 31, 2022
Provision for income tax [net of advance tax ₹ 196.85 crore (March 31, 2022: ₹ 87.54 crore)	1.03	-
Total	**1.03**	**-**

Note 22: Provisions

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
-Provision for gratuity (refer note 35.2)	31.10	26.94
-Provision for compensated absences (refer note 35.3)	23.77	21.12
Total	**54.87**	**48.06**

Note 23: Other non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Unamortised interest on margin money deposits	14.61	11.52
Statutory dues payable	51.40	45.22
Advance received from customers	9.25	8.61
Total	**75.26**	**65.35**

Note 24: Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	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)	12,73,05,868	127.31	12,73,05,868	127.31
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)	806	#	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, 2023		As at March 31, 2022	
	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	-	-	-	-
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)				
Opening balance	806	#	806	#
Issued during the year	-	-	-	-
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, 2023		As at March 31, 2022	
	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, 2023			As at March 31, 2022		
		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	Santosh Munjal	-	0.00	-	-	0.00	(0.25)
11	Sunil Kant Munjal	3,14,502	0.25	-	3,14,502	0.25	-
12	Abhimanyu Munjal	3,01,363	0.24	-	3,01,363	0.24	-
13	Pawan Munjal	5,92,259	0.47	-	5,92,259	0.47	0.25
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	-

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.

Note 25: Other equity

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium		
Opening balance as at reporting date	**3,947.64**	**3,946.30**
Add: Additions during the year	1.11	1.34
Less: Share issue expenses	(6.00)	-
Closing balance as at reporting date	**3,942.75**	**3,947.64**
Statutory reserve		
Opening balance as at reporting date	**265.77**	**265.35**
Add: Transferred from retained earnings	96.00	0.42
Closing balance as at reporting date	**361.77**	**265.77**
Stock options outstanding account		
Opening balance as at reporting date	**31.45**	**26.70**
Add: Charge during the year	0.10	6.09
Less: Transferred to security premium	-	(1.34)
Closing balance as at reporting date	**31.55**	**31.45**
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	1.36	0.05
Less: Transferred to retained earnings	(1.36)	(0.05)
Closing balance as at reporting date	**-**	**-**
Cash flow hedge reserve		
Opening balance as at reporting date	**(1.74)**	**-**
Add: Changes in fair value of FVTOCI hedge instruments	(0.45)	(1.74)
Closing balance as at reporting date	**(2.19)**	**(1.74)**
Retained earnings		
Opening balance as at reporting date	**266.07**	**471.08**
Add: Profit/ (loss) for the year	479.80	(191.91)
Add: Other comprehensive income/ (loss) for the year	1.36	0.05
Less: Dividend paid on equity shares	-	(12.73)

Less: Transfers to general reserves	-	-
Less: Transfers to statutory reserve	(96.00)	(0.42)
Closing balance as at reporting date	**651.23**	**266.07**
Total	**5,116.13**	**4,640.21**

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Non-controlling interests		
Opening balance as at reporting date	**2.46**	**-**
Add: Addition during the year	1.77	2.45
Add: Profit/ (loss) for the year	0.15	0.01
Add: Other comprehensive income/ (loss) for the year, net of tax	0.01	(0.01)
Closing balance as at reporting date	**4.39**	**2.46**

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 company 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, 2023	For the year ended March 31, 2022
Interest on:		
- Loans (at amortised cost)	5,649.18	4,202.29
- Investments (FVTPL)	51.94	24.39
- Fixed deposits	18.48	15.19
Dividend income	0.74	0.74
Profit on sale of investments	85.63	43.44
Rental income	0.11	1.73
Gain on derecognition of financial instruments under amortised cost category	23.13	15.84
Net gain on fair value changes (refer note 26.1)	-	21.05
Insurance commission	21.22	15.36
Others charges	551.17	398.63
Total	**6,401.60**	**4,738.66**

26.1 Net gain/ (loss) on fair value changes

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(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	(310.05)	-
(ii) Others	10.34	21.05
Total net gain/ (loss) on fair value changes (A)	**(299.71)**	**21.05**
(B) Fair value changes		
(i) Unrealised gain/ (loss)	(299.71)	21.05
Total net gain/ (loss) on fair value changes (B)	**(299.71)**	**21.05**

Note 27: Other income

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fees on value added services	44.69	58.64
Other income	1.26	0.36
Total	**45.95**	**59.00**

Note 28: Finance costs

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	394.25	262.13
- Interest on borrowings (other than debt securities)	1,706.08	1,351.83
- Interest on subordinated liabilities	69.11	58.12
- Interest on lease liability	4.51	3.98
- Others	-	2.47
Total	**2,173.95**	**1,678.53**

Note 29: Impairment on financial instruments

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Impairment allowance (on loans measured at amortised cost)	16.44	329.53
Settlement loss and bad debts written off *	1,195.79	1,511.28
Total	**1,212.23**	**1,840.81**

*Net off recoveries from bad debts written off ₹ 425.28 crore (March 31, 2022: ₹ 140.32 crore).

Note 30: Employee benefits expenses

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	492.40	318.25
Contribution to provident and other funds (refer note 35.1)	22.42	16.70
Employee share based payment expense (refer note 46)	8.53	6.50
Gratuity expense (refer note 35.2)	7.70	6.10
Staff welfare expenses	11.10	8.90
Total	**542.15**	**356.45**

Note 31: Other expenses

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	3.84	2.42
Rates and taxes	1.41	0.79
Insurance	15.12	9.29
Repairs and maintenance		
-Building	4.14	1.97
-Vehicle	0.32	0.17
Contractual staff cost	261.78	201.30
Recruitment and training	19.49	10.98
Loan processing fee	24.47	14.56
Communication	14.71	11.08
Printing and stationery	11.78	8.16
Bank charges	30.86	34.31
Travelling and conveyance	56.94	20.37
Loss on sale of property, plant and equipment (net)	1.60	2.88
Advertisement and marketing	33.53	7.17
Information technology	133.50	85.75
Loan collection charges	716.73	666.08
Legal and professional (refer note 31.1 for auditor's remuneration)	90.57	39.95
Expenditure towards corporate social responsibility (CSR) (refer note 31.2)	3.24	2.69
Miscellaneous	22.33	22.79
Total	**1,446.36**	**1,142.71**

31.1: Auditor's remuneration

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit fee	0.95	0.95
Limited review	0.57	0.33
Certification fees	0.08	0.28
Others	-	0.54
Out of pocket expenses	0.11	0.10
Total	**1.71**	**2.20**

31.2: Expenditure on Corporate Social Responsibility (CSR)

₹ in Crore

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a)	Gross amount required to be spent by the Group during the year	1.17	5.73
(b)	Amount approved by the Board to be spent during the year	1.17	5.73
(c)	Amount spent during the year on:		
	i) Construction/ acquisition of any assets	-	-
	ii) On purpose other than (i) above	4.39	1.53
(d)	Shortfall at the end of the year	-	1.16
(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	-	3.04
(i)	Excess amount spend during the year carried forward to subsequent year	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
2021-22	3.04	5.73	1.53	-	(1.16)
2022-23*	(1.16)	1.17	4.39	-	2.06

* The excess amounting to ₹ 2.06 crore relates to the Holding Company.

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, 2023	For the year ended March 31, 2022
Net profit/ (loss) for the year (₹ in Crore) (A)	479.95	(191.90)
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)	12,73,06,271	12,73,06,271
Basic earnings per share of face value of ₹ 10 each (A)/ (B)	37.70	(15.07)
Weighted average number of potential dilutive equity shares (C)	12,74,23,670	12,74,48,798
Dilutive earnings per share of face value of ₹ 10 each **(A)/(B+C)**	37.67	(15.07)
Weighted average number of equity shares (diluted)		
Weighted average number of equity shares outstanding during the year	12,73,06,271	12,73,06,271
Add: Number of potential equity share in respect of employee stock option scheme and partly paid up shares	1,17,399	1,42,527
Weighted average number of potential dilutive equity shares	12,74,23,670	12,74,48,798

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, 2023		As at March 31, 2022	
	Amount ₹ in Crore	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated net assets
Parent				
Hero FinCorp Limited	5,288.62	100.78%	4,837.95	101.42%
Subsidiary				
Hero Housing Finance Limited	759.21	14.47%	432.03	9.06%
Inter Company	(800.00)	(15.24%)	(500.00)	(10.48%)
Non controlling interest in subsidiary	(4.39)		(2.46)	
Total	**5,243.44**	**100.00%**	**4,767.52**	**100.00%**

	Share in profit and loss			
	As at March 31, 2023		As at March 31, 2022	
	Amount ₹ in Crore	As % of consolidated profit & loss	Amount ₹ in Crore	As % of consolidated profit & loss
Parent				
Hero FinCorp Limited	457.33	95.29%	(194.00)	101.09%
Subsidiary				
Hero Housing Finance Limited	22.62	4.71%	2.10	(1.09%)
Non controlling interest in subsidiary	(0.15)		(0.01)	
Total	**479.80**	**100.00%**	**(191.91)**	**100.00%**

	Share in other comprehensive income			
	As at March 31, 2023		As at March 31, 2022	
	Amount ₹ in Crore	As % of consolidated other comprehensive income	Amount ₹ in Crore	As % of consolidated other comprehensive income
Parent				
Hero FinCorp Limited	(0.15)	(15.95%)	(0.96)	56.96%
Subsidiary				
Hero Housing Finance Limited	1.07	115.95%	(0.73)	43.04%
Non controlling interest in subsidiary	(0.01)		0.01	
Total	**0.91**	**100.00%**	**(1.68)**	**100.00%**

	Share in total comprehensive income			
	As at March 31, 2023		As at March 31, 2022	
	Amount ₹ in Crore	As % of consolidated other comprehensive income	Amount ₹ in Crore	As % of consolidated other comprehensive income
Parent				
Hero FinCorp Limited	457.18	95.07%	(194.96)	100.71%
Subsidiary				
Hero Housing Finance Limited	23.69	4.93%	1.37	(0.71%)
Non controlling interest in subsidiary	(0.16)		(0.01)	
Total	**480.71**	**100.00%**	**(193.60)**	**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, 2023	As at March 31, 2022
Employer's contribution to provident fund	20.53	15.10
Employer's contribution to superannuation fund	0.94	0.86
Employer's contribution to national pension scheme	0.95	0.74
Total	**22.42**	**16.70**

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, 2023	As at March 31, 2022
Balance at the beginning of the year	26.94	22.34
Included in statement of profit and loss account :		
Current service cost	5.92	4.72
Interest expense	1.78	1.38
Acquisition Adjustment	-	-
Benefits paid	(1.91)	(1.49)
	5.79	**4.61**
Remeasurement gains/ (losses) in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from :		
- demographic assumptions	(0.38)	(0.01)
- financial assumptions	(0.40)	(0.01)
- experience adjustment	(0.85)	0.01
	(1.63)	**(0.01)**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**31.10**	**26.94**

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, 2023	For the year ended March 31, 2022
Current service cost	5.92	4.72
Net interest expense/(income)	1.78	1.38
Acquisition Adjustment	-	-
Total	7.70	6.10

iii) Expense recognised in other comprehensive income/(loss):

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Remeasurement gains/(losses)		
Actuarial loss (gain)/arising from :		
- demographic assumptions	(0.38)	(0.01)
- financial assumptions	(0.40)	(0.01)
- experience adjustment	(0.85)	0.01
Total	**(1.63)**	**(0.01)**

iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) of Holding Company:

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	6.60%
Withdrawal rate		
Up to 30 years	22.00%	24.00%
31 - 44 years	22.00%	22.00%
Above 44 years	22.00%	2.00%
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, 2023	As at March 31, 2022
Discount rate	7.40%	6.90%
Withdrawal rate		
Upto 30 years	10.00%	10.00%
31 to 44 years	10.00%	10.00%
Above 44 years	10.00%	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.

v) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

₹ in Crore

	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	30.01	32.28	25.53	28.54
Salary growth rate (- / + 1%)	32.21	30.05	28.47	25.57
Attrition rate (- / + 50%)	30.03	32.36	26.03	28.13
Mortality rate (- / + 10%)	31.10	31.10	26.94	26.95

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

vi) Expected contribution during the next annual reporting period

Since the scheme is managed on unfunded basis, the next year contribution is taken as Nil (March 31, 2021 : Nil)

vii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

₹ in Crore

Duration (years)	As at March 31, 2023	As at March 31, 2022
within the next 12 months	13.66	10.81
Between 2 to 5 years	12.81	7.20
Above 5 years	15.98	10.20

As at March 31, 2023, the weighted-average duration of the defined benefit obligation was 3 years (March 31, 2022: 5 years) for the Holding Company, 8 years (March 31, 2022: 9 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 salary for calculation of earned leave and sick leaves are last drawn basic salary. The amount of the provision is ₹ 23.77 crore (March 31, 2022: ₹ 21.12 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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	750.01	-	750.01	874.49	-	874.49
Bank balance other than cash and cash equivalents	41.22	-	41.22	164.52	-	164.52
Derivative financial instruments	(0.05)	115.87	115.82	0.16	1.98	2.14
Trade receivables	1.45	-	1.45	2.12	-	2.12
Loans	18,814.31	21,056.96	39,871.27	14,951.94	16,389.10	31,341.04
Investments	1,729.88	17.61	1,747.49	1,150.58	22.40	1,172.98
Other financial assets	153.26	36.35	189.61	95.55	14.32	109.87
Non financial assets						
Current tax assets (net)	-	147.41	147.41	-	116.65	116.65
Deferred tax assets (net)	-	376.15	376.15	-	433.68	433.68
Property, plant and equipment	-	67.59	67.59	-	49.52	49.52
Right-of-use assets	-	45.55	45.55	-	43.07	43.07
Intangible assets under development	-	2.76	2.76	-	0.79	0.79
Other intangible assets	-	19.15	19.15	-	21.41	21.41
Other non-financial assets	75.24	0.50	75.74	60.04	6.73	66.77
Total assets	**21,565.32**	**21,885.90**	**43,451.22**	**17,299.40**	**17,099.65**	**34,399.05**
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	2.48	-	2.48	2.84	-	2.84
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	487.88	8.14	496.02	301.97	-	301.97
Debt securities	4,083.48	2,663.60	6,747.08	3,692.24	2,288.80	5,981.04

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowing (other than debt securities)	9,848.71	16,764.28	26,612.99	9,480.32	12,550.35	22,030.67
Subordinated liabilities	35.77	3,232.02	3,267.79	24.86	643.16	668.02
Lease Liabilities	11.24	41.16	52.40	9.18	39.30	48.48
Other financial liabilities	862.17	31.30	893.47	438.81	43.83	482.64
Non financial liabilities						
Current tax liabilities (net)	1.03	-	1.03	-	-	-
Provisions	23.09	31.78	54.87	17.93	30.13	48.06
Other non - financial liabilities	55.06	20.20	75.26	57.15	8.20	65.35
Total liabilities	**15,410.91**	**22,792.48**	**38,203.39**	**14,025.30**	**15,603.77**	**29,629.07**
Net	**6,154.41**	**(906.58)**	**5,247.83**	**3,274.10**	**1,495.88**	**4,769.98**

Note 37: Change in liabilities arising from financing activities

₹ in Crore

Particulars	As at March 31, 2022	Cash flows	Others	As at March 31, 2023
Debt securities*	5,981.04	608.19	157.85	6,747.08
Borrowings other than debt securities	22,030.67	4,582.62	(0.30)	26,612.99
Subordinated liabilities	668.02	2,289.81	309.96	3,267.79
Lease Liabilities	48.48	(15.01)	18.93	52.40
Total liabilities from financing activities	**28,728.21**	**7,465.61**	**486.44**	**36,680.26**

₹ in Crore

Particulars	As at March 31, 2021	Cash flows	Others	As at March 31, 2022
Debt securities*	4,349.67	1,521.41	109.96	5,981.04
Borrowings other than debt securities	19,178.49	2,850.76	1.42	22,030.67
Subordinated liabilities	667.77	0.20	0.05	668.02
Lease Liabilities	44.37	(13.56)	17.67	48.48
Total liabilities from financing activities	**24,240.30**	**4,358.81**	**129.10**	**28,728.21**

* Others 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, 2023	As at March 31, 2022
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid amounting to ₹ 3.12 crore (previous year ₹ 0.41 crore)	8.95	3.03
(ii) Undrawn committed credit lines	1,288.66	772.04
Total	**1,297.61**	**775.07**

38.2 Contingent liability

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
VAT matters under appeal	0.20	0.53
Income tax matters		
Appeals/ Writ by the Group	312.11	298.63
Appeals by the Income tax department	0.33	0.33
Total	**312.64**	**299.49**

(a) The Group has provided bank guarantee amounting to ₹ 0.50 crore (March 31, 2022: ₹ 0.50 crore) 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.

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

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. Sanjay Kukreja - Non-Executive Director

Mr. Matthew Russell Michelini - Non-Executive Director (w.e.f August 03, 2022)

Mr. Vivek Chaand Sehgal - Non-Executive Director

Mr. Shivendra Suman – Company Secretary

Mr. Jayesh Jain – Chief Financial Officer

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

Hero Investcorp Private Limited

Hero Solar Energy Private Limited

Brijmohan Lall Om Parkash (Partnership Firm)

Munjal Acme Packaging Systems Private Limited

Cosmic Kitchen Private Limited

Ather Energy Private Limited

Hero Wind Energy Private Limited

SR Dinodia & Co. LLP

Hero Mind Mine Institute Private limited

BML Munjal University

Motherson Auto Limited

Motherson Lease Solution Limited

₹ in Crore

Related Party / Items	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2022
Loan given	**-**	**-**	**-**	**3.83**	**-**	**-**	**-**	**-**	**150.00**	**422.50**	**150.00**	**426.33**
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	250.00	-	250.00
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	-	42.50	-	42.50
Ather Energy Private Limited	-	-	-	-	-	-	-	-	150.00	130.00	150.00	130.00
Directors	-	-	-	3.83	-	-	-	-	-	-	-	3.83
Loan repaid	**-**	**-**	**-**	**16.89**	**-**	**-**	**-**	**-**	**352.46**	**391.89**	**352.46**	**408.78**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	133.80	44.47	133.80	44.47
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	176.08	25.00	176.08	25.00
Hero Wind Energy Private Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**250.77**	**-**	**250.77**
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	42.58	71.65	42.58	71.65
Directors	**-**	**-**	**-**	**16.89**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16.89**
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	-
Subvention income	**3.06**	**8.74**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.06**	**8.74**
Hero MotoCorp Limited	3.06	8.74	-	-	-	-	-	-	-	-	3.06	8.74
Interest received/ accrued	**-**	**-**	**-**	**0.80**	**-**	**-**	**-**	**-**	**38.74**	**61.58**	**38.74**	**62.38**
Ather Energy Private Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17.16**	**24.97**	**17.16**	**24.97**
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	18.23	16.38	18.23	16.38
Hero Wind Energy Private Limited	-	-	-	-	-	-	-	-	-	20.20	-	20.20
Motherson Lease Solution Limited	-	-	-	-	-	-	-	-	3.35	0.03	3.35	0.03
Directors	-	-	-	0.80	-	-	-	-	-	-	-	0.80
Lease rental received	**0.11**	**1.73**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.11**	**1.73**
Hero MotoCorp Limited	0.11	1.73	-	-	-	-	-	-	-	-	0.11	1.73
Other charges	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**0.02**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Processing fees received	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.88**	**5.10**	**1.88**	**5.10**
Ather Energy Private Limited	-	-	-	-	-	-	-	-	1.88	2.60	1.88	2.60
Hero Solar Energy Private Limited	-	-	-	-	-	-	-	-	-	2.50	-	2.50

₹ in Crore

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2022
Professional Fee	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**0.02**
SR Dinodia & Co. LLP	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Reimbursement for sale of operating lease vehicles	**0.21**	**0.75**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.21**	**0.75**
Hero MotoCorp Limited	0.21	0.75	-	-	-	-	-	-	-	-	0.21	0.75
Employee's training expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.22**	**0.70**	**0.22**	**0.70**
BML Munjal University	-	-	-	-	-	-	-	-	-	0.22	-	0.22
Hero Mind Mine Institute Private limited	-	-	-	-	-	-	-	-	0.22	0.48	0.22	0.48
Staff welfare expense and others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.93**	**0.22**	**0.93**	**0.22**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	0.93	0.22	0.93	0.22
Business Promotion Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.42**	**-**	**0.42**	**-**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	0.42	-	0.42	-
Director sitting fee/ commission	**-**	**-**	**0.24**	**0.34**	**-**	**-**	**-**	**-**	**-**	**-**	**0.24**	**0.34**
Directors and their relatives	-	-	0.24	0.34	-	-	-	-	-	-	0.24	0.34

Dividend paid	**-**	**7.83**	**-**	**0.09**	**-**	**0.21**	**-**	**-**	**-**	**1.74**	**-**	**9.87**
Directors and their relatives	-	-	-	0.09	-	0.21	-	-	-	-	-	0.30
Bahadur Chand Investment Private Limited	-	2.59	-	-	-	-	-	-	-	-	-	2.59
Brijmohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	1.21	-	1.21
Hero Investcorp Private Limited	-	-	-	-	-	-	-	-	-	0.34	-	0.34
Hero MotoCorp Limited	-	5.24	-	-	-	-	-	-	-	-	-	5.24
Munjal Acme Packaging Systems Private Limited	-	-	-	-	-	-	-	-	-	0.19	-	0.19
Dividend received	**0.01**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**0.01**
Hero MotoCorp Limited	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
Short term employee benefits**	**-**	**-**	**27.36**	**19.41**	**-**	**-**	**4.44**	**2.97**	**-**	**-**	**31.80**	**22.38**
Directors	-	-	27.36	19.41	-	-	-	-	-	-	27.36	19.41
Key Management Personnel	-	-	-	-	-	-	4.44	2.97	-	-	4.44	2.97
Post-employment benefits#	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Directors	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-

*Parties in respect of which the holding company is an associate.
** 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

Items / Related Party	Associates*		Directors		Relatives of Directors		Key Management Personnel		Others		Grand Total	
	For the year ending		For the year ending		For the year ending		For the year ending		For the year ending		For the year ending	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2022
Investment in equity shares	**0.32**	**0.31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.32**	**0.31**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 0.40 crore (Previous year ₹ 0.42 crore))	0.32	0.31	-	-	-	-	-	-	-	-	0.32	0.31
Investment in compulsory 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	-
Loan outstanding at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**264.05**	**465.10**	**264.05**	**465.10**
Ather Energy Private Limited ((Maximum outstanding during the year ₹ 220.35 crore (Previous year ₹ 232.34 crore))	-	-	-	-	-	-	-	-	214.05	196.82	214.05	196.82

Hero Solar Energy Pvt Limited ((Maximum outstanding during the year ₹ 225.75 crore (Previous year ₹ 250 crore))	-	-	-	-	-	-	-	-	50.00	225.75	50.00	225.75
Motherson Lease Solution Limited ((Maximum outstanding during the year ₹ 42.53 crore (Previous year ₹ 42.53 crore))	-	-	-	-	-	-	-	-	-	42.53	-	42.53
Amount receivable as at year end	**0.02**	**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**0.06**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 3.29 crore (Previous year ₹ 5.86 crore))	0.02	0.06	-	-	-	-	-	-	-	-	0.02	0.06

*Parties in respect of which the Holding Company is an associate.

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 as prescribed by RBI for Holding Company i.e. 15.00% (March 31, 2022: 15.00%) and NHB for subsidiary company i.e. 15.00% (March 31, 2022: 15.00%). The Group ensures adequate capital at all time and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flow are monitored, borrowing covenants are honoured and ratings are maintained.

Regulatory capital- related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed level. In accordance with such norms, Tier I capital of the Group comprises of share capital, share premium, retained earnings, general reserve, statutory reserve, employee stock options outstanding account less deferred revenue expenditure, deferred tax assets and other intangible assets (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, 2023	As at March 31, 2022
At the beginning of the year	**43.07**	**40.15**
Additions	15.20	13.95
Deductions/ adjustments	0.54	-
Depreciation	12.18	11.03
At the year end	**45.55**	**43.07**

(ii) Amount recognized in Profit/ Loss ₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation charge for right-of-use assets	12.18	11.03
Interest expense (included in finance cost)	4.51	3.98
Variable lease payments	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses related to short term leases and leases of low value assets	3.84	2.42

(iii) Maturity analysis of undiscounted lease liability ₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	12.65	13.10
One to Five years	37.82	37.86
More than five years	7.22	7.07
Total Payments	**57.69**	**58.03**

(iv) Cash Flow ₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
The total cash outflow of leases	18.69	16.21

(v) Future Commitments ₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Future undiscounted lease payments to which leases are not commenced	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, 2023	Carrying amount				Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents#	-	-	750.01	**750.01**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	41.22	**41.22**	-	-	-
Derivative financial instruments	-	115.82	-	**115.82**	-	115.82	-
Trade receivables#	-	-	1.45	**1.45**	-	-	-
Loans	-	-	39,871.27	**39,871.27**	-	-	39,964.88
Investments##	1,747.49	-	-	**1,747.49**	1,097.57	631.08	18.84
Other financial assets#	-	-	189.61	**189.61**	-	-	-
	1,747.49	**115.82**	**40,853.56**	**42,716.87**	**1,097.57**	**746.90**	**39,983.72**
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	2,310.05	-	957.74	**3,267.79**	-	-	3,271.95
Lease Liabilities#	-	-	52.40	**52.40**	-	-	-
Other financial liabilities#	-	-	893.47	**893.47**	-	-	-
	2,310.05	**-**	**35,762.18**	**38,072.23**	-	**-**	**36,553.08**

₹ in Crore

As at March 31, 2022	Carrying amount				Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents#	-	-	874.49	**874.49**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	164.52	**164.52**	-	-	-
Derivative financial instruments	-	2.14	-	**2.14**	-	2.14	-
Trade receivables#	-	-	2.12	**2.12**	-	-	-
Loans	-	-	31,341.04	**31,341.04**	-	-	31,206.66
Investments##	1,172.98	-	-	**1,172.98**	1,099.90	49.21	23.87
Other financial assets#	-	-	109.87	**109.87**	-	-	-
	1,172.98	**2.14**	**32,492.04**	**33,667.16**	**1,099.90**	**51.35**	**31,230.54**
Financial liabilities							
Trade payables#							
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	2.84	**2.84**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	301.97	**301.97**	-	-	-
Debt securities	-	-	5,981.04	**5,981.04**	-	-	5,912.92
Borrowings (other than debt securities)	-	-	22,030.67	**22,030.67**	-	-	22,026.28
Subordinated liabilities	-	-	668.02	**668.02**	-	-	681.82
Lease Liabilities#	-	-	48.48	**48.48**	-	-	-
Other financial liabilities#	-	-	482.64	**482.64**	-	-	-
	-	**-**	**29,515.66**	**29,515.66**	**-**	**-**	**28,621.02**

*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.

Changes in level 3 financial instruments (Valued at FVTPL)

	Financial Assets		Financial Liabilities	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Opening balance	23.87	35.20	-	-
Acquisitions during the year	-	3.05	2,000.00	-
Disposals during the year	8.67	15.10	-	-
Fair value gains / (losses) recognised in profit or loss*	3.64	0.72	(310.05)	-
Gains / (losses) recognised in other comprehensive income	-	-	-	-
Closing balance	**18.84**	**23.87**	**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	(2.00)	(4.65)	(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 of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans. Fair value is then reduced by the impairment loss allowance on loans which is already calculated incorporating probability of default and loss given defaults.

Debt securities, borrowings (other than debt securities) and subordinated liabilities (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 ₹ 44.06 crore and decrease in discount rate by 100 bps would increase the fair value by ₹ 45.05 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.

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 Holding Company is likely to suffer in the event of default and it is used to calculate provision requirement on EAD along with probability of default. LGD values are assessed, reviewed and approved by the Holding Company. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

(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 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 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 PD's to forecast the forward-looking PD's with macro-economic overlay incorporated.

Best, base and worst scenarios were created for all the variables and default rates were estimated for all the scenarios. These default rates were then used with the same LGD and EAD to arrive at the expected credit loss for all three cases. The three cases were then assigned weights and a final probability-weighted expected credit loss estimate was computed.

Macro economic indicator	Scenario	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4
Domestic demand (% real change pa)	Base	13.30	16.20	11.40	10.10	(5.20)	(4.00)	(4.80)	(0.20)
	Best	14.63	17.82	12.54	11.11	(5.72)	(4.40)	(5.28)	(0.22)
	Worst	9.31	11.34	7.98	7.07	(3.64)	(2.80)	(3.36)	(0.14)
Real GDP (% change pa)	Base	4.00	6.10	4.80	6.20	7.10	6.20	5.40	6.10
	Best	4.40	6.71	5.28	6.82	7.81	6.82	5.94	6.71
	Worst	2.80	4.27	3.36	4.34	4.97	4.34	3.78	4.27
Services (% change pa)	Base	7.49	7.38	7.26	7.15	7.03	6.92	6.80	6.68
	Best	8.24	8.12	7.99	7.86	7.73	7.61	7.48	7.35
	Worst	5.25	5.17	5.08	5.00	4.92	4.84	4.76	4.68
Consumer prices (% change pa; av)	Base	6.30	5.40	5.70	5.90	5.30	5.00	4.70	4.60
	Best	5.67	4.86	5.13	5.31	4.77	4.50	4.23	4.14
	Worst	8.19	7.02	7.41	7.67	6.89	6.50	6.11	5.98
Private consumption (real % change pa)	Base	20.90	22.90	11.30	14.20	(12.60)	(10.70)	(9.60)	(6.40)
	Best	22.99	25.19	12.43	15.62	(13.86)	(11.77)	(10.56)	(7.04)
	Worst	14.63	16.03	7.91	9.94	(8.82)	(7.49)	(6.72)	(4.48)

Lending interest rate (%)	Base	10.20	9.70	9.40	8.80	8.50	8.20	7.90	7.50
	Best	9.18	8.73	8.46	7.92	7.65	7.38	7.11	6.75
	Worst	13.26	12.61	12.22	11.44	11.05	10.66	10.27	9.75
Gross fixed investment (% real change pa)	Base	(1.60)	3.70	8.80	6.90	12.40	6.90	(3.60)	(2.20)
	Best	(1.76)	4.07	9.68	7.59	13.64	7.59	(3.96)	(2.42)
	Worst	(1.12)	2.59	6.16	4.83	8.68	4.83	(2.52)	(1.54)

44.2.2 *Analysis of risk concentration*

The Group's concentrations of risk are managed by client/ counterparty and industry sector. The maximum credit exposure to any individual client or counterparty is ₹ 300.07 crore and ₹ 313.31 crore as at March 31, 2023 and March 31, 2022 respectively.

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, 2023				For the year ended March 31, 2022			
	Stage 1	**Stage 2**	**Stage 3***	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	28,617.92	1,847.13	2,485.76	32,950.81	23,094.95	2,465.77	1,914.21	27,474.93
New assets originated (refer note 1 and 2 below)	26,198.88	429.20	338.13	26,966.21	19,083.12	340.63	204.29	19,628.04
Assets repaid (excluding write offs) (refer note 2 below)	(15,134.04)	(1,161.98)	(385.48)	(16,681.50)	(11,604.86)	(657.11)	(131.39)	(12,393.37)
Transfers from Stage 1	(1,449.34)	535.62	913.72	0.00	(2,147.12)	775.05	1,372.07	-
Transfers from Stage 2	96.93	(428.04)	331.11	-	217.80	(879.75)	661.95	-
Transfers from Stage 3	68.18	20.32	(88.50)	-	11.45	6.59	(18.04)	-

Settlement loss and bad debts written off **	(105.21)	(158.50)	(1,474.54)	(1,738.25)	(37.42)	(204.04)	(1,517.33)	(1,758.79)
Gross carrying amount closing 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**

* Includes principal overdue of more than 90 days cases of ₹ 469.45 crore as at March 31, 2023 (281,641 cases). Further, as per the contractual terms, total interest overdue for more than 90 days cases is of ₹ 208.26 crore.

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.

** includes interest overdue on bad debts written off cases amounting to ₹ 116.00 crore (March 31, 2022: ₹ 107.06 crore).

Reconciliation of Impairment loss allowance in relation to loan portfolio is as follows:

₹ in Crore

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Impairment allowance- opening balance	192.52	344.39	1,072.86	1,609.77	116.44	399.61	764.19	1,280.24
New assets originated (refer note 1 and 2 below)	155.26	91.13	172.99	419.38	130.86	97.25	101.10	329.21
Effect of change in estimate/ repayment	68.10	(57.13)	549.38	560.35	(25.57)	140.16	619.85	734.44
Transfers from Stage 1	(19.08)	5.28	13.80	-	(21.61)	5.30	16.31	-
Transfers from Stage 2	15.30	(76.53)	61.23	-	8.75	(203.67)	194.92	-
Transfers from Stage 3	20.96	5.94	(26.90)	-	1.08	0.81	(1.89)	-
Settlement loss and bad debts written off	(61.20)	(92.26)	(810.04)	(963.50)	(17.43)	(95.07)	(621.62)	(734.12)
Impairment allowance- Closing balance	**371.86**	**220.82**	**1,033.32**	**1,626.00**	**192.52**	**344.39**	**1,072.86**	**1,609.77**

Assets amounting to ₹ 37.07 crore (March 31, 2022: ₹ 470.43 crore), wherein group has offered one time resolution plan to borrowers as per RBI Circular dated August 06, 2020 and May 05, 2021 has a days past due (DPD) bucket of upto 30. Considering the significant increase in credit risk, these have been included and disclosed under Stage 2 assets. The corresponding provision on these assets, including additional provisions amounting to ₹ 1.01 crore (March 31, 2022: ₹ 71.84 crore) have been disclosed under Stage 2 provision.

An analysis of Expected credit loss rate:

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate*	0.97%	20.38%	48.74%	3.92%	0.67%	18.64%	43.16%	4.89%

* 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 year end staging.

Note 2 : Assets originated and repaid during the year have not been disclosed in the movement of gross carrying amount.

Note 3: The contractual amount of financial assets that has been written off by the Group during the year ended March 31, 2023 and that were still subject to enforcement activity was ₹ 1,503.78 crore (March 31, 2022: ₹ 1,464.33 crore).

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. Accordingly, the previous year numbers are not comparable.

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 ₹ 1,280.24 crore to ₹ 1,609.77 crore as at March 31, 2022. Further, the same has increased to ₹ 1,626.00 crore as at March 31, 2023. During the year ended March 31, 2023, expected credit loss rate in stage 3 has increased from 43.16% to 48.74% and overall expected credit loss rate has decreased from 4.89% to 3.92% as compared to year ended March 31, 2022. The portfolio composition has improved with greater concentration in Stage 1 in March 31, 2023 (~92%) as compared to March 31, 2022 (~87%) thereby resulting in a lower overall ECL%.

Note 6 : Stage 3 assets as at March 31, 2023 include ₹ 16.04 crore (March 31, 2022: ₹ 5.59 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Note 7: Derecognition of financial assets

During the year ended March 31, 2023 and March 31, 2022, 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.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Value of financial assets derecognised	209.53	101.68
Gain on derecognition of financial assets	23.13	15.84

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.

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.

Valuation of the collateral, wherever applicable, is done by empanelled valuers who carry the necessary experience and expertise in the area. The guidelines governing these valuation have been clearly laid out for each collateral class. For two wheeler loan since the asset is new no valuation is has been carried out by the 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. Credit impaired assets are revalued for assessment /provisioning purposes and distress value is considered. The Holding Company has an in-house team of technical managers who manage property valuation activity.

The loan portfolio of the subsidiary company generally comprises housing loan and non-housing loan which are generally secured by land and building such as residential building, commercial building, industrial building, etc. The Subsidiary Company is regulated by National Housing Bank Directions (NHB Directions) 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.

₹ in Crore

Stage 3 TOS	Wheeled Assets	Immovables (Land & Buildings)	Other Asset	Total Collateral	Net Exposure	Total ECL
1,387.89	1,152.43	709.81	280.56	2,142.81	(754.91)	537.70

Note 1: Including Buyout Portfolio

Note 2: Stage 3 TOS and Total ECL is of the secured assets

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 assets and liabilities as at reporting date.

₹ in Crore

	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
As at March 31, 2023					
Financial liabilities					
Trade payables	498.50	490.40	8.14	-	498.54
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	29,877.82
Subordinate liabilities*#	3,267.79	123.10	694.61	779.37	1,597.08
Lease liabilities	52.40	15.08	41.92	7.22	64.22
Other financial liabilities	893.47	879.50	29.43	16.64	925.57
Total undiscounted financial liabilities	**38,072.23**	**17,217.29**	**21,515.29**	**1,599.49**	**40,332.07**

₹ in Crore

As at March 31, 2022	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	304.81	304.81	-	-	304.81
Debt securities*	5,981.04	3,877.96	2,061.61	597.39	6,536.96
Borrowings (other than debt securities)*	22,030.67	10,514.65	13,276.96	272.85	24,064.46
Subordinate liabilities*#	668.02	53.53	400.26	523.64	977.43
Lease liabilities	48.48	13.10	37.86	7.07	58.03
Other financial liabilities	482.64	474.38	30.71	7.76	512.85
Total undiscounted financial liabilities	**29,515.66**	**15,238.43**	**15,807.40**	**1,408.71**	**32,454.54**

* 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 Holding Company has only considered a mandatory payout 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, 2023. 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.

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, 2023	10,145.05	31,352.22
March 31, 2022	7,671.63	25,279.18
Financial liabilities		
March 31, 2023	26,969.66	9,658.20
March 31, 2022	20,430.70	8,249.03

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, 2023**	**For the year ended March 31, 2022**
1.00%	(134.07)	(105.36)
(1.00%)	134.07	105.36

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 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 hedge 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, 2023**	**As at March 31, 2022**
Borrowings (other than debt securities)	USD	3,372.02	664.05
Borrowings (other than debt securities)	SGD	640.13	301.88
Trade Payables	USD	-	0.42

Impact of hedge on the Balance Sheet:

Foreign currency exposure	**As at March 31, 2023**			**As at March 31, 2022**		
	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	3,934.83	123.13	7.27	862.32	1.98	-
Foreign currency loan	77.32	-	0.04	103.61	0.22	0.06

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's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk.

₹ in Crore

Foreign currency exposure	**Impact on profit after tax**		**Impact on other comprehensive income**	
	For the year ended March 31, 2023	**For the year ended March 31, 2022**	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Borrowings (other than debt securities) +5%	-	-	(194.01)	(48.49)
Borrowings (other than debt securities) -5%	-	-	194.01	48.49
Trade payables +5%	-	(0.02)	-	-
Trade payables -5%	-	0.02	-	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

Note 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 guarantee, 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. Options may be exercised by the employees after vesting period within 4.5 years from the date of grant in respect of holding company and in respect of subsidiary company on each anniversary as and when the options get vested or thereafter or occurrence of any liquidity event, whichever is earlier, subject to maximum exercise period of 5 years from the date of vesting of such option. The fair value as on the date of the grant of the options, representing Stock compensation charge, is expensed over the vesting period.

Plan	Number of Options Granted	Grant date	Vesting condition and vesting period	Exercise price (Rs.)	Weighted average fair value of the options at grant date (₹)
ESOP 2017	9,62,590	July 1, 2017	10% on completion of first year, 20% on completion of second year, 30% on completion of third year and 40% on completion of fourth year	495	240.60
	25,000	December 1, 2017		495	329.09
	49,000	December 5, 2017		495	329.21
	93,215	January 8, 2018		495	327.95
	30,000	December 6, 2019		780	345.68
	1,15,000	April 1, 2020		780	345.68

ESOP 2017^	6,78,600	July 1, 2020	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		780	306.80
	6,400	January 1, 2021		780	306.80
	45,000	October 1, 2021		780	199.52
	6,000	January 1, 2022		780	199.52
	2,02,800	June 1, 2022		780	201.45
	7,500	October 1, 2022		780	201.45
	12,000	November 1, 2022		780	201.45
	1,42,000	January 2, 2023		780	273.64
	1,07,418	March 1, 2023		780	273.64
ESOP 2018-Tranche 1*	12,00,000	September 24, 2018	10% on completion of first year, 25% on completion of second year, 30% on completion of third year and 35% on completion of fourth year	10	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	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
ESOP 2018-Tranche 1**	2,16,000	December 01, 2021	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	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

^ 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

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	273.64	616.30	780.00	Nil	4.5	0.26	6.58
December 1, 2017	4.69	647.40	10.00	38.18	4.5	0.82	6.6
December 5, 2017	5.34	647.40	10.00	38.22	4.5	0.82	6.60
January 8, 2018	5.87	647.40	10.00	37.8	4.5	0.82	6.60
December 6, 2019	6.33	820.70	10.00	38.55	4.5	1.75	6.28
April 1, 2020	4.84	820.70	10.00	38.55	4.5	1.75	6.28
July 1, 2020	5.33	740.90	10.00	43.40	4.5	0.32	5.20
October 1, 2020	5.81	740.90	10.00	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

Inputs in to the pricing model of Subsidiary Company

ESOP 2018	Particulars						
(For grant date September 24, 2018)	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	Particulars						
(For grant date July 1, 2020)	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	Particulars						
(For grant date December 1, 2021)	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	Particulars						
(For grant date May 1, 2022)	**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

* 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, 2023		For the year ended March 31, 2022	
	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	13,33,534	278.66	14,72,819	282.79
(ii) Granted during the year	4,71,718	239.62	51,000	199.52
(iii) Forfeited/ cancelled during the year	2,90,871	268.33	1,90,285	275.05
(iv) Exercised during the year	-	-	-	-
(v) Outstanding at the end of the year	15,14,381	268.65	13,33,534	278.66
(vi) Exercisable at the end of the year	7,32,128	273.52	7,52,251	263.43

Weighted average remaining contractual life of options outstanding as at year end is 6 months (March 31, 2022: 8 months) of Holding Company.

Movement in share options during the year of Holding Company

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	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	1,20,70,000	5.93	1,28,15,000	5.75
(ii) Granted during the year			21,60,000	6.42
(iii) Forfeited/ cancelled during the year			4,50,000	-
(iv) Exercised during the year			24,55,000	-
(v) Outstanding at the end of the year	1,20,70,000	5.93	1,20,70,000	5.93
(vi) Exercisable at the end of the year			11,32,500	5.09

Weighted average remaining contractual life of options outstanding as at year end is 5.53 years (March 31, 2022: 6.3 years) of subsidiary company.

During the year ended March 31, 2023, the Group has recorded an employee stock compensation expense of ₹ 8.53 crore (March 31, 2022: ₹ 6.50 crore in the consolidated statement of profit and loss (refer note 30).

(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	Vesting condition and vesting period	Fair value of the options at grant date (₹)
Phantom Stock Units Plan 2022	3,23,511	September 1, 2022	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		
	2,500	November 1, 2022		
	17,437	January 1, 2023		Tranche I - 659.10 Tranche II - 657.40 Tranche III - 656.00
	17,400	March 1, 2023		

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

Phantom Stock Units Plan 2022	Particulars					
	Fair value of option as at date of grant (₹)*	**Fair value of shares as at option grant date**	**Expected volatility****	**Option life (Years)**	**Dividend yield (%)**	**Risk-free interest rate (%)*****
September 1, 2022 October 1, 2022 November 1, 2022	Tranche I - 548.13 Tranche II - 546.50 Tranche III - 545.10	550.00	Tranche I - 54.86 Tranche II - 51.48 Tranche III - 48.15	Tranche I - 3 Tranche II - 4 Tranche III - 5	0.36	Tranche I - 6.76 Tranche II - 6.92 Tranche III - 7.02
January 1, 2023 March 1, 2023	Tranche I - 659.17 Tranche II - 657.56 Tranche III - 656.16	661.04	Tranche I - 41.01 Tranche II - 53.76 Tranche III - 52.27	Tranche I - 3 Tranche II - 4 Tranche III - 5	0.30	Tranche I - 7.09 Tranche II - 7.12 Tranche III - 7.14

* The estimated fair value of the above options as at March 31, 2023 is ₹659.10 (Tranche I), ₹657.40 (Tranche II) and ₹656.00 (Tranche III).

**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, 2023	As at March 31, 2022
(i) Outstanding at the beginning of the year	-	NA
(ii) Granted during the year	3,64,223	NA
(iii) Forfeited/ cancelled during the year	19,368	NA
(iv) Exercised during the year	-	NA
(v) Outstanding at the end of the year	3,44,855	NA
(vi) Exercisable at the end of the year	-	NA

Note 47 : Dividend paid and proposed

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2022: Nil per share (March 31, 2021: ₹ 1.00* per share)	-	12.73
Dividend distribution tax on final dividend declared and paid	-	-
Total dividends paid (including dividend distribution tax)	-	**12.73**
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, 2023: ₹ 8.10# per share (March 31, 2022: Nil per share)	103.12	-
	103.12	**-**

* On April 29, 2021, the Board of Directors has proposed a final dividend on equity shares of ₹ 1.00 per share for the financial year ended March 31, 2021 and the same was approved by the shareholders at the Annual General Meeting held on September 14, 2021.

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 subject to the approval of the shareholders at Annual General Meeting.

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)
New Delhi	Dubai	New Delhi	New Delhi
		Jayesh Jain	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
		(FCA: 110412)	(ACS : 018339)
Date : May 01, 2023		New Delhi	New Delhi

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: New Delhi
Date: May 01, 2023

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

Sudhir Maheshwari
Partner
Membership Number: 081075

Place: New Delhi
Date: May 01, 2023

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, 2023
3	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries	-
4	Share Capital	629.23
5	Reserves & Surplus	130.00
6	Total Assets	4,120.65
7	Total Liabilities(i)	4,120.65
8	Investments	248.67
9	Turnover(ii)	420.55
10	Profit/ (Loss) before Taxation	22.63
11	Provision for Taxation	-
12	Profit/ (Loss) after Taxation	22.63
13	Proposed Dividend	-
14	% of Shareholding	99.33%

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	2022-23
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) New Delhi	(DIN No.: 00012870) Dubai	(DIN No.: 02822641) New Delhi	(DIN No: 00027995) New Delhi

		Jayesh Jain	**Shivendra Suman**
		Chief Financial Officer	Company Secretary
		(FCA : 110412)	(ACS : 018339)
Date: May 01, 2023		New Delhi	New Delhi

Notes

Notes

Hero FinCorp Limited

CIN: U74899DLI99IPLC046774
Registered Office:
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi - 110 057
Tel: 011 4604 4100, 011 2614 2451
Fax: 011 2614 3321, 011 2614 3198
E-mail: Investors@HeroFinCorp.com
Website: www.HeroFinCorp.com