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Board of Directors

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Hero FinCorp Ltd.

CHAIRMAN

Mr. Brijmohan Lall Munjal

MANAGING DIRECTOR

Mrs. Renu Munjal

DIRECTORS

Mr. Pawan Munjal

Mr. D.N. Davar

Dr. M.A. Zahir

Corporate Information

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Hero FinCorp Ltd.

COMMITTEES

AUDIT COMMITTEE

Mr. D.N. Davar	Chairman
Mr. Brijmohan Lall Munjal	Member
Mrs. Renu Munjal	Member

ASSET & LIABILITY MANAGEMENT COMMITTEE

Mr. D.N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Ravi Sud	Member

RISK MANAGEMENT COMMITTEE

Mr. D.N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Ravi Sud	Member

NOMINATION COMMITTEE

Mr. Brijmohan Lall Munjal	Chairman
Mrs. Renu Munjal	Member

REMUNERATION COMMITTEE

Mr. D.N. Davar	Chairman
Dr. M.A Zahir	Member

FINANCIAL ADVISOR

Mr. Ravi Sud

COMPANY SECRETARY

Mr. Tribhuvan K. Johari

PRINCIPAL OFFICER

Mr. Shyam Lal

AUDITORS

S.S. Kothari Mehta & Co.,
Chartered Accountants,
146-149, Tribhuvan Complex,
First Floor, Block No. III, Ishwar Nagar,
Mathura Road,
New Delhi--110 065
Tel : 011 4670 8888
Website: www.sskmin.com

PRINCIPAL BANKERS

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
HDFC Bank Ltd.
The Royal Bank of Scotland N.V.
The Jammu & Kashmir Bank Ltd.
Bank of America

REGISTERED OFFICE

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi—110 057
Tel. : 011-4604 4100
Fax : 011-2615 3913, 2615 2659

CORPORATE OFFICE

37, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi—110 057
Tel. : 011-4604 4100
Fax : 011-2615 3913

Notice

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Hero FinCorp Ltd.

NOTICE is hereby given that the 21st ANNUAL GENERAL MEETING of the Members of Hero FinCorp Ltd. will be held on Wednesday, July 18, 2012 at 05:00 P.M., at Essex Farms, IIT Gate, New Delhi 110 016, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2012 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare a dividend of Rs.10 per Equity Share on 90,50,000 Equity Shares of Rs.10 each for the financial year 2011-12.
3. To resolve not to fill the vacancy for the time being, caused by the retirement of Dr. M.A. Zahir, who retires by rotation and does not seek re-appointment.
4. To appoint M/s. S.S Kothari Mehta & Co., Chartered Accountants (Firm Registration No. 000756N) New Delhi, the Retiring Auditors, to hold office as the Auditors of the Company with Effect from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

**Tribhuwan K. Johari
COMPANY SECRETARY**

June 8, 2012
Registered Office:
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110 057

Notes

21st Annual Report 2011-12

Hero FinCorp Ltd.

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 13, 2012 to Wednesday, July 18, 2012 (both days inclusive).
- The dividend as recommended by the Board of Directors, upon declaration by the members at the 21st Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on Wednesday, July 18, 2012.
- Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 (seven) years is transferred to the "**Investor Education and Protection Fund (IEPF)**", constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to the IEPF. Therefore such member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company during the years 2005-06 and thereafter.
- Your Company has started the process of payment of Dividend through NECS/ECS facility. The NECS/ECS facility provides the Investors an option to receive Dividend directly in their designated bank account rather than through post. It is requested that the Member should avail this facility in order to avoid fraudulent encashment, postal delays and loss in transit etc. Therefore, Members who have not availed this facility are requested to fill the **NECS/ECS Mandate Form** enclosed herewith.
- Members are requested to communicate the change in address (along with documentary proofs), if any, immediately to the Company's Secretarial Department at the Registered Office of the Company. A **Form for change of Address** is enclosed herewith.
- Pursuant to the provisions of Section 109A of the Companies Act, 1956, every Member or joint holders(s) may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders and to do away with the tedious process of obtaining Succession Certificate, Probate of Will or Letter of Administration. A **Nomination Form** for this purpose is being enclosed herewith which may be submitted in duplicate by the member(s).
- Members are requested to bring their copy of the Annual Report alongwith Attendance Slip (duly signed as per specimen recorded with the Company) to the meeting.
- The Ministry of Corporate Affairs, vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a "Green Initiative" by allowing paperless Compliances by the Companies to serve the requisite documents to its Members vide electronic mode, in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records. You are thus requested to kindly submit your e-mail ID vide the **change of Address/information Form** enclosed herewith.

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

**Tribhuwan K. Johari
COMPANY SECRETARY**

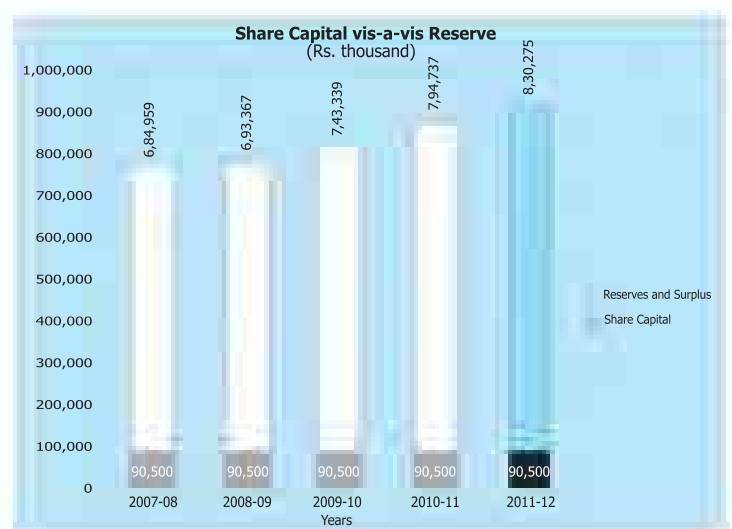
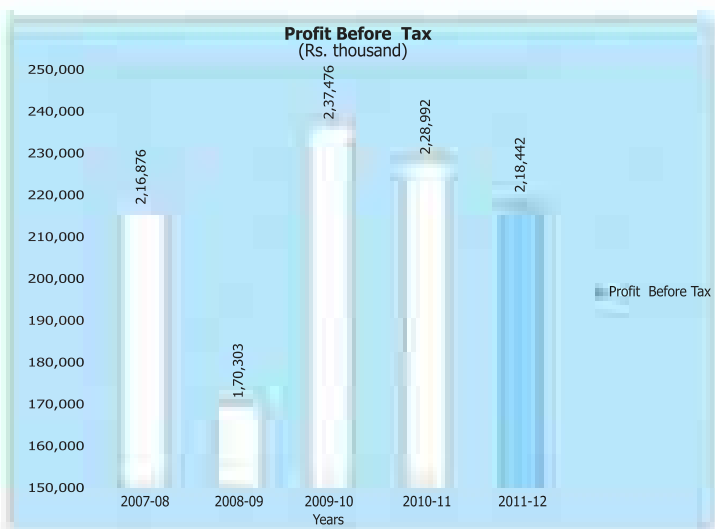
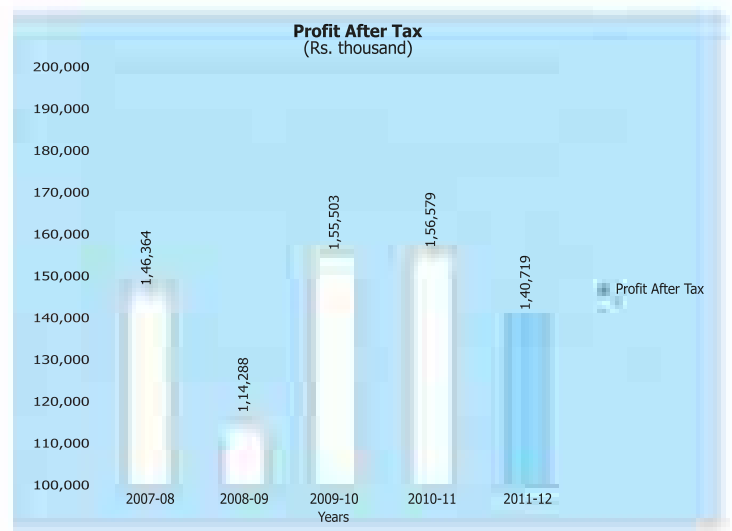
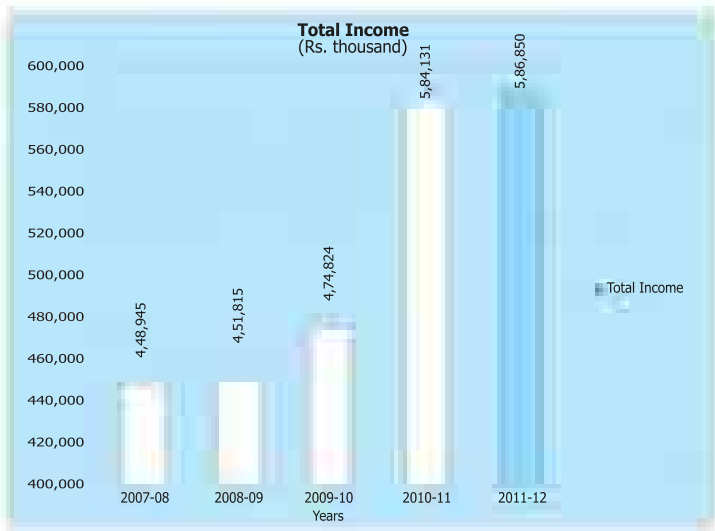
June 8, 2012
Registered Office:
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110 057

Financial Highlights

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	2007-08	2008-09	2009-10	2010-11	2011-12
Total Income	4,48,945	4,51,815	4,74,824	5,84,131	5,86,850
Growth in Income - %	-32.71	0.63	5.09	23.02	0.46
Profit before tax (PBT)	2,16,876	1,70,303	2,37,476	2,28,992	2,18,442
Profit after tax (PAT)	1,46,364	1,14,288	1,55,503	1,56,579	1,40,719
Share Capital	90,500	90,500	90,500	90,500	90,500
Reserves and Surplus	6,84,959	6,93,367	7,43,339	7,94,737	8,30,275
Total debt	26,07,090	17,20,000	17,80,000	16,77,307	31,07,661
Net fixed assets	5,69,597	5,00,662	4,94,706	6,17,254	6,28,704
Dividend - %	100	100	100	100	100*
Earning Per Share (EPS) (In Rs.)	16.17	12.63	17.18	17.3	15.55

* Proposed Dividend



Directors' Report

21st Annual Report 2011-12

Hero FinCorp Ltd.

Dear Members,

Your Directors present with immense pleasure their Report together with the Audited Statement of Accounts for the financial year ended March 31, 2012.

FINANCIAL RESULTS

(Rupees in 000's)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Total Revenue	5,86,850	5,84,131
Profit before Finance Costs, Depreciation & Amortization Expense	5,51,636	5,50,330
Finance Costs	2,40,637	2,22,554
Depreciation & Amortization Expense	92,557	98,784
Profit before tax	2,18,442	2,28,992
Less : Provision for tax		
- Current	71,890	73,640
- Deferred	5,833	(1,227)
Profit after tax	1,40,719	1,56,579
Add : Balance of profit brought forward	1,18,907	1,20,959
Balance available for appropriation	2,59,626	2,77,538
Appropriations		
Dividend (Rs.) – Proposed	90,500	90,500
Corporate Dividend Tax – Current year	14,681	14,681
Transferr to Statutory Reserve	28,200	31,400
Transferr to General Reserve	14,100	15,700
Balance carried to Balance Sheet	1,01,995	1,18,907
Dividend (%) (Proposed)	100	100
Basic and Diluted Earning per Share (EPS) (Rs.)	15.55	17.30

OPERATIONS

During the year under review, the total revenue increased marginally from Rs. 5,841 lacs in 2010-11 to Rs. 5,868 lacs in 2011-12. Whereas the Profit before tax (PBT) decreased by 4.58 per cent from Rs. 2,289 lacs in 2010-11 to Rs. 2,184 lacs in 2011-12, the Profit after tax (PAT) registered a decrease of 10.09 per cent from Rs. 1,565 lacs in 2010-11 to Rs. 1,407 lacs in 2011-12.

Income from financing activities decreased from Rs. 2,153 lacs in 2010-11 to Rs. 1,489 lacs in 2011-12. Income from operating lease registered a decline of 7.08 per cent from Rs. 1,440 lacs in 2010-11 to Rs. 1,338 lacs in 2011-12, however bills discounting activity registered a substantial increase of 50.49 per cent from Rs. 1,513 lacs in 2010-11 to Rs. 2,277 lacs in 2011-12.

FUTURE OUTLOOK

During the year under review, the interest rates rose sharply due to the frequent increases by Reserve Bank of India (RBI) to control the inflation need, the cost of borrowing for the Company increased substantially which was not fully passed on due to extremely competitive situations.

India's economy grew by 6.9 per cent in 2011-12 mainly due to weakening industrial growth but despite the low growth figure of 6.9 per cent, India remains one of the fastest growing economies of the world, as all major Countries including fast growing emerging economies are seeing a slowdown of varying degree.

It is expected that the Automotive Sector and the Financial Sector of the Country will play a vital role in the growth and performance of the Economy, with the banks and NBFCs leading and helping in expanding the reach of credit delivery to the unexplored – underserved corners of the Country.

The Two Wheeler Industry sales increased by 15 per cent from 134.13 lacs units during YTD 2010-11 to 154.70 lacs units in YTD 2011-12 thereby making it one of the best years for the Sector.

Your Company, engaged in providing Financial Services, primarily to Automotive manufacturing Industry, is optimistic about its future growth.

Your Company plans to implement innovative schemes to refinance Automotive vehicles through preferred finances in addition to using innovative instruments to raise funds at competitive prices to assist its associates in the growth story.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Non-Banking Finance Companies (NBFCs) are an integral part of the Country's Financial System because of their complementary as well as competitive role. The operations of NBFCs are regulated and supervised by the RBI vide powers conferred under Chapter III B of Reserve Bank of India Act, 1934. They act as a critical link in the overall financial system catering to a large market of niche customers.

The Regulatory and supervisory framework for NBFCs has been continuously strengthened by limiting excessive risk taking practices and protecting the interest of stakeholders in order to ensure strong and healthy functioning.

Your Company has a Capital Adequacy Ratio (CAR) of 22.4 per cent as on March 31, 2012, thus depicting the positive growth trajectory of the Company coupled with the financial stability thereof.

DIVIDEND

In order to keep up its policy of sharing the profits with its Stakeholders, your Directors are pleased to recommend a dividend of 100 per cent for your consideration at the ensuing Annual General Meeting.

TRANSFER TO GENERAL RESERVE

Your Directors are pleased to report that with a view to reinforcing the financial strength of the Company, a sum of Rs. 141 lacs being 10 per cent of the Profit after tax of the year under review, has been transferred to the General Reserve of the Company.

Further, an amount of Rs. 282 lacs was transferred to Statutory Reserve of the Company pursuant to Section 45 IC of the Reserve Bank of India Act, 1934.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of signing of this Report.

COMMENCEMENT OF NEW BUSINESS ACTIVITY

Hero MotoCorp Ltd. (formerly Hero Honda Motors Limited) world's largest manufacturer of two-Wheelers, promoter of your Company is presently arranging extended warranty for its two-Wheelers to its customers through external agencies. Since your Company has already established itself in the field of financing and leasing, therefore the Board considered the proposal of enhancing its existing activities by way of including the business of dealing in the full spectrum of warranties i.e. from offering of warranties on all types of goods to administering and maintenance of customer database for which the necessary consent of the Members was accorded in the Extra-ordinary General Meeting (EGM) held on December 23, 2011. This would not only enlarge the area of operations of the Company, but could be conveniently and advantageously combined with the present activities of the Company making them more economical and efficient.

BOARD OF DIRECTORS

In pursuance to the provisions of Article Nos. 143 & 144 of Articles of Association of the Company, Dr. M. A. Zahir, Director would retire by rotation. He being over stretched with many commitments, expressed his willingness to not to be re-appointed as Director at the ensuing Annual General Meeting.

Your Directors place on record deep appreciation and wishes to thank him for his immense and fruitful contribution during his long tenure as Director on the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors' confirm that:

1. In the preparation of the annual accounts for the financial year 2011-12, the applicable accounting standards have been followed;
2. Appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the financial year ended March 31, 2012;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company has been promoted by Hero MotoCorp Ltd. which is committed to benchmark itself with global standards in all areas including Corporate Governance. Towards this end, your Company voluntarily incorporates, in its Annual Report, requisite disclosures with respect to Corporate Governance. Though the disclosures under this head are not required to be given mandatorily, the Company has endeavored to provide the same, to the extent possible, in line with Clause 49 of the Listing Agreement applicable to the Listed Companies.

A separate report on Corporate Governance is Annexed hereto as Annexure-II and forms an integral part of this Report.

INTERNAL CONTROL SYSTEMS

An extensive system of Internal Controls is practiced by your Company to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorised, recorded and reported correctly. The Company strictly ensures adherence to all Internal Control policies and procedures as well as compliance with all Regulatory Guidelines. An extensive programme of internal audits and management reviews supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down and adopted for this purpose.

AUDIT COMMITTEE

Pursuant to the provisions of Section 292A of the Companies Act, 1956, the Company has an Audit Committee comprising three Directors out of which two-third are Non-Executive. The Chairman of the Committee is an Independent Director. The Committee regularly interacts with the Statutory Auditors, Internal Auditors and Auditees in dealing with matters falling within its terms of reference. The Audit Committee mainly deals with matters relating to Accounting, Financial Reporting and Internal Controls. Adhering to the provisions of the Companies Act, 1956, the Committee met 4 (four) times during the year.

AUDIT COMMITTEE RECOMMENDATION

During the year under review, there has been no such recommendation of the Audit Committee which has not been accepted by the Board. Hence, no disclosure in this regard is necessary.

RATINGS

During the year under review, the following ratings were assigned for the Short Term Debt Programme of the Company:

ICRA Ltd. "A1+"	Very strong degree of safety regarding timely payment of financial obligations and such instrument carry lowest credit risk
CRISIL Ltd. "CRISIL A1+"	Very strong degree of safety with regard to timely payment of interest and principal

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit(s) under Sections 58A and 58AA of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975. As the Company has not accepted any public deposit(s) till date, no information is required to be furnished pursuant to Rule 5 of the Non-Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Directions, 1998.

AUDITORS

M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi, Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board accordingly recommends their re-appointment.

AUDITORS' REPORT

The observations of Auditors in their Report, read with notes to the accounts are self explanatory and therefore do not require further explanation.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company, being engaged in leasing and financing business within the Country, does not have any activity relating to conservation of energy, technology absorption and export of materials, goods or services.

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

I) Parts A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.

II) Foreign Exchange earnings and outgo:

- Earnings – Rs. NIL
Outgo – Rs. 21.13 lacs on account of interest, travel etc. (Previous year Rs. 12.01 lacs) & Rs. 492.50 lacs on account of import of capital goods (Previous year 890.84 lacs)

PARTICULARS OF EMPLOYEES

Information of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is annexed herewith as Annexure - I & forms an integral part of this Report.

ACKNOWLEDGEMENT

The Board of Directors acknowledge with gratitude the co-operation and assistance extended by its Bankers, Customers, Associates and Employees. The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from the shareholders.

For and on behalf of the Board

Brijmohan Lall Munjal
Chairman

June 8, 2012
Registered Office:
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110 057

Particulars of Employees

Annexure – I to the Directors' Report

21st Annual Report 2011-12

Hero FinCorp Ltd.

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012

Name of Employee	Age(Yrs.) Date of Birth	Designation (Nature of Duty)	Gross Rem. (Rs. in lacs)	Qualification	Experience (Years)	Shareholding (in %age)	Date of Employment	Last Employment
Mrs. Renu Munjal	57 06-03-1955	Managing Director (Overall management of the affairs of the Company)	132.72	Privately Educated	37	0.10	01.09.1995	Executive Director Hero MotoCorp Ltd.

Notes:

- Information has been furnished for the of employee employed throughout the financial year, who was in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 60,00,000 (Rupees Sixty lacs only) per annum. No person drawing Rs. 5,00,000 (Rupees Five lacs) per month or more was employed for part of the year. No person holding by himself or along with spouse and dependent children 2% or more of the equity shares of the Company and drawing remuneration in excess of that drawn by the Managing Directro, was employed during the financial year or part thereof.
- Remuneration includes Salary, Commission, paid during the year Perquisites, other allowances, payments and expenditures incurred on perquisites and Company's contribution to Provident and Superannuation Funds.
- Above said appointment is on contractual basis.
- Mrs. Renu Munjal is wife of late Shri Raman Kant Munjal , son of Mr. Brijmohan Lall Munjal , Chairman and brother of Mr. Pawan Munjal, Director of the Company. None of the other employee(s) is a relative of any Director of the Company.

Corporate Governance Report

Annexure – II to the Directors' Report

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Hero FinCorp Ltd.

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

Corporate Governance is not a matter of just complying with the check-list, it is integral to the very existence of a Company. It strengthens investors' trust and ensures long-term partnership that helps in fulfilling a Company's quest for higher growth and profits. Corporate Governance rests upon the four pillars of transparency, full disclosure, independent monitoring and fairness to all, especially to minority shareholders. A good Corporate Governance policy should also ensure the following:

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

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

Your Company has been promoted by Hero MotoCorp Ltd. which is committed to benchmark itself with global standards in all areas including Corporate Governance. Towards this end, Your Company also deems it appropriate to incorporate in its Annual Report, disclosures on the Board and financial performance under this head of Corporate Governance. Though, the disclosures under this head are not mandatorily required to be given under any law, but the Company has endeavored to voluntarily provide the disclosures, to the extent possible, in line with Clause 49 of the Listing Agreement, as applicable to Listed Companies.

BOARD OF DIRECTORS

The business of the Company is managed by the Board. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis.

Composition of the Board

As on March 31, 2012, the Company's Board consists of five Directors which includes one Executive Director, two Non-Executive Directors and two Non-Executive and Independent Directors. The Board thus has an ideal composition with more than two third Directors being Non-Executive. Details of composition of the Board, number of meetings held during their tenure and attended by them during the financial year 2011-12 etc., is given in Table 1.

TABLE 1: DETAILS ABOUT COMPANY'S BOARD / ATTENDANCE RECORD DURING FINANCIAL YEAR 2011-12:

Name of the Directors	No. of Board Meetings held and attended		Attendance at Last AGM	No. of outside Directorships held	No. of Committee Chairmanships held	No. of Committee memberships (including Chairmanships) held
	Held	Attended				
Executive						
Mrs. Renu Munjal	4	2	Yes	3	Nil	1
Non-Executive						
Mr. Brijmohan Lall Munjal	4	4	Yes	7	Nil	1
Mr. Pawan Munjal	4	4	Yes	4	Nil	Nil
Non-Executive and Independent						
Mr. D.N. Davar	4	4	Yes	13	5	10
Dr. M. A. Zahir	4	2	Yes	8	3	8

Mrs. Renu Munjal is wife of late Shri Raman Kant Munjal son of Mr. Brijmohan Lall Munjal and brother of Mr. Pawan Munjal, is the son of Mr. Brijmohan Lall Munjal.

Pecuniary relationship

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

Board Meetings

During 2011-12, the Board met 4 (four) times on May 27, 2011; July 15, 2011; November 24, 2011 and February 17, 2012 respectively.

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 of 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 to the extent applicable:

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

RISK MANAGEMENT

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

BOARD LEVEL COMMITTEES

AUDIT COMMITTEE

Pursuant to the provisions of Section 292A of the Companies Act, 1956, the Company is required to have an Audit Committee, with at least two - third of the members being Non-Executive Directors.

As on March 31, 2012 the constitution of the Audit Committee was as under:

Name of the Directors	Position held
Mr. D. N. Davar	Chairman
Mr. Brijmohan Lall Munjal	Member
Mrs. Renu Munjal	Member

As required out of the abovementioned three members, two members are Non-Executive Directors and thus the present constitution of the Committee is in line with the requirements of Section 292A of the Companies Act, 1956. The Chairman of the Committee, Mr. D. N. Davar, being the Ex-Chairman of India's renowned financial institution – IFCI Limited, possesses rich and varied experience and knowledge in the field of finance. The other members of the Committee are also experienced and are heading the industrial and service sectors. The "terms of reference" of the Audit Committee as defined in the meetings of the Board of Directors

of the Company held on April 27, 2001, includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information;
- Recommending the appointment and removal of the statutory auditor, fixation of audit fees and approving payments for any other services;
- Reviewing, with the management, the annual financial statements with primary focus on accounting policies and practices and their compliance with accounting standards;
- Reviewing the adequacy of internal control systems and the internal audit function and reviewing the Company's financial and risk management policies;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board;
- Reviewing reports furnished by the internal auditors and ensuring suitable follow up thereon; and
- Discussion on the nature and scope of audit with the statutory auditors before the commencement of the statutory audit. Also post audit discussion to ascertain any area of concern.

The Financial Advisor of the Company and representatives of the Internal Auditor and the Statutory Auditors also attend the meetings of the Committee on the invitation of the Chairman.

During the year, 4 (four) meetings of the Audit Committee were held on May 27, 2011; July 15, 2011; November 24, 2011 and February 17, 2012 respectively.

The attendance record of members of the Audit Committee is given below:

Name of the Directors	No. of meetings held	No. of meetings attended
Mr. D.N. Davar	4	4
Mr. Brijmohan Lall Munjal	4	4
Mrs. Renu Munjal	4	2

REMUNERATION COMMITTEE

The Company has a Remuneration Committee in place since February 15, 2005 to review and recommend the payment of Annual salary, commission, service agreement and other employment conditions of the Executive Director. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing and recommending the remuneration packages.

Name of the Directors	Position held
Mr. D. N. Davar	Chairman
Dr. M.A.Zahir	Member

All the members of the Committee are Non-Executive and Independent Directors. During the year 2011-12 consequent to the absence of any business required to be transacted by the Committee, the Committee did not meet.

Remuneration Policy

The remuneration paid to the Executive Director is approved by the 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 paid to the Executive Director. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the current financial position of the Company. The remuneration structure comprises of basic salary, perquisites and allowances, payment and expenses incurred on perquisites, contribution to provident fund and other funds. Besides that, a commission upto 1 (one) per cent of net profits, computed in accordance with Section 198 of the Companies Act, 1956, is also paid as per the terms of appointment.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs. 20,000 (increased from Rs. 10,000 w.e.f. February 17, 2012) for attending each meeting of the Board, Audit Committee, Asset & Liability Management Committee, Remuneration Committee, Risk Management Committee and the Nomination Committee.

The detail of the remuneration paid / payable to Mrs. Renu Munjal, Managing Director, for the year ended March 31, 2012 is given below:

(Rupees in 000's)

Particulars	Amount
Salary*	10,100
Contribution to Provident Fund & Super Annuation Fund**	1,372
Commission	NIL
Total	11,472

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

** Contribution to provident and other funds. Total Commission is calculated @1 (one) per cent of the net profit calculated in accordance with Section 198 of the Companies Act, 1956.

The term of appointment of the said Managing/Executive Director is for a period of 5(five) years i.e. upto August 31, 2015. The detail of the remuneration paid to the Non-Executive Directors for the year ended March 31, 2012 is given below:

Name of the Directors	Sitting fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Brijmohan Lall Munjal	1,00,000	N.A.	1,00,000
Mr. Pawan Munjal	50,000	N.A.	50,000
Mr. D. N. Davar	2,00,000	N.A.	2,00,000
Dr. M.A.Zahir	20,000	N.A.	20,000

At present, the Company does not have any Employee Stock Option Scheme (ESOS).

ASSET AND LIABILITY MANAGEMENT COMMITTEE

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

As on March 31, 2012, the constitution of the Asset and Liability Management Committee was as under:

Name of the Directors	Position held
Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Ravi Sud	Member

During the financial year ended March 31, 2012, 4 (four) meetings of the Asset & Liability Management Committee were held on May 27, 2011; July 15, 2011; November 24, 2011 and February 17, 2012 respectively.

The meetings reviewed and carried out the necessary spade work for formalizing the Asset and Liability Management Systems in the Company.

The attendance record of members of the Asset and Liability Management Committee is given below:

Name of the Directors	No. of meetings held	No. of meetings attended
Mr. D.N. Davar	4	4
Mrs. Renu Munjal	4	2
Mr. Ravi Sud	4	4

RISK MANGENMENT COMMITTEE

According to the Guidelines issued by the RBI, every NBFC whose assets base is greater than Rs. 100 crore should have a Risk Management Committee to manage the integrated risk of the Company. In view of the same Risk Management Committee

was formed on November 19, 2008 to manage and mitigate the risk of the Company.

As on March 31, 2012, the constitution of the Risk Management Committee was as under:

Name of the Directors	Position held
Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Ravi Sud	Member

During the financial year ended March 31, 2012, 4 (four) meetings of the Risk Management Committee were held on May 27, 2011; July 15, 2011; November 24, 2011 and February 17, 2012 which was attended by all the members.

The attendance record of members of the Risk Management Committee is given below:

Name of the Directors	No. of meetings held	No. of meetings attended
Mr. D.N. Davar	4	4
Mrs. Renu Munjal	4	2
Mr. Ravi Sud	4	4

NOMINATION COMMITTEE

According to the Guidelines issued by the RBI, every NBFC whose assets base is greater than Rs. 100 crore should have a Nomination Committee to ensure fit and proper status of proposed and existing Directors of the Company. In view of the same a Nomination Committee was formed on November 19, 2008.

As on March 31, 2012, the constitution of the Nomination Committee was as under:

Name of the Directors	Position held
Mr. Brijmohan Lall Munjal	Chairman
Mrs. Renu Munjal	Member

Consequent to the absence of any business required to be transacted, the Committee did not meet during 2011-12.

SHAREHOLDERS' GRIEVANCE COMMITTEE

The shareholder base of the Company being very small, every shareholder of the Company is given personalised service and hence the need of constituting a Shareholders' Grievance Committee was not felt.

COMMITTEE OF DIRECTORS

Apart from the above Committees, the Company also has a Committee of Directors. As on March 31, 2012, the Committee comprised of the following members:

Name of the Directors	Designation
Mr. Brijmohan Lall Munjal	Chairman
Mrs. Renu Munjal	Member
Mr. Pawan Munjal	Member
Mr. Ravi Sud	Financial Advisor
Mr. Ilam C. Kamboj	Authorised Person

Constituted in 1991, the Committee deals with matters relating to transfer, transmission, transposition, issue of new/duplicate share certificates, other matters relating to shares, investment of surplus funds and all other matters as prescribed and delegated to the Committee by the Board from time to time.

The Board in its meeting held on November 24, 2011 has modified the constitution including powers thereof in view of the change in Directors and also to be in line with day to day business requirements.

This Committee generally meets as and when required. During the financial year ended March 31, 2012, 6 (Six) meetings of the Committee were held.

DISCLOSURES

Related Party Transactions

Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Annexed to and forming part of the Balance Sheet as at March 31, 2012 and Statement of Profit & Loss for the year ended March 31, 2012.

The transactions with the related parties are in the usual course of business and do not have any potential conflict with the interests of the Company at large.

RE-APPOINTMENT OF DIRECTORS

Dr. M.A. Zahir, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and is not seeking re-appointment.

GENERAL BODY MEETINGS

Details of location, day, date and time of general meetings held during the last three years and resolutions passed thereat are given below. Being an unlisted Company, passing of resolutions by postal ballot is presently not applicable to the Company.

Details of Extra-ordinary General Meeting (EGM):

Financial Year	Location	Day & date	Time	Summary of Resolution Passed
2011-12	34, Community Center, Basant Lok, Vasant Vihar, New Delhi 110 057	Friday, December 23, 2011	04.30 P.M.	As Special Resolution: To alter the main Object Clause of the Memorandum of Association of the Company.
2009-10	34, Community Center, Basant Lok, Vasant Vihar, New Delhi 110 057	Monday, March 29, 2010	04.30 P.M.	As Ordinary Resolutions: a) Borrowing under Section 293(i)(d) of the Companies Act, 1956; & b) Creation of charge under Section 293(i)(a) of the Companies Act, 1956; As Special Resolutions: a) To invest in securities of any body(ies) Corporate; b) To make any loan to any body(ies) Corporate; & c) To give any guarantee or provide security to any body(ies) Corporate.

Details of Annual General Meeting (AGM):

Financial Year	Location	Day & date	Time	Summary of Resolutions Passed
2010-11	Hotel Vasant Continental, Vasant Vihar, New Delhi 110 057	Friday, July 15, 2011	05.00 P.M.	Special Resolution: Change of Name of Company
2009-10	Hotel Vasant Continental, Vasant Vihar, New Delhi 110 057	Friday, July 16, 2010	05.00 P.M.	Ordinary Resolution: Re-Appointment of Mrs. Renu Munjal as Managing Director of the Company
2008-09	Hotel Vasant Continental, Vasant Vihar, New Delhi 110 057	Friday, June 26, 2009	05.00 P.M.	N.A.

General Shareholders' Information

21st Annual Report 2011-12

Hero FinCorp Ltd.

21st Annual General Meeting

Day & date	Time	Venue
Wednesday, July 18, 2012	05:00 P.M.	Essex Farms, IIT Gate, New Delhi - 110 016

Financial Calendar

For the year ended March 31, 2012, the financial results of the Company were announced on:

- | | |
|--|-------------------|
| a) First quarter ended June 30, 2011 | July 15, 2011 |
| b) Second quarter & Half year ended September 30, 2011 | November 24, 2011 |
| c) Third quarter & nine months ended December 31, 2011 | February 17, 2012 |
| d) Fourth quarter & the year ended March 31, 2012 | June 8, 2012 |

For the year ending March 31, 2013, the financial results of the Company are likely to be announced on* :

- | | |
|--|----------------|
| a) First quarter ended June 30, 2012 | July, 2012 |
| b) Second quarter & Half year ended September 30, 2012 | November, 2012 |
| c) Third quarter & nine months ended December 31, 2012 | February, 2013 |
| d) Fourth quarter & the year ended March 31, 2013 | May, 2013 |

* -Tentative and subject to change

The 22nd Annual General Meeting of the Company for the financial year 2012 - 13 will most likely be held in July, 2013 or August, 2013.

Dates of Book Closure: Friday, July 13, 2012 to Wednesday, July 18, 2012 (Both days inclusive),

Dividend Payment:

The Board has recommended a dividend of 100 per cent i.e. Rs.10 per equity share of Rs. 10 each for the financial year 2011-12. This dividend as recommended by the Board, if approved by the shareholders at their 21st Annual General Meeting, shall be paid to those members, whose names would appear on the Register of Members of the Company as on Wednesday, July 18, 2012.

Tabular distribution of dividend payment since 2005-06

Year	Particulars of Dividend Paid	%age	Date of Declaration	Date of Payment	Last Date of claiming Unpaid Dividend
2010-11	Final Dividend	100	15/07/11	21/07/11	14/07/18
2009-10	Final Dividend	100	16/07/10	20/07/10	15/07/17
2008-09	Final Dividend	100	26/06/09	01/07/09	25/06/16
2007-08	Dividend	100	02/08/08	06/08/08	01/08/15
2006-07	Final Dividend	100	27/07/07	31/07/07	26/07/14
	Interim Dividend	100	21/02/07	05/03/07	20/02/14
2005-06	Final Dividend	100	29/07/06	02/08/06	28/07/13
	Interim Dividend	100	22/02/06	04/03/06	21/02/13

Distribution of Shareholding as on March 31, 2012

Categories	No. of shares held	Percentage of Shareholding
1) Promoters' holding	58,63,300	64.79
2) Non- Promoter's Holding	31,86,700	35.21
Grand Total	90,50,000	100.00

Share Transfer System

The Share transfer job is being handled at the Registered Office of the Company. During the year 2011-12, 26200 shares were transferred and the said transfers were effected within the prescribed period. Shares under objection were returned within two weeks time.

COMPANY'S INFORMATION**Registered Office**

34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi 110 057
Tel: 011-4604 4100; 2614 2451
Fax: 011-2615 3913, 2615 2659

Company Identification No. (CIN)

U74899DL1991PLC046774

Permanent Account No. (PAN)

AAACH0157J

Tax Identification No. (TIN)

07850173974

Investor's correspondence may be addressed to:

Mr. Tribhuwan K Johari, Company Secretary
E-mail: tribhuwan.johari@heromotocorp.com

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

Mr. Ravi Sud, Financial Advisor
e-mail: ravisud@heromotocorp.com

Director's Details

21st Annual Report 2011-12

Hero FinCorp Ltd.

Name	Status	Directorships held	Committee Membership	Committee Chairmanship
Mrs. Renu Munjal	MD	Easy Bill Ltd.		
		Hero FinCorp Ltd.	Audit Committee	
		Munjal Acme Packaging Systems Ltd.		
		Rockman Auto Pvt. Ltd.		
		Hero Investments Pvt. Ltd.		
		Hero InvestCorp Ltd.		
		Bahadur Chand Investments Pvt. Ltd.		
Mr. Brijmohan Lall Munjal	NED	Easy Bill Ltd.		
		Hero FinCorp Ltd.	Audit Committee	
		Hero MotoCorp Ltd.		
		Munjal Showa Ltd.		
		Shivam Autotech Ltd.		
		Survam Infrastructure Ltd.		
		Rockman Industries Ltd.		
		BCM Energies (P) Ltd.		
		BML Investments Pvt. Ltd.		
		Hero InvestCorp Ltd.		
		Hero Investments Pvt. Ltd.		
Bahadur Chand Investments Pvt. Ltd.				
Mr. Pawan Munjal	NED	Hero FinCorp Ltd.		
		Hero MotoCorp Ltd.		
		Hero Realty & Infra Ltd.		
		Rockman Industries Ltd.		
		Hero Investments Pvt. Ltd.		
		Hero InvestCorp Ltd.		
Bahadur Chand Investments Pvt. Ltd.				

Name	Status	Directorships held	Committee Membership	Committee Chairmanship
Mr. D.N Davar	NEID	Sandhar Technologies Ltd.		
		Maral Overseas Ltd.	Audit Committee & SGC	
		HEG Ltd.		Audit Committee
		RSWM Ltd.	Audit Committee & SGC	
		OCL India Ltd.		Audit Committee
		Indo- Continental Hotels & Resorts Ltd.		
		Ansal Properties & Infrastructure Ltd.		Audit Committee
		Hero FinCorp Ltd.		Audit Committee
		Adayar Gate Hotel Ltd.		
		Titagarh Wagons Ltd.		Audit Committee
		Cimmco Ltd.	Audit Committee	
		Landmark Property Dev. Co. Ltd.		
		Parsvanath Hotels Ltd.		
		Parsvanath SEZ Ltd.		
		S.P. Wahi Technology and Mgmt Consultant Pvt. Ltd.		
		Sandhar Tooling Pvt. Ltd.		
		Titagarh Wagons AFR, France		
Dr. M.A. Zahir	NEID	Hero Cycles Ltd.		Audit Committee
		Hero FinCorp Ltd.		
		Ralson (India) Ltd.		
		Sohrab Spinning Ltd.		
		IOL Chemicals & Pharmaceuticals Ltd.		Audit Committee & SGC
		Rockman Industries Ltd.	Audit Committee	
		Lotus Integrated Texpark Ltd.	Audit Committee	
		Majestic Auto Ltd.	Audit Committee	
		Trident Ltd.	Audit Committee & SGC	

MD - Managing Director
 NED - Non Executive Director
 NEID - Non Executive & Independent Director
 SGC - Shareholders Grievance Committee

Details as on June 8,2012

Auditors' Report

21st Annual Report 2011-12

Hero FinCorp Ltd.

To,
The Members,
Hero FinCorp Ltd.
New Delhi

We have audited the attached balance sheet of **Hero FinCorp Ltd.** as at 31st March, 2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (collectively the Order) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give our comments in the Annexure on the matters specified in the Order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

- (b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards, to the extent applicable, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
3. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with Significant Accounting Policies & Notes thereon give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) In the case of Statement of Profit & Loss of the profit for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.S. Kothari Mehta & Co.
Firm Regn. No. 000756N
Chartered Accountants

Place : New Delhi
Date : June 8, 2012

Arun K Tulsian
Partner
(Membership No. 89907)

Annexure to the Auditors' Report

21st Annual Report 2011-12

Hero FinCorp Ltd.

(As referred in paragraph 1 of our report to the members of **Hero FinCorp Ltd.** on the accounts for the year ended 31st March, 2012)

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, major fixed assets have been physically verified by the Management at such intervals as considered appropriate by the Management. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its fixed assets. We have been explained that no material discrepancies were noticed on such verification as compared to book records.
- (c) The Company has not disposed off any substantial part of its fixed assets during the year under report.
- (ii) The Company is engaged in financing activities hence does not have any inventory, therefore provisions of Clause 4(ii)(a), (b) & (c) of the Order are not applicable to the Company.
- (iii) (a) As per the information and explanations provided to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Since there are no such loans, the comments regarding repayment of the principal amount and interest due thereon and overdue amounts are not required.
- (b) During the year, the Company has taken unsecured short term loan from one Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,350,000 thousands. The year end balance was Rs. 1,200,000 thousands.
- (c) According to the information and explanations given to us, rate of interest and other terms & conditions of the aforesaid unsecured short term loan taken by the Company are not, prima facie, prejudicial to the interest of the Company.
- (d) In our opinion and according to the information and explanations given to us, Company was regular in the repayment of principal and interest due thereon. There were no overdue amounts at the year end.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the various lease, finance, investment and other related fund based as well as non fund based activities carried out by the Company and for the purchase of assets. Further, on the basis of our examination of the books & records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.
- (v)(a) As per the information and explanations given to us, all the particulars of transactions referred to in Section 301 of the Companies Act, 1956 and need to be entered into the register maintained under that Section are being so entered.
- (b) As far as we could ascertain on the basis of our selective checking and according to the information and explanations given to us, transactions made in pursuance of aforesaid contracts or arrangements including those exceeding the aggregate amount of Rs. five lakh in respect of each party made during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits during the year under report from the public under Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the Company has a reasonable internal audit system commensurate with the size and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company's activity.

- (ix)(a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing the statutory dues, including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sale Tax, Wealth Tax, Service Tax, Excise Duty, cess and others applicable, with the respective appropriate authorities during the year. There was no such undisputed amount outstanding at the year end for a period more than six months from the date it became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of accounts, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Service tax, Excise duty and Cess, which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, banks or debenture holders.
- (xii) In our opinion and according to the information & explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts for purchase and sale of units/ securities during the year under review and timely entries were made therein. All the shares, securities and other investments have been held by the Company in its own name except to the extent of 500 shares of Hero MotoCorp Limited, which are held in abeyance due to the dispute pending in the Court of law.
- (xv) According to the information & explanations given to us, the Company has not given any guarantees for loans taken by others from bank and financial institutions.
- (xvi) To the best of our information and as per records examined by us, the Company has applied its term loans for the purpose for which the loans were obtained where such end-use has been specified by the lender.
- (xvii) According to the information and explanations given to 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 investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) As per the information and explanations given to us, the Company has not issued any debentures nor has any outstanding debentures.
- (xx) According to the information & explanations given to us, the company has not raised any moneys by way of public issues during the year.
- (xxi) 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, we have not come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

For S.S. Kothari Mehta & Co.
Firm Regn. No. 000756N
Chartered Accountants

Arun K Tulsian
Partner
(Membership No. 89907)

Place : New Delhi
 Date : June 8, 2012

Balance Sheet

as at March 31, 2012

21st Annual Report 2011-12

Hero FinCorp Ltd.

(Amounts in 000's)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	90,500	90,500
Reserves and surplus	3	8,30,275	7,94,737
		9,20,775	8,85,237
Non - current liabilities			
Long - term borrowings	4	58,633	4,91,833
Deferred tax liabilities (Net)	5	6,042	209
Other long term liabilities	6	34,923	35,814
Long - term provisions	7	2,068	4,989
		1,01,666	5,32,845
Current liabilities			
Short - term borrowings	8	26,15,828	10,52,274
Trade payables	9	9,351	1,804
Other current liabilities	10	5,55,552	2,32,567
Short - term provisions	11	1,09,346	1,05,292
		32,90,077	13,91,937
TOTAL		43,12,518	28,10,019
ASSETS			
Non - current assets			
Fixed assets			
Tangible assets	12	6,28,704	6,17,254
Non - current investments	13	45,541	45,541
Long - term loans and advances	14	22,468	31,510
Other non - current assets	15	3,31,288	3,48,348
		10,28,001	10,42,653
Current assets			
Current investments	16	-	49,675
Trade receivables	17	30,80,143	15,99,483
Cash and Cash Equivalents	18	14,209	23,383
Short - term loans and advances	19	1,88,687	94,662
Other current assets	20	1,478	163
		32,84,517	17,67,366
TOTAL		43,12,518	28,10,019

SIGNIFICANT ACCOUNTING POLICIES

1

See accompanying notes to the financial statements

As per our report of even date

For S.S. Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

New Delhi
June 8, 2012

For and on behalf of Board of Directors

BRIJMOHAN LALL MUNJAL

Chairman

RENU MUNJAL

Managing Director

D. N. DAVAR

Director

RAVI SUD

Financial Advisor

TRIBHUWAN K. JOHARI

Company Secretary

Statement of Profit & Loss

for the year ended March 31, 2012

21st Annual Report 2011-12

Hero FinCorp Ltd.

(Amounts in 000's)

Particulars	Note No.	Year Ended March 31, 2012	Year Ended March 31, 2011
Revenue			
Revenue from operations, Gross	24	5,10,548	5,10,670
Other income	25	76,302	73,461
Total Revenue		5,86,850	5,84,131
Expenses			
Employee benefits expense	26	17,606	17,540
Finance costs	27	2,40,637	2,22,554
Depreciation and amortization expense	28	92,557	98,784
Other expenses	29	17,608	16,261
Total Expenses		3,68,408	3,55,139
Profit before tax		2,18,442	2,28,992
Tax expense			
Current tax	30	71,890	73,640
Deferred tax	5	5,833	(1,227)
Profit (loss) after tax for the period		1,40,719	1,56,579
Earnings per equity share (In Rupees)			
Basic	31	15.55	17.30
Diluted		15.55	17.30
SIGNIFICANT ACCOUNTING POLICIES	1		

See accompanying notes to the financial statements

As per our report of even date

For S.S. Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

New Delhi
June 8, 2012

For and on behalf of Board of Directors

BRIJMOHAN LALL MUNJAL

Chairman

RENU MUNJAL

Managing Director

D. N. DAVAR

Director

RAVI SUD

Financial Advisor

TRIBHUWAN K. JOHARI

Company Secretary

Cash Flow Statement

for the year ended March 31, 2012

21st Annual Report 2011-12

Hero FinCorp Ltd.

(Amounts in 000's)

	For the year ended March 31,2012	For the year ended March 31,2011
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before Income tax	2,18,442	2,28,992
Adjustment for:		
Depreciation	92,557	98,784
Interest on Borrowings	2,40,637	2,22,554
(Profit)/loss on sale of fixed assets	630	(680)
(Profit)/loss on sale of investments (net)-Current	(703)	(80)
(Profit)/loss on sale of investments (net)-Non current	-	1,657
Operating profit before working capital changes	5,51,563	5,51,227
(Increase) / decrease in Trade & Other Receivables	(15,58,840)	63,845
Increase / (decrease) in Trade & Other Payables	29,620	(10,391)
Cash generated from operations	(9,77,657)	6,04,681
Income Tax Paid	(62,949)	(77,367)
Net cash from operating activities (A)	(10,40,606)	5,27,314
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,84,683)	(1,66,048)
Proceeds from sale of fixed assets	80,047	3,615
Sale of investments (Net)	50,378	81
Net cash from investing activities (B)	(54,258)	(1,62,352)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term borrowings	-	4,00,000
Repayment of Long term borrowings	(1,33,200)	(74,967)
Proceeds from Short term borrowings (net)	15,63,554	(4,27,726)
Interest paid on borrowings	(2,38,921)	(2,23,585)
Dividend paid	(1,05,743)	(1,62,239)
Net Cash from financing activities (C)	10,85,690	(4,88,517)
D. NET INCREASE / (DECREASE) IN CASH AND BANK BALANCE		
(A+B+C)	(9,174)	(1,23,556)
Cash and bank balances as at 31.03.2011	23,383	1,46,939
Cash and bank balances as at 31.03.2012	14,209	23,383
Reconciliation		
Cash and Bank balances as per Balance Sheet	14,209	23,383
Less: Unpaid dividend current account with Banks	7,893	8,454
Net Cash & Cash Equivalent as at March 31, 2012	6,316	14,929

As per our report of even date

For S.S. Kothari Mehta & Co.
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

New Delhi
June 8, 2012

For and on behalf of Board of Directors

BRIJMOHAN LALL MUNJAL Chairman
RENU MUNJAL Managing Director
D. N. DAVAR Director
RAVI SUD Financial Advisor
TRIBHUWAN K. JOHARI Company Secretary

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Hero FinCorp Ltd.

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NOTES

Annexed to and Forming part of the Balance Sheet

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Hero FinCorp Ltd.

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012 AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparation

The financial statements are prepared under the historical cost convention, ongoing concern basis and in terms of the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 in compliance with Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

The Company has prepared its financial statements in accordance with Schedule VI as inserted by Notification- S.O. 447(E), dated 28.2.2011 (As amended by Notification No F.NO. 2/6/2008-CL-V, Dated 30.3.2011). The Schedule does not impact recognition and measurement principle followed for the preparation of financial statement for accounting in subsidiaries companies. However it has necessitated significant changes in the presentation of and disclosures in financial statements. The Company has reclassified its previous year figures to conform to the classification as per the aforesaid Schedule.

2) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect reportable amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the year in which the results are known / materialised.

3) Income

- a) Income from deferred credit and consumer finance are accounted for on accrual basis.
- b) Lease income is accounted for on accrual basis in the following manner:
 - i. On the assets leased upto 31.03.1998 at the flat rate over the period of lease.
 - ii. On the assets leased between 01.04.1998 to 31.03. 2001, on the basis of implicit rate of interest in accordance with the revised Guidance Note on Accounting for Leases issued by ICAI.
 - iii. On the assets leased after 01.04.2001- In accordance with AS-19 on "Accounting for Leases" notified under the Companies (Accounting-Standards), Rules 2006.
- c) Income from bill discounting is recognised as revenue on accrual basis over the period of acceptance.
- d) Interest income is recognised on accrual basis. Arrangement fees and commission are also recognised on accrual basis to the extent the required information is available with the Company till the finalisation of accounts.
- e) Dividend income is accounted for on accrual basis when a right to receive payment is established.

4) Fixed Assets

- a) Fixed assets are stated at historical cost less depreciation. Cost is inclusive of freight, duties, taxes and other incidental expenses. Interest cost on the term loans taken against the specific assets is capitalized only if it is in excess of the interest recovered.
- b) Depreciation on 'own assets' is provided on straight-line method in the manner and at the rates as prescribed in Schedule XIV of the Companies Act, 1956.
- c) Assets given on lease upto 31.03.01 are depreciated in the manner prescribed under the revised Guidance Note on Accounting for Leases issued by The Institute of Chartered Accountants of India, and at the minimum straight line method rates prescribed under Schedule XIV of the Companies Act, 1956.

However to ensure 100% depreciation of leased assets over the primary lease period, depreciation in excess of the minimum depreciation referred to herein above, is transferred to lease adjustment account which is adjusted with the cost of assets at the time of sale of assets.

- d) On or after 01.04.2001, the assets are leased out on operating lease basis which are capitalised and depreciation is charged on straight line method in accordance with Schedule XIV of the Companies Act, 1956. Indirect costs are recognised as an expense and charged to the Statement of Profit & Loss of the year.
- e) Depreciation and lease adjustment (wherever applicable) on the increased/decreased amount of assets on account of exchange fluctuation is computed on the basis of residual life of the assets/primary lease period.
- f) The carrying amounts of fixed assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount and the same is recognized as an expense in the Statement of Profit & Loss and carrying amount of the asset is reduced to recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

5) Foreign Exchange Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of the transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange difference arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded / reported in previous financial statements are recognized as income / expense in the period in which they arise.

Non-monetary items are carried at cost.

6) Investments

- a) Cost of investment is net of commission and dividend if purchased cum dividend.
- b) Valuation:
- i. Long term at cost. However provision for diminution is made to recognise a decline, other than temporary, in the value of the investment.
 - ii. Current: at cost or fair value whichever is less, computed category wise.

7) Employees Retirement Benefits

- a) Retirement benefits in the form of Provident Fund / Pension Schemes and Superannuation Fund are defined contribution schemes and the contributions are charged to the Statement of Profit & Loss of the year when the contributions to the respective funds are due.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.
- c) Provision for Leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- d) Actuarial gains / losses are immediately taken to Statement of Profit & Loss and are not deferred.

8) Taxation

Income tax expense is accounted for in accordance with AS-22 "Accounting for Taxes on Income" for both Current Tax and Deferred Tax as stated below:

a) Current Tax

Provision for Taxation comprising of income tax is ascertained on the basis of assessable profit computed in accordance with the provision of Income Tax Act, 1961. However, where the tax is computed in accordance with the provisions of Section 115JB of the Income Tax Act, 1961 as Minimum Alternate Tax (MAT), it is charged off to the Statement of Profit & Loss of the relevant year.

b) Deferred Tax

Deferred Income Tax is recognised for the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Tax Assets in respect of carry forward of unabsorbed depreciation and tax losses are recognised to the extent there is virtual certainty of their realisation against future taxable profits.

9) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

- i. Provisions involving substantial degree of estimation in measurement, are recognised when the present obligation resulting from past events give rise to probability of outflow of resources embodying economic benefits on settlement.
- ii. Contingent liabilities are not recognised and are disclosed in Notes.
- iii. Contingent assets are neither recognised nor disclosed in financial statements.
- iv. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

NOTES

To Financial Statements

21st Annual Report 2011-12

Hero FinCorp Ltd.

2. Share Capital

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of Rs. 10/- each	2,00,00,000	2,00,000	2,00,00,000	2,00,000
Total	2,00,00,000	2,00,000	2,00,00,000	2,00,000
Issued				
Equity Shares of Rs. 10/- each	90,50,000	90,500	90,50,000	90,500
Total	90,50,000	90,500	90,50,000	90,500
Subscribed & Fully Paid up				
Equity Shares of Rs. 10/- each				
Opening	90,50,000	90,500	90,50,000	90,500
Additions	-	-	-	-
Deductions	-	-	-	-
Total	90,50,000	90,500	90,50,000	90,500

2.1 The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share Dividend recognized as distributions to Equity Shareholders was Rs. 10 (March 31, 2011, Rs. 10). The total Dividend appropriation for the year ended March 31, 2012 amounted to Rs.90,500 thousands (Rs.90,500 thousands) including Corporate Dividend tax of Rs. 14,681 thousands (Rs. 14,681 thousands).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the

2.2 The following hold more than 5% shares:

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Hero MotoCorp Ltd.	27,15,000	30.00	27,15,000	30.00
" Hero InvestCorp Ltd.(Formerly Puja Investment Pvt. Ltd.) "	25,23,600	27.89	25,23,600	27.89
Total	52,38,600	57.89	52,38,600	57.89

3. Reserves & Surplus

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Securities Premium Reserve		
Opening Balance	20,250	20,250
Closing Balance	20,250	20,250
Statutory Reserve (Refer Note 41.1)		
Opening Balance	4,43,910	4,12,510
(+) Current Year Transfer	28,200	31,400
Closing Balance	4,72,110	4,43,910
Contingent Provision against Standard Assets (Refer Note 41.2)		
Opening Balance	6,350	-
(+) Current Year Transfer	10,150	6,350
Closing Balance	16,500	6,350
General Reserve		
Opening Balance	2,05,320	1,89,620
(+) Current Year Transfer	14,100	15,700
Closing Balance	2,19,420	2,05,320
Surplus in Statement of Profit & Loss		
Opening balance	1,18,907	1,20,959
(+) Net Profit/(Net Loss) For the current year	1,40,719	1,56,579
Amount available for appropriation		
(-) Transfer to Contingent Provision against Standard Assets	2,59,626	2,77,538
(-) Transfer to Statutory Reserve (Refer Note 32)	10,150	6,350
(-) Transfer to General Reserve (Refer Note 32)	28,200	31,400
(-) Proposed Dividends (Refer Note 33)	14,100	15,700
(-) Proposed Dividends (Refer Note 33)	90,500	90,500
(-) Corporate Dividend Tax (Refer Note 33)	14,681	14,681
Closing Balance	1,01,995	1,18,907
Total	8,30,275	7,94,737

4. Long - term Borrowings- Secured

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Secured	Unsecured	Secured	Unsecured
Term loans -from banks	58,633	-	4,91,833	-
Grand Total	-	58,633	-	4,91,833

4.1 The requisite particulars in respect of secured borrowings are as under:

Particulars	As at March 31,2012	As at March 31,2011	Particulars of security / guarantees / terms of repayment / default
Term loans -from banks			
The Dhanlakshmi Bank Ltd.			
Loan1			
Balance outstanding	58,500	91,700	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The original sanctioned amount is Rs. 1,00,000 thousands. The period of loan is 36 months, sanctioned on July 01,2010 and disbursed on October 22 nd ,2010, Repayable in 12 quarterly instalments starting from 31 st Jan 2011 without any moratorium as per the following schedule Rs. 8,300 thousands* 11 quarterly instalments Rs.8,700 thousands*12 th quarterly instalments Rate of Interest- 9.25% fixed would be payable monthly, on the last day of each month.
Current Maturity	33,200	33,200	
Non - current amount	25,300	58,500	
Loan2			
Balance outstanding	3,00,000	3,00,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The original sanctioned amount is Rs 1,00,000 thousands. The period of loan is 3 years, sanctioned on November 10, 2009 and disbursed on November 23 rd 2009, Repayable in single instalment at the end of the 3 rd year (i.e, November 22 nd 2012) Rate of Interest- 8.75% fixed would be payable monthly, on the last day of each month.
Current Maturity	3,00,000	-	
Non - current amount	-	3,00,000	
IndusInd Bank Limited			
Loan1			
Balance outstanding	50,000	83,333	Secured by first Pari-Passu Charge on the current assets of the company (present and future).The original sanctioned amount is Rs 1,00,000 thousands. The period of loan is 3 years, sanctioned on June 22 nd , 2010 and disbursed on September 28 th ,2010, Repayable in 12 equal quarterly instalments commencing from 3 months from the date of disbursement of each tranche, starting from 29 th December 2010 as per the following schedule; Rs. 8,333.33 thousands * 12 quarterly instalments Rate of Interest shall be reset on an annual basis. Interest shall be payable on a monthly basis. Currently 8.75%
Current Maturity	33,333	33,333	
Non - current amount	16,667	50,000	
Loan2			
Balance outstanding	83,333	1,50,000	Secured by first Pari-Passu Charge on the current assets of the company (present and future).The original sanctioned amount is Rs 2,00,000 thousands. The period of loan is 3 years, sanctioned on June 22 nd , 2010 and disbursed on June 29 th ,2010, Repayable in 12 equal quarterly instalments commencing from 3 months from the date of disbursement of each tranche, starting from 29 th September 2010 as per the following schedule; Rs. 16,666.66 thousands*12 quarterly instalments Rate of Interest shall be reset on an annual basis. Interest shall be payable on a monthly basis. Currently interest rate is 8.75%
Current Maturity	66,667	66,667	
Non - current amount	16,667	83,333	
- Total			
Balance outstanding	4,91,833	6,25,033	
Current Maturity	4,33,200	1,33,200	
Non - current amount	58,633	4,91,833	
Total	58,633	4,91,833	

5. Deferred Tax Liabilities (Net)

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	Charge/ (Credit) during the year	As at March 31, 2011	Charge/ (Credit) during the year	As at April 1, 2010
Deferred Tax Assets					
Provision for Leave encashment and gratuity	2,022	328	1,694	511	
Loss on reinstatement of current investments	-	(6,751)	6,751	550	
Total Deferred tax Assets	2,022	(6,424)	8,446	1,062	
Deferred Tax Liabilities					
Difference between depreciation as per books of accounts and as per Income Tax Act	8,064	(591)	8,655	(165)	
Total Deferred tax liabilities	8,064	(591)	8,655	(165)	
Total Deferred Tax (Net)	6,042	5,833	209	(1,227)	

6. Other Long - term Liabilities

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Security Deposits	1,823	1,560
Unmatured finance charges from customers	33,100	34,254
Total	34,923	35,814

7. Long - term Provisions

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
Gratuity (Unfunded) (Refer Note 36)	1,374	4,397
Leave Encashment (Unfunded) (Refer Note 36)	694	592
Total	2,068	4,989

8. Short - term Borrowings

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Secured	Unsecured	Secured	Unsecured
Inter-corporate deposits from related parties (Refer Note 38B)	-	12,00,000	-	2,00,000
Working capital facility from Banks -short term loan	9,59,000	-	6,49,000	-
Working capital facility from Banks -Cash credit	2,06,828	-	3,274	-
Short term loan from banks		2,50,000		2,00,000
Total	11,65,828	14,50,000	6,52,274	4,00,000
Grand Total		26,15,828		10,52,274

8.1 The requisite particulars in respect of secured borrowings are as under:

Particulars	As at March 31, 2012	As at March 31, 2011	Particulars of security / guarantees / terms of repayment / default
Working capital facility from Banks -short term loan			
-Bank of Tokyo Mitsubishi Ltd.			
Loan A		1,00,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 210 days, sanctioned on September 24 th , 2010 , Repayable on April 22 nd , 2011. Rate of Interest -7.75%
Loan B		99,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 92 days, sanctioned on January 3 rd , 2011, Repayable on April 5 th , 2011. Rate of Interest -8.82%
Loan 1	50,000	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 180 days, sanctioned on November 2 nd , 2011 , Repayable on April 30 th , 2012. Rate of Interest -10.65%
Loan 2	1,39,000	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 178 days, sanctioned on Jan 3 rd , 2012, Repayable on June 29 th , 2012. Rate of Interest -10.70%

-BNP Paribas	-	1,50,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 60 days, sanctioned on February 18 th , 2011 , Repayable on April 19 th ,2011. Rate of Interest -9.70%
-Bank of America			
Loan A	-	2,00,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 13 days, sanctioned on March 22 nd , 2011 , Repayable on April 4 th , 2011. Rate of Interest -12.50%
Loan 1	1,90,000	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 90 days, sanctioned on Feb 8 th , 2012, Repayable on May 8 th ,2012. Rate of Interest -10.95%
-Barclays Bank	-	1,00,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 30 days, sanctioned on March 23 rd , 2011 , Repayable on April 22 nd ,2011. Rate of Interest -12.50%
-HDFC Bank Ltd	80,000	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 60 days, sanctioned on March 23 rd , 2012 , Repayable on May 22 nd , 2012. Rate of Interest -11.00%
-Australia and New Zealand Banking Group Ltd.			
Loan 1	2,50,000	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 150 days, sanctioned on December 12 th , 2011 , Repayable on May 10 th , 2012. Rate of Interest -10.60%
Loan 2	2,50,000	-	Secured by first charge Pari-Passu Charge on the book debts and receivables (present and future).The period of loan is 150 days, sanctioned on December 13 th , 2011 , Repayable on May 11 th , 2012. Rate of Interest -10.60%
Total Working capital facility from Banks -Cash credit	9,59,000	6,49,000	
-Jammu and Kashmir Bank Ltd.	15,403	3,274	Secured by first Pari-Passu Charge on the book debts and receivables (present and future).This is a cash credit facility available from Bank.Rate of Interest ranging between 12.50% to 13.50% in previous year, currently it is 13.50%
-Royal Bank of Scotland (ABN)	1,91,425	-	Secured by first Pari-Passu Charge on stock & book debts. (present and future).This is a cash credit facility available from Bank. Rate of Interest - 10.50%
Total	2,06,828	3,274	
Grand Total	11,65,828	6,52,274	

The requisite particulars in respect of Unsecured borrowings are as under:

Particulars	As at March 31,2012	As at March 31, 2011	Particulars of security / guarantees/ terms of repayment / default
Inter-corporate deposits from related parties - Hero MotoCorp Ltd			
Loan A	-	1,00,000	The period of loan is 30 days, sanctioned on March 29 th , 2011, Repayable on April 28 th , 2011 Rate of Interest -9.00%
Loan B	-	1,00,000	The period of loan is 29 days, sanctioned on March 31 st , 2011, Repayable on April 29 th , 2011 Rate of Interest -9.00%
Loan 1	3,00,000	-	The period of loan is 30 days, sanctioned on March 27 th , 2012, Repayable on April 26 th , 2012 Rate of Interest -9.60%
Loan 2	4,00,000	-	The period of loan is 30 days, sanctioned on March 28 th , 2012 , Repayable on April 27 th , 2012 Rate of Interest -9.60%
Loan 3	2,00,000	-	The period of loan is 32 days, sanctioned on March 29 th , 2012 , Repayable on April 30 th , 2012 Rate of Interest -9.60%
Loan 4	3,00,000	-	The period of loan is 45 days, sanctioned on March 30 th , 2012 , Repayable on May 14 th , 2012 Rate of Interest -9.75%
Total	12,00,000	2,00,000	
Short term loan from banks - HDFC Bank Ltd.			
Loan A	-	2,00,000	The period of loan is 28 days, sanctioned on March 18 th , 2011 , Repayable on April 15 th , 2011 Rate of Interest -9.50%
Loan 2	1,00,000	-	The period of loan is 60 days, sanctioned on March 23 rd , 2012 , Repayable on May 22 nd , 2012 Rate of Interest -11.00%
-Bank of America	1,50,000	-	The period of loan is 60 days, sanctioned on March 1 st , 2012 , Repayable on April 30 th , 2012 Rate of Interest -11.15%
Total	2,50,000	2,00,000	
Total	14,50,000	4,00,000	

9. Trade Payables

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Dues of MSME parties (Refer Note 40.3)	-	-
Dues of other than MSME parties (Refer Note 40.3)	9,351	1,804
Total	9,351	1,804

10. Other Current Liabilities

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of long-term debt (Refer Note 4.1)	4,33,200	1,33,200
(b) Interest accrued but not due on borrowings	2,609	893
(c) Unpaid dividends	7,893	8,454
(d) Other payables		
-Security deposit	-	198
-Unmatured Finance charges from customers	96,537	74,827
-Accrued salaries & benefits	1,133	761
-Expense Payable	760	1,271
-Withholding and other taxes payable	2,375	1,935
-Others	11,045	11,028
Total	5,55,552	2,32,567

11. Short - term Provisions

(All amounts in Rs. 000's, unless otherwise stated)

Short Term Provisions	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits		
Gratuity (Unfunded) (Refer Note 36)	4,149	97
Leave Encashment (Unfunded) (Refer Note 36)	16	14
(b) Others		
Proposed Dividend	90,500	90,500
Provision for tax on dividend	14,681	14,681
Total	1,09,346	1,05,292

12. Tangible Assets

(All amounts in Rs. 000's, unless otherwise stated)

Particulars (For Current reporting period)	Gross Carrying Value			Depreciation			Net Carrying Value			
	As at April 1, 2011	Additions	Disposals	As at March 31, 2012	As at April 1, 2011	Depreciation for the period	Other Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Own Use :										
Vehicles	17,633	7,250	758	24,125	3,248	1,694	307	4,635	19,490	14,385
Computers	612	138	314	436	583	22	314	291	145	29
Office Equipments	-	-	-	-	-	-	-	-	-	-
Total	18,245	7,388	1,072	24,561	3,831	1,716	621	4,926	19,635	14,414
Leased Assets: Given on Operating lease										
Plant & Machinery	7,41,881	83,565	1,91,433	6,34,013	3,37,507	68,808	1,17,791	2,88,524	3,45,489	4,04,374
Computers	56,954	4,167	35,851	25,270	34,564	6,162	29,267	11,459	13,811	22,390
Vehicles	29,713	89,563	-	1,19,276	2,411	4,093	-	6,504	1,12,772	27,302
Aircraft	2,09,732	-	-	2,09,732	61,074	11,777	-	72,851	1,36,881	1,48,658
Total	10,38,280	1,77,295	2,27,284	9,88,291	4,35,556	90,840	1,47,058	3,79,338	6,08,953	6,02,724
Given on Finance lease:										
Plant & Machinery	8,19,380	-	93,051	7,26,329	8,19,380	-	93,051	7,26,329	-	-
Computers	-	-	-	-	-	-	-	-	-	-
Vehicles	4,783	-	-	4,783	4,667	-	-	4,667	116	116
Office Equipments	409	-	409	-	409	-	409	-	-	-
Total	8,24,572	-	93,460	7,31,112	8,24,456	-	93,460	7,30,996	116	116
Grand Total	18,81,097	1,84,683	3,21,816	17,43,964	12,63,843	92,556	2,41,139	11,15,260	6,28,704	6,17,254

(All amounts in Rs. 000's, unless otherwise stated)

Particulars (For Preceding reporting period)	Gross Carrying Value			Depreciation			Net Carrying Value		
	As at April 1, 2010	Additions	Disposals	As at March 31, 2011	As at April 1, 2010	for the period	Other Adjustments	As at March 31, 2011	As at March 31, 2010
Own Use :									
Vehicles	10,545	8,781	1,693	17,632.91	2,932	1,332	1,016	3,248	7,613
Computers	612	-	-	611.91	526	57	-	583	86
Office Equipments	-	-	-	-	-	-	-	-	-
Total	11,157	8,781	1,693	18,245	3,458	1,389	1,016	3,831	7,699
Leased Assets: Given on Operating lease									
Plant & Machinery	5,59,232	1,82,649	-	7,41,881.08	2,62,271	75,236	-	3,37,507	2,96,961
Computers	53,767	5,288	2,101	56,953.84	27,107	9,054	1,597	34,564	26,660
Vehicles	6,841	27,549	4,677	29,713.00	4,185	1,360	3,134	2,411	2,656
Aircraft	2,09,732	-	-	2,09,731.81	49,329	11,745	-	61,074	1,60,403
Total	8,29,572	2,15,486	6,778	10,38,280	3,42,892	97,395	4,731	4,35,556	4,86,680
Given on Finance lease:									
Plant & Machinery	10,14,012	-	1,94,632	8,19,380.00	10,14,012	-	1,94,632	8,19,380	-
Computers	-	-	-	-	-	-	-	-	-
Vehicles	5,773	-	990	4,783.49	5,446	-	779	4,667	327
Office Equipments	409	-	-	408.85	409	-	-	409	(0)
Total	10,20,194	-	1,95,622	8,24,572	10,19,867	-	1,95,411	8,24,456	327
Grand Total	18,60,923	2,24,267	2,04,093	18,81,097	13,66,217	98,784	2,01,158	12,63,843	4,94,706

13. Non - current Investments

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	Face Value	As at March 31, 2012		As at March 31, 2011	
		No.	Amount (Rs.)	No.	Amount (Rs.)
Trade Investments (at cost)					
Investment in Equity instruments of					
- Forum I Aviation Ltd. (Fully paid up)	10	45,45,000	45,450	4,545,000	45,450
Total (A)		45,45,000	45,450	4,545,000	45,450
Other than trade Investments (at cost)					
Investment in Equity instruments of					
- Hero MotoCorp Ltd. (Fully paid up) * (formerly Hero Honda Motors Ltd.)	2	1,370	91	1,370	91
Total (B)		1,370	91	1,370	91
Grand Total (A+B)			45,541		45,541
Less : Provision for diminution in the value of Investments			-		-
Total			45,541		

* 500 shares are held in abeyance by the Company

Particulars	As at March 31, 2012		As at March 31, 2011	
	At Cost	Other than at Cost*	At Cost	Other than at Cost*
Aggregate amount of :				
-Quoted Investments	91	-	91	-
-Unquoted Investments	45,450	-	45,450	-
-Provision for diminution in value of investments		-	-	-
Market Value of Quoted Investments	2,815	-	2,178	-

14. Long Term Loans and Advances (unsecured, considered good)

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Prepaid Direct Tax	97,160	11,46,701
Less: Provision for		
- Wealth Tax	(2,157)	(1,887)
- Income tax	(72,668)	(11,11,599)
- Fringe Benefit Tax	-	(1,939)
	22,335	31,276
Loans & Advances recoverable in cash or in kind	133	234
Total	22,468	31,510

15. Other Non - Current Assets

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Long term trade receivables (including trade receivables on deferred credit terms)		
Secured, considered good		
Unsecured, considered good	3,31,288	3,48,348
Doubtful		
Less: Provision for doubtful debts		
Total	3,31,288	3,48,348

16. Current Investments

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	Face Value	As at March 31, 2012		As at March 31, 2011	
		No.	Amount (Rs)	No.	Amount (Rs)
Investments in Mutual Funds					
-Escorts Mutual Fund	10	-	-	5,08,73,85,518	70,000
Total				5,08,73,85,518	70,000
Grand Total		-	-		70,000
Less : Provision for dimunition in the value of Investments		-	-		20,325
Total		-	-	5,08,73,85,518	49,675

Particulars	As at March 31, 2012	As at March 31, 2011
Aggregate amount of :		
-Quoted Investments	-	-
-Unquoted Investments gross of Provision for diminution in value of Investments	-	70,000
-Provision for diminution in value of investments	-	20,325
Market Value of Quoted Investments	-	49,675

*Investments carried at other than cost are being valued at cost or fair value whichever is less, computed categorywise.

17. Trade Receivables

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	697	426
Unsecured, considered good	30,79,446	15,99,057
Total	30,80,143	15,99,483

18. Cash and Cash Equivalents

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Cash & Cash Equivalents		
Cheques in hand	-	2,294
Balances with banks in :		
-Current Accounts	6,316	12,635
b. Other Bank Balances		
-Unpaid Dividend Accounts	7,893	8,454
Total	14,209	23,383

19. Short Term Loans and Advances (unsecured, considered good)

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
Prepaid Expenses	760	63
Vat & Modvat Receivable	11,391	2,082
Advances recoverable in cash or in kind	1,76,536	92,517
Total	1,88,687	94,662

20. Other Current Assets

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
-Interest Receivable on short term loans & advances	1,478	163
Total	1,478	163

21. Commitments

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
(b) Estimated amount of LC's opened with banks	9,007	42,700
Total	9,007	42,700

22. Dividends

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Proposed Equity Dividend-Final	90,500	90,500
Dividend per share	10	10
Total	90,500	90,500

23. Statement of Realization of Assets Other Than Fixed Assets and Non - Current Investments

In the opinion of management, the realisable value of current assets, loans & advances will not be less than the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made and is considered adequate.

24. Revenue from Operations

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest		
Finance charges earned	-	
- Deferred Credit	971	2,294
- Consumer Finance	71,505	71,915
- Interest Income on short term loans & advances	75,954	1,40,417
Other Financial Services		
- Lease rentals -finance lease	527	643
- Lease rentals -operating lease	1,33,811	1,44,041
- Income on bills purchased	2,27,780	1,51,360
Total	5,10,548	5,10,670

25. Other Income

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Dividend from Non-Trade Investments		
- Long term investments-Equity shares	91	96
- Current investments-Mutual Funds	-	3,629
Profit on sale of investments (net) -Current	703	81
Profit on sale of fixed assets (net)- Non current	-	680
Other Non-Operating Income (net of expenses)		
- Arrangement fees	71,548	68,781
- Sundry Balances Written Back (Net)	3,920	-
- Miscellaneous Income	40	194
Total	76,302	73,461

26. Employee Benefits Expense

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and Wages	14,607	14,431
Contribution to Provident and Other Funds	2,911	2,994
Staff Welfare Expenses	88	67
Recruitment and training expenses	-	49
Total	17,606	17,541

27. Finance Costs

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest Expense		
Interest on term loan	52,436	46,438
Interest on working capital and others	1,88,201	1,76,116
Total	2,40,637	2,22,554

28. Depreciation and Amortization expense

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Depreciation	92,557	98,784
Total	92,557	98,784

29. Other Expenses

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Rent	60	60
Repairs & maintenance-others	23	-
Insurance	704	239
Rates and Taxes, excluding, taxes on income		
-Wealth tax	270	118
-Others	295	40
Legal & Professional Expenses	3,392	3,610
Payment to Auditors (refer note 29.1)	635	502
Bank Charges	60	173
Travelling and conveyance	6,036	5,089
Donation	200	17
Provisions for diminution in the value of Investments	-	1,657
Postage & telephone	714	500
Printing & stationery	230	259
Vehicle expenses	1,926	1,563
Loss on sale of fixed assets (For Previous year figure refer note 25)	630	-
Miscellaneous Expenses	2,433	2,434
Total	17,608	16,261

29.1 Payment to Auditor

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
As Auditor:		
Audit fee	489	441
Tax Audit fee	83	-
In other Capacity:		
Certification charges	55	55
Reimbursement of Expenses	8	6
Total	635	502

30. Current Tax

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Current tax	71,421	73,640
Short provision of the earlier years	469	-
Total	71,890	73,640

31. Earnings per Equity Shares

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net Profit/(Loss) after tax	1,40,719	1,56,579
Net Profit/(Loss) after tax available for equity shareholders	1,40,719	1,56,579
Weighted average number of equity shares		
For Basic EPS	90,50,000	90,50,000
For Diluted EPS	90,50,000	90,50,000
Nominal Value of shares	10	10
Earning per share (EPS) (In Rupees)		
Basic	15.55	17.30
Diluted	15.55	17.30

32. Transfer to / from Reserves

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Transfer to Reserves		
Transfer to Statutory Reserve	28,200	31,400
Transfer to Contingent Provisions against Standard Assets	10,150	6,350
Transfer to General Reserve	14,100	15,700
Total	52,450	53,450

33. Transfer to / from Provisions

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Transfer to Provisions		
Proposed Dividend	90,500	90,500
Corporate Dividend Tax	14,681	14,681
Total	1,05,181	1,05,181

34. Value of Imports on CIF Basis in respect of

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Capital Goods	49,250	89,084
Total	49,250	89,084

35. Expenditure in Foreign Currency

(All amounts in Rs. 000's, unless otherwise stated)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Travel and other accounts	2,113	1,201
Total	2,113	1,201

36. Gratuity and Earned leave benefit plans

The Company has a defined benefit gratuity plan and leave encashment benefit plan. Both the plans are unfunded.

The following tables summarise the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2012)

Net employee benefit expense (recognised in the Statement of Profit & Loss for the year ended March 31, 2012)
(Rupees in thousands)

Particulars	Earned Leave		Gratuity	
	2011-2012	2010-2011	2011-2012	2010-2011
Current Service Cost	37	39	322	285
Interest Cost on benefit obligation	52	37	382	247
Expected return on plan assets Past Service Cost	-	-	-	-
Actuarial (gain) / loss recognised in the year	15	59	324	872
Net benefit expense	104	135	1,028	1,404
Actual return on Plan Assets	-	-	-	-

Net Asset / (Liability) recognised in the Balance Sheet as at March 31, 2012

(Rupees in thousands)

Particulars	Earned Leave		Gratuity	
	2011-2012	2010-2011	2011-2012	2010-2011
Present Value of Defined Benefit Obligation	710	606	5,522	4,494
Fair Value of Plan Assets	-	-	-	-
Net Asset / (Liability) recognised in the Balance Sheet	(710)	(606)	(5,522)	(4,494)

Changes in the present value of Defined Benefit Obligation are as follows:

(Rupees in thousands)

Particulars	Earned Leave		Gratuity	
	2011-2012	2010-2011	2011-2012	2010-2011
Opening defined benefit obligation	606	471	4,494	3,090
Interest Cost	52	37	382	247
Current Service Cost	37	39	322	285
Benefits Paid	-	-	-	-
Actuarial (gain) / loss on obligation	15	59	324	872
Closing defined benefit obligation	710	606	5,522	4,494

The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:
(Rupees in thousands)

Particulars	Earned Leave		Gratuity	
	2011-2012	2010-2011	2011-2012	2010-2011
Discount Rate	8.50	8.00	8.50	8.00
Rate of increase in Compensation	6.00	5.50	6.00	5.50
Rate of Return on Plan Assets	-	-	-	-
Average Outstanding Service of Employees upto Retirement (years)	10.32	16.73	7.98	13.77

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Contribution to Defined Contribution Plans:

(Rupees in thousands)

Particulars	Amount
Provident fund / Pension Fund	976
Superannuation fund	907

37. Segmental Information as per Accounting Standard-17

The Company has only one reportable segment that is, financial services. Accordingly disclosure requirement as prescribed under AS-17 is not applicable to the Company.

38. Disclosures as required under 'Related Party Disclosure' (AS 18) are as below:

A. Name of the Related Party and Nature of the Related Party Relationship

- Holding Substantial Interest
Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.)
Hero InvestCorp Ltd. (Formerly Puja Investments Pvt. Ltd.)
- Managing Director – Key Management Personnel
Mrs. Renu Munjal
- Enterprises significantly influenced by Directors and / or their Relatives

Stalwart Exports Pvt. Ltd.
 Khosla Overseas Pvt. Ltd. (subsidiary of SEPL)
 Elvy Lifestyle Pvt. Ltd.
 Stalwart Lifestyle Private Ltd.
 P M Infosoft Pvt. Ltd.
 Weave Engineering & Design Ltd.
 Easy Bill Ltd.

B. Transactions with Related Parties in the ordinary course of business

a) Holding substantial interest:

(Rupees in thousands)

Nature of transactions	Value of Transactions	
	2011-2012	2010-2011
Inter corporate deposit received	45,50,000	44,50,000
Inter corporate deposit repaid	35,50,000	42,50,000
Interest on Inter corporate deposit accrued and paid	57,592	36,783
Dividend received	91	96
Lease rental received	1,18,403	12,2,649
Dividend paid	27,150	27,150
Rent and telephone expenses paid	120	120
Outstanding balance as at the year end:		
-Inter corporate deposit	12,00,000	2,00,000

b) Key management personnel:

(Rupees in thousands)

Nature of transactions	Value of Transactions	
	2011-2012	2010-2011
Remuneration payments	10,100	8,997
Defined contribution to provident and superannuation fund	1,372	1,191
Managerial Commission	-	1,800

c) Enterprises significantly influenced by Directors and / or their relatives

Current Year Nil (previous year Nil)

39. Disclosures as required under Accounting Standard 19 are as below:**a) Assets given on operating lease**

i. Future minimum lease receipts:

(Rupees in thousands)

Future minimum lease receipts	Upto 1 year		More than 1 year but less than 5 years	
	2011-2012	2010-2011	2011-2012	2010-2011
Vehicle	31,382	6,962	21,558	18,011
Computer	4,667	6,093	2,584	4,906
Plant & machinery	1,05,645	1,09,669	1,51,817	2,07,995
Aircraft	13,920	18,720	5,800	26,520
TOTAL	1,55,614	1,41,444	1,81,759	2,57,432

ii. During the year company has leased out computers, vehicles and plant & machinery under operating lease agreement for an initial period of two to four years.

iii. The assets for which primary lease period has expired, are being given for secondary lease period.

iv. The assets are given on non-cancellable operating leases for an initial period of two to four years comprising of primary lease period which gets extended by another two to four years comprising of secondary lease period.

b) Assets given on finance lease

Primary lease period in all the cases has expired. The Company is charging lease rent for secondary lease period in these cases

40. OTHER NOTES

- 1) The Company has created a Statutory Reserve @ 20% of the profit for the year as per the provisions of Reserve Bank of India Act, 1934.
- 2) Vide notification of Reserve Bank of India no.RBI/2010-11/370 Dated January 17th 2011, The Company has created a provision of 0.25% for "Standard Assets" shown separately as "Contingent Provisions against Standard Assets" under Reserves & Surplus in the balance sheet.
- 3) The Company has no dues towards the Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises (Development) Act 2006 to the extent of information available with the Company. Therefore, the disclosures regarding amounts due at the year end and interest due thereon are not applicable.

4) Managerial remuneration:

(Rupees in thousands)

Particular	2011-2012	2010-2011
Remuneration	10,100	8,997
Contribution to provident and superannuation fund	1,372	1,191
Commission	-	1,800
Director's sitting fee-Non Executive Directors	370	350
TOTAL	11,842	12,338

5) Previous year's figures have been regrouped / recast wherever considered necessary

6) Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rupees in thousands)

S. No.	Particular	Outstanding	Overdue
Liabilities			
1.	Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:		
	(a) Debentures :		
	Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	-	-
	(c) Term Loans	4,91,833	-
	(d) Inter-corporate loans and borrowing	12,00,000	-
	(e) Commercial Paper	-	-
	(f) Public Deposits*	-	-
	(g) Other Loans	-	-
	(i) Working capital demand loan		
	– secured	11,65,828	-
	(ii) Working capital demand loan- unsecured	2,50,000	-

	Amount outstanding
Assets	
2. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	
(a) Secured	-
(b) Unsecured	26,83,200
3. Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	116
(b) Operating lease	6,12,857
(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	5,94,690

4. Break-up of Investments :

Current Investments :

1. Quoted :

(i) Shares :

(a) Equity -

(b) Preference -

(ii) Debentures and Bonds -

(iii) Units of mutual funds -

(iv) Government Securities -

(v) Others (please specify) -

2. Unquoted : -

(i) Shares : -

(a) Equity -

(b) Preference -

(ii) Debentures and Bonds -

(iii) Units of mutual funds -

(iv) Government Securities -

(v) Others (please specify) -

Long Term investments :

1. Quoted : -

(i) Shares :

(a) Equity 91

(b) Preference -

(ii) Debentures and Bonds -

(iii) Units of mutual funds -

(iv) Government Securities -

(v) Others (please specify) -

2. Unquoted : -

(i) Shares : -

(a) Equity 45,450

(b) Preference -

(ii) Debentures and Bonds -

(iii) Units of mutual funds -

(iv) Government Securities -

(v) Others (please specify) -

5. Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties **	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same Group	-	-	-
(c) Other related parties	-	4,66,000	4,66,000
2. Other than related parties	5,94,690	28,30,173	34,24,863
Total	5,94,690	32,96,173	38,90,863

6. Investor group-wise classification of all investments (current and long term) in shares and securities both (quoted and unquoted):

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries		-
(b) Companies in the same group		-
(c) Other related parties	2,178	91
2. Other than related parties	45,450	45,450
Total	47,628	45,541

** As per Accounting Standard of ICAI

7. Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	-
(a) Related parties	-
(b) Other than related parties	-
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

Hero FinCorp Ltd.

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

ATTENDANCE SLIP

Please complete the attendance slip and hand it over at the entrance of the meeting hall.

L. F. No. _____ No. of Share held _____

Name(s) in full	Father's/Husband's Name	Address as Regd. with the company
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

I/We hereby record my/our presence at the 21st Annual General Meeting of the Compnay being held on Wednesday, July 18, 2012 at 5:00 P.M. at 'Essex Farms" IIT Gate, New Delhi-110 016

Signature of the Shareholders(s)/Proxy*

1. _____ 2. _____ 3. _____

***Strike out whichever is not applicable**
Note: Attendance Slip in original should be complete in all respects.

Hero FinCorp Ltd.

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

PROXY

Please complete the attendance slip and hand it over at the entrance of the meeting hall.

L. F. No. _____ No. of Share held _____

Name(s) in full	Father's/Husband's Name	Address as Regd. with the company
1
2
3

being a member/members of Hero FinCorp Ltd. hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/usand on my behalf at the 21st Annual General Meeting of the Compnay being held on Wednesday, July 18, 2012 at 5:00 P.M. at 'Essex Farms', IIT Gate, New Delhi-110 016 and at any adjournment thereof.

Signature of the Shareholders(s)

Signature of Proxy

1. _____ 2. _____ 3. _____ 1. _____

Date: / /2012

Affix
1 Rupee
revenue
stamp

2. _____

Note : The proxy be returned so as to reach the Registered Office of the Compnay not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Compnay.