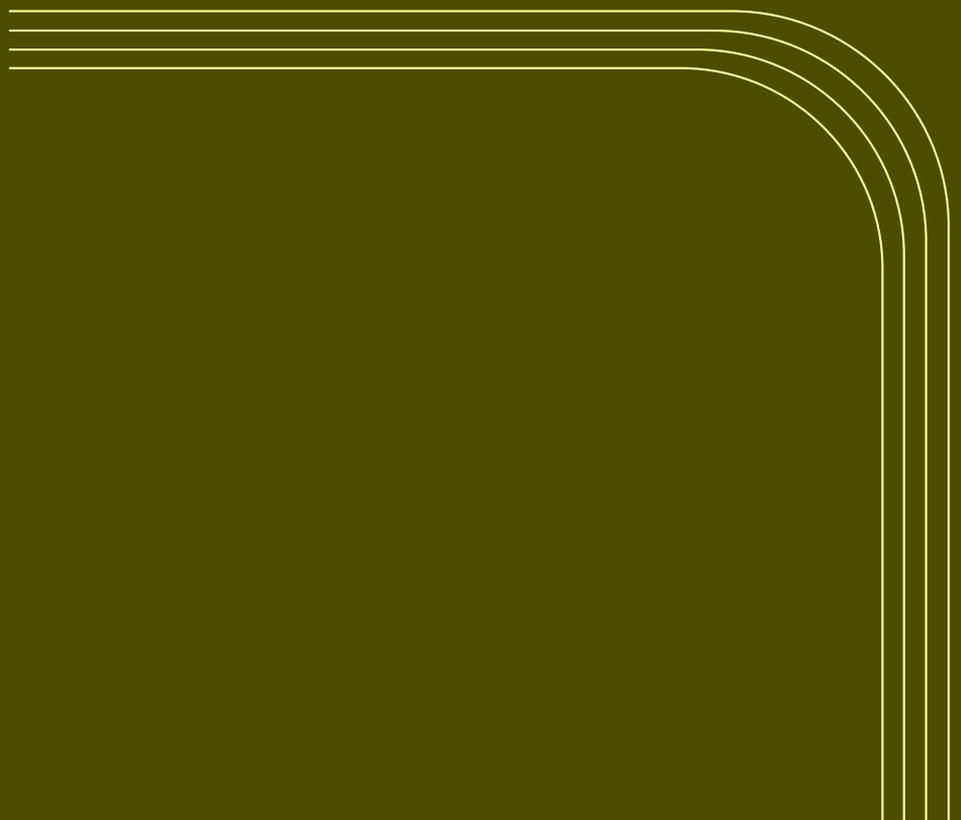




# ANNUAL REPORT 2012-13



Hero FinCorp Ltd.

**22<sup>ND</sup> ANNUAL GENERAL MEETING**

---

DAY	FRIDAY
DATE	JULY 19, 2013
TIME	5:00 P.M.
VENUE	HOTEL VASANT CONTINENTAL VASANT VIHAR, NEW DELHI - 110 057

# Contents

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

Board of Directors	2
Corporate Information	3
Notice	4
Financial Highlights	7
Directors' Report	8
Particulars of Employees	12
Corporate Governance Report	13
General Shareholders' Information	19
Director's Details	21
Independent Auditors' Report	23
Balance Sheet	26
Statement of Profit and Loss	27
Cash Flow Statement	28
Notes to Financial Statements	29
Attendance Slip & Proxy Form	59



# Board of Directors

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

CHAIRMAN

**Mr. Brijmohan Lall Munjal**

MANAGING DIRECTOR

**Mrs. Renu Munjal**

DIRECTORS

**Mr. Pawan Munjal**

**Mr. D.N. Davar**

# Corporate Information

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**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

### SELECTION COMMITTEE

Mr. Pawan Munjal	Chairman
Mr. D.N. Davar	Member
Mr. Ravi Sud	Member

### FINANCIAL ADVISOR

Mr. Ravi Sud

### PRINCIPAL OFFICER

Mr. Shyam Lal

### COMPANY SECRETARY

Mr. Tribhuwan K. Johari

### AUDITORS

S.S. Kothari Mehta & Co. (upto July 19, 2013)  
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](http://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  
Kotak Mahindra Bank Ltd.

### 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

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

# Notice

## 22<sup>ND</sup> ANNUAL REPORT 2012-13 Hero FinCorp Ltd.

NOTICE is hereby given that the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the Members of Hero FinCorp Ltd. will be held on Friday, July 19, 2013 at 5:00 P.M. at Hotel Vasant Continental, Vasant Vihar, New Delhi - 110 057 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To declare a dividend of Rs.3 per Equity share on 1,81,00,000 Equity Shares of Rs.10 each for the financial year 2012-13.
3. To appoint a Director in place of Mr. D.N.Davar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 015125N) as the Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration in place of M/s. S. S. Kothari Mehta & Co., Chartered Accountants (Firm Registration No. 000756N) who have submitted their resignation vide letter addressed to the Board as the Statutory Auditors of the Company.

### SPECIAL BUSINESS:

To consider and, if thought fit, to pass, the following resolution with or without modification(s), as a Special Resolution:-

#### 5. **APPOINTMENT OF MR. ABHIMANYU MUNJAL AS CHIEF OPERATING OFFICER (COO)**

"RESOLVED THAT pursuant to provisions of Section 314(1B) read with Director's Relatives (Office or Place of Profit) Amendment Rules, 2011 and all other applicable provisions, if any of the Companies Act,

1956 and subject to the recommendation of the Selection Committee and the approval of the Central Government, consent of the Company be and is hereby accorded to the appointment of Mr. Abhimanyu Munjal, to hold and continue to hold an Office or Place of Profit as "Chief Operating Officer" (or any other designation and roles which the Board / Committee of the Board may decide from time to time) with effect from July 20, 2013 on such remuneration and terms and conditions as set out in the Explanatory Statement attached to this Notice.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of the Board or any Director or Secretary or Officer to give effect to the aforesaid Resolution."

By Order of the Board  
for Hero FinCorp Ltd.



**Tribhuwan K. Johari**  
COMPANY SECRETARY

New Delhi  
June 4, 2013

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

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out the details relating to Special Business to be transacted at the meeting is attached hereto.
2. **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.**
3. 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 **Monday, July 15, 2013 to Friday, July 19, 2013 (both days inclusive).**
4. The dividend as recommended by the Board of Directors, upon declaration by the members at the 22<sup>nd</sup> Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on **Friday, July 19, 2013.**
5. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 (seven) years is to be compulsorily transferred to the **"Investor Education and Protection Fund (IEPF)"**, constituted by the Central Government. Consequent to such transfer, member(s) would not be able to claim any amount of dividend so transferred to the IEPF. Member(s) who have not yet encashed his/her/its dividend warrant(s) is/are requested in his/her/its own interest **to immediately** write to the Company for claiming their outstanding dividends declared by the Company during the years 2005-06 (Final) and onwards. The dividend for the aforesaid years shall be paid only on receipt of a valid request in this regard and the satisfactory compliance of the requisite procedure, as prescribed by the Company.
6. Your Company has started the process of payment of Dividend through NECS facility. The NECS facility provides the Members 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 Mandate Form** provided separately alongwith this Annual Report.
7. 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 provided separately alongwith this Annual Report.
8. 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 provided separately alongwith this Annual Report which should be submitted **in duplicate** by the member(s).
9. 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.
10. 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** provided separately alongwith this Annual Report.

# Explanatory Statement

## Pursuant to Section 173(2) of the Companies Act, 1956

22<sup>ND</sup> ANNUAL REPORT 2012-13  
Hero FinCorp Ltd.

### Item No. 5

Mr. Abhimanyu Munjal born on July 14, 1983 completed his Bachelor of Business Administration (BBA) from Preston International College, United Kingdom in the year 2006. After his graduation, he joined and took various important assignments at positions such as Investment Advisor, ABN Amro Bank, New Delhi. Immediately before joining at Hero FinCorp Ltd., he held the position of Dy. C.E.O at Rockman Industries Limited. He brings with him rich and diversified experience in financial sector. His specialization includes:

- Treasury, Banking & Finance;
- Strategic Planning ; and
- Identifying Merger & Acquisition.

Your Board of Directors ('Board') by passing a resolution in its meeting held on June 4, 2013 on the recommendation made by the Selection Committee in its meeting held on June 4, 2013 have appointed him as the Chief Operating Officer ("COO") of the Company with effect from July 20, 2013, subject to the approval of the shareholders in the General Meeting and the Central Government, on the terms and conditions, as detailed hereinafter:

- Basic Salary:** Rs. 3,35,000 (Rupees Three lacs thirty five thousand only) per month subject to an increase of 20% per annum on the Basic Salary of the preceding year;
- Annual Performance Bonus:** The appointee shall be allowed an Annual Performance Bonus of 35% to 100% of the Total Salary based on the performance of the Company in a financial year excluding facilities granted to him; and
- Perquisites, Allowances and Facilities:** In addition to the above Basic Salary and Annual Performance Bonus, he shall be entitled to the following Perquisites, Allowances and Facilities:

#### Perquisites and Allowances:

- Special Allowance:** The appointee shall be paid a Special Allowance @ 35% of the Basic Salary;
- House Rent Allowance:** The appointee shall be paid a House Rent Allowance (HRA) @ 75% of the Basic Salary alongwith free use of all amenities;
- Medical Reimbursement:** Reimbursement of medical expenses upto a limit of Rs. 15,000/- p.a. incurred by the appointee and his family;
- Personal Accident Insurance:** Actual premium to be paid by the Company;
- Insurance of House-hold goods:** Actual premium, as per the rules, to be paid by the Company;

- Group Normal Life insurance:** Annual premium for insurance cover with sum assured upto maximum of Rs. 60 lacs to be paid by the Company;
- Mediclaim Policy:** Mediclaim coverage with Insurance Company as per rules of the Company for hospitalisation of self and dependant family. Actual premium to be paid by the Company to the Insurance Company towards policy;
- Leave:** Annual leaves and its accumulations as per the rules of the Company;
- Leave Travel Assistance/Allowance (LTA):** The appointee shall be paid LTA only for domestic travel with family subject to a maximum of Rs. 2,50,000 p.a. as per the rules of the Company;
- Contribution to Provident, Superannuation Funds and National Pension Scheme:** Company's contribution to Provident, Superannuation Funds and National Pension Scheme will be as per the rules of the Company; and
- Gratuity:** Not exceeding half month's salary for each completed year of service as per the rules of the Company;

#### Facilities:

- Club Fees:** Actual fee of one club to be paid by the Company;
- Car:** Facility of one car with driver; and
- Telephone:** Free telephone facility at Residence including Mobile phone.

The appointment under Item No. 5 of the Notice is subject to the approval of the shareholders of the Company & Central Government.

Mr. Brijmohan Lall Munjal and Mrs. Renu Munjal may be deemed to be interested/ concerned in the Resolution contained under Item No. 5 of the Notice. None of the other directors of the Company is interested or concerned in the said Resolution.

The Board of Directors of your Company recommends passing of the aforesaid Special Resolution.

By Order of the Board  
for Hero FinCorp Ltd.

  
Tribhuwan K. Johari  
COMPANY SECRETARY

New Delhi  
June 4, 2013

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

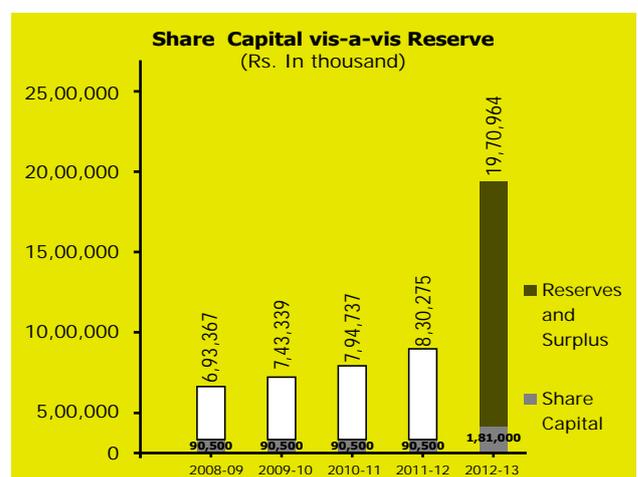
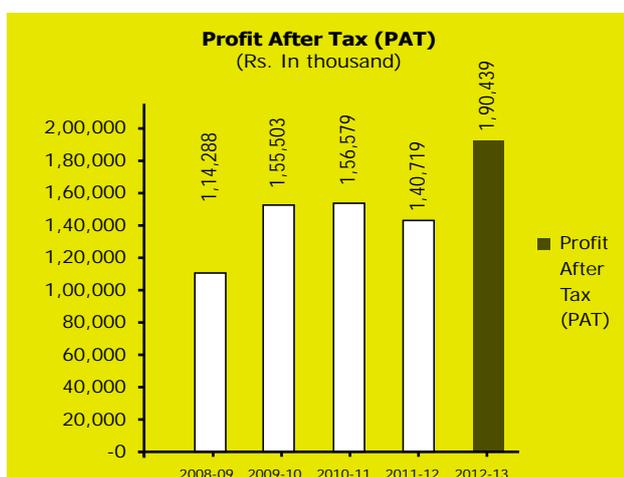
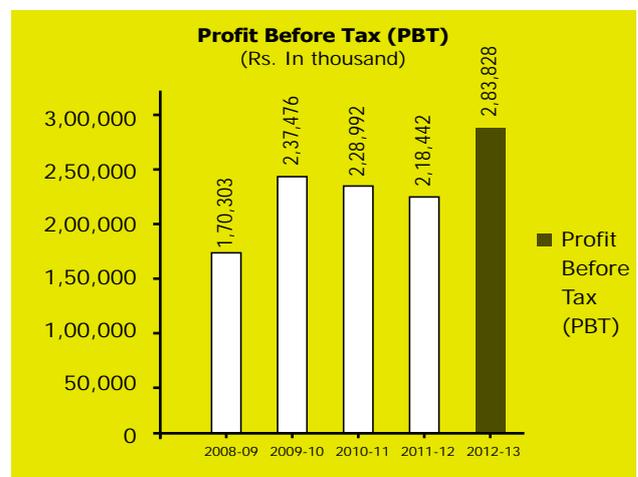
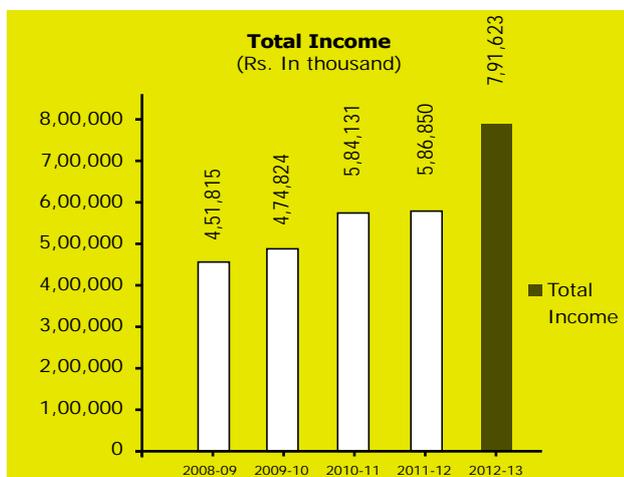
# Financial Highlights

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

(Rupees in 000's)

	2008-09	2009-10	2010-11	2011-12	2012-13
Total Income	4,51,815	4,74,824	5,84,131	5,86,850	<b>7,91,623</b>
Growth in Income - (%)	0.63	5.09	23.02	0.46	<b>34.89</b>
Profit before tax (PBT)	1,70,303	2,37,476	2,28,992	2,18,442	<b>2,83,828</b>
Profit after tax (PAT)	1,14,288	1,55,503	1,56,579	1,40,719	<b>1,90,439</b>
Share Capital	90,500	90,500	90,500	90,500	<b>1,81,000</b>
Reserves and Surplus	6,93,367	7,43,339	7,94,737	8,30,275	<b>19,70,964</b>
Total debt	17,20,000	17,80,000	16,77,307	31,07,661	<b>5,274,149</b>
Net Fixed Assets	5,00,662	4,94,706	6,17,254	6,28,704	<b>7,04,046</b>
Dividend - (%)	100	100	100	100	<b>30*</b>
Earning per Share (EPS) (Rs.)	12.63	17.18	17.30	15.55	<b>18.29</b>

\* Proposed Dividend



# Directors' Report

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

Dear Members,

We, the Directors of Hero FinCorp Ltd., are delighted to present the 22<sup>nd</sup> Annual Report for the financial year 2012-13. The Report is being presented along with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2013.

## FINANCIAL RESULTS

(Rupees in 000's)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Total Revenue	<b>7,91,623</b>	5,86,850
Profit before Finance Costs, Depreciation & Amortization Expense	<b>7,12,642</b>	5,51,636
Less: Finance Costs	<b>3,23,085</b>	2,40,637
Depreciation & Amortization Expense	<b>1,05,729</b>	92,557
<b>Profit before tax</b>	<b>2,83,828</b>	2,18,442
Less: Provision for tax		
? Current	<b>89,648</b>	71,890
? Deferred	<b>3,741</b>	5,833
<b>Profit after tax</b>	<b>1,90,439</b>	1,40,719
Add: Balance of profit brought forward	<b>1,01,995</b>	1,18,907
Balance available for appropriation	<b>2,92,434</b>	2,59,626
<b>Appropriations</b>		
Dividend (Rs.) – (Proposed)	<b>(54,300)</b>	90,500
Corporate Dividend Tax – Current year	<b>9,228</b>	14,681
Transfer to Statutory Reserve	<b>38,100</b>	28,200
Transfer to General Reserve	<b>19,100</b>	14,100
Balance carried to Balance Sheet	<b>153,431</b>	1,01,995
Dividend (%) (Proposed)	<b>(30)</b>	100
Basic and Diluted Earning per Share (EPS) (Rs.)	<b>18.29</b>	15.55

## OPERATIONS

During the year under review, the total revenue has shown an impressive growth of 34.90 per cent from Rs. 5,868 lacs in 2011-12 to Rs. 7,916 lacs in 2012-13. Similarly the Profit before tax (PBT) increased by 29.95 per cent from Rs. 2,184 lacs in 2011-12 to Rs. 2,838 lacs in 2012-13 so also the Profit after tax (PAT) registered an increase of 35.32 per cent from Rs. 1,407 lacs in 2011-12 to Rs. 1,904 lacs in 2012-13.

The major role in the impressive growth in overall financing activities was played by the Income earned from Bills Discounting, which registered an increase of 46.55 per cent from Rs. 2,277 lacs in 2011-12 to Rs. 3,337 lacs in 2012-13.

Similarly the Income from Operating Lease has also shown an increase of 38.20 percent from Rs. 1,338 lacs in 2011-12 to Rs. 1,849 lacs in 2012-13. The finance charges earned from deferred credit grew whoppingly by 130 percent from Rs. 10 lacs in 2011-12 to Rs. 23 lacs in 2012-13.

## FUTURE OUTLOOK

Your Company is mainly engaged in providing Financial Services, primarily to Automotive Manufacturing Industry. Due to overall slowdown in the macro economic environment of the country, the Two Wheeler Industry could show a paltry growth of 2.3% with 158.24 lacs units of sales in 2012-13 compared to 154.70 lacs units in YTD 2011-12. However the Board is optimistic about the

growth, overtime in this sector.

In the past, the Automotive Sector and the Financial Sector of the Country has simultaneously played a vital role in the growth and performance of the economy. The reach of credit delivery to the unexplored – underserved corners of the Country was extended by the Banks and NBFCs.

The Company presently provides captive financing solutions to vendors, dealers and logistic suppliers/transporters of Hero MotoCorp (HMCL), however the same would now be extended to finance two-wheeler purchases. The proposed financing would be done at the competitive and transparent rates to the two-wheeler customers as against the prevailing interest rates of 26-28 per cent for two-wheeler loans.

By the end of financial year 2013-14, the facility would be expended to 200 dealer outlets and to 450 dealerships by 2014-15. Further by the end of March 2016, it has plans to extend the facility to all the sales outlets of HMCL.

As of March 31, 2013, Hero FinCorp had Equity and Reserves of Rs. 215 crores, however Hero MotoCorp, promoter Company holding approx. 40 per cent is expected to infuse additional equity of around Rs. 200 crores by 2014-15.

#### **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 28.8 per cent as on March 31, 2013, thus depicting the positive growth trajectory of the Company coupled with the financial stability thereof.

#### **INCREASE OF AUTHORISED CAPITAL**

During the year, the Authorised Share Capital of the Company was increased from Rs. 20 crores to Rs.50 crores by addition of 3,00,00,000 equity shares of Rs. 10 each after obtaining the approvals of the members at their Extra-

ordinary General Meeting held on December 14, 2012.

#### **RAISING OF FUNDS/ CAPITAL**

##### **A. SECURED NON CONVERTIBLE DEBENTURES**

In the month of October, 2012, your Company issued Secured Non- convertible Debentures to the tune of Rs.50 crores repayable at the end of 3<sup>rd</sup> year from the date of issue on a private placement basis. The said Debentures had also been listed on the National Stock Exchange of India Limited.

##### **B. ISSUE OF EQUITY SHARES ON RIGHTS BASIS**

The Company to augment the need of long term funds requirement, came out with an issue of equity shares of Rs. 10 each alongwith premium of Rs. 105 on Rights basis to the equity shareholders, holding shares as on December 14, 2012, the Record Date fixed for the said purpose for an aggregate amount of Rs. 104 crores. The allotment to the eligible members was made on February 5, 2013.

#### **DIVIDEND**

In order to keep up its policy of sharing the profits with its Stakeholders, your Directors are pleased to recommend a dividend of 30 per cent i.e Rs.3 per Equity Share for your consideration and approval at the ensuing Annual General Meeting.

#### **TRANSFER TO GENERAL AND STATUTORY RESERVE**

Your Directors are pleased to report that with a view to reinforcing the financial strength of the Company, a sum of Rs.191 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. 381 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.

#### **BOARD OF DIRECTORS**

In pursuance to the provisions of Article Nos. 143 & 144 of Articles of Association of the Company, Mr. D.N.Davar, Director would retire by rotation. He being eligible has offered himself for re-appointment as Director at the ensuing Annual General Meeting.

Your Directors place on record their deep appreciation and wishes for a fruitful association as Director on the Board.

The Board recommends his re-appointment at the ensuing Annual General Meeting.

Brief resume/details of Mr. D.N.Davar has been furnished in the Corporate Governance Report.

#### **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 2012-13, 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, 2013 and of the profit of the Company for the financial year ended March 31, 2013;
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 for the year ended March 31, 2013 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:

The rating agency CRISIL, has assigned "CRISIL AA+/Stable" rating to non-convertible debentures of the Company. CRISIL has reaffirmed its ratings on the bank facilities and other debt instruments of the Company at "CRISIL AA+/FAAA/Stable/CRISIL A1+".

The rating agency ICRA Limited, has reviewed and reaffirmed the rating assigned to the Company for its Non-Convertible Debenture Programme as {ICRA} AA+ (pronounced ICRA double A plus) with stable outlook

assigned to captioned Non-Convertible Debenture Programme of the Company. This is the high-credit-quality rating assigned by ICRA.

#### **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**

During the year under review, M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, Statutory Auditors of the Company vide their resignation letter dated addressed to the Board informed that they does not intend to stand for reappointment as Statutory Auditors of the Company at the forthcoming Annual General Meeting of the Company.

The Board in its meeting held on June 4, 2013 considered and recommended for the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors, instead of M/s. S.S. Kothari Mehta & Co., After considering the recommendation of the Audit Committee. Further the Company has received a certificate dated June 03, 2013 from M/s. Deloitte Haskins & Sells to the effect that their appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956 and they are not disqualified in terms of Section 226 of the Companies Act, 1956 from being appointed as the Statutory Auditors of the Company.

#### **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. 10.91 lacs on account of interest, travel etc. (Previous year Rs. 21.13 lacs) & Rs. Nil on account of import of capital goods (Previous year Rs.492.50 lacs)

#### **PARTICULARS OF EMPLOYEES**

Information of Particulars of Employees as required under Section 217(2-A) 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.

#### **ACKNOWLEDGMENT**

The Board 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

New Delhi  
June 4, 2013

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

# Particulars of Employees

## Annexure - I to the Directors' Report

22<sup>ND</sup> ANNUAL REPORT 2012-13  
Hero FinCorp Ltd.

**INFORMATION AS PER SECTION 217(2-A) 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, 2013**

Name of Employee	Age Years	Date of Birth	Designation (Nature of Duty)	Gross Rem. (Rs. In Lacs)
Mrs. Renu Munjal	58	06-03-1955	Managing Director (Overall management of the affairs of the Company)	132.52

Qualification	Experience (Years)	Shareholding (in %age)	Date of Employment	Last Employment
Privately Educated	38	0.13	01.09.1995	Executive Director Hero MotoCorp Ltd.

### Notes:

1. Information has been furnished for the 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 Director, was employed during the financial year or part thereof.
2. 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.
3. Above said appointment is on contractual basis.
4. Mrs. Renu Munjal is wife of late Mr. 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

22<sup>ND</sup> ANNUAL REPORT 2012-13  
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 is strong with an optimum combination of Executive and Non- Executive (including Independent) Directors, who represent the interest of all stakeholders;
- The Board is effective in monitoring and controlling the Companies Affairs;
- The Board is aware of the concerns of the Company's shareholders; and
- The Management and employees have a stable environment.

In 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, 2013, the Company's Board consists of four Directors, which includes one Executive Director, two Non-Executive Directors and one Non-Executive and Independent Director. Details of composition of the Board, number of meetings held during their tenure and attended by them during the financial year 2012-13 etc. is given in Table 1.

**TABLE 1: DETAILS ABOUT COMPANY'S BOARD / ATTENDANCE RECORD DURING FINANCIAL YEAR 2012-13**

Name of the Directors	No. of Board Meetings		Attendance at last AGM	No. of outside Directorships held	No. of Committee	
	Held	Attended			Chairmanships held	Memberships (including Chairmanships) held
	(excluding Private Companies, Foreign Companies and Section 25 Companies)					
<b>Executive</b>						
Mrs. Renu Munjal	4	3	Yes	3	None	1
<b>Non-Executive</b>						
Mr. Brijmohan Lall Munjal	4	4	Yes	7	None	1
Mr. Pawan Munjal	4	4	Yes	4	None	1
<b>Non-Executive and Independent</b>						
Mr. D. N. Davar	4	4	Yes	13	5	10
*Dr. M.A. Zahir	1	1	No	8	3	8

\*Did not seek re-appointment at the 21<sup>st</sup> AGM held on July 18, 2012. Directorship details are as of April 1, 2012

Mrs. Renu Munjal is wife of late Shri Raman Kant Munjal, son of Mr. Brijmohan Lall Munjal and brother of Mr. Pawan 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 2012-13, the Board met 4 (four) times on June 8, 2012; July 18, 2012; November 15, 2012 and February 5, 2013 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 are 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 nonpayments for services provided by the Company;
- Sale of material nature of investments and assets, which are not in the normal course of business; and
- 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 the meeting of the Risk Management Committee, the same is reviewed and new risks are identified and after their assessment, their controls are designed, put in place with specific

responsibility of the concerned person for its timely achievement.

**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 atleast two - third of the members being Non-Executive Directors.

As on March 31, 2013 the constitution of the Audit Committee was as under:

<b>Name of the Members</b>	<b>Position Held</b>
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 meeting of the Board 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 June 8, 2012; July 18, 2012; November 15, 2012 and February 5, 2013 respectively.

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

Name of the Members	No. of Meetings Held	No. of Meetings Attended
Mr. D.N. Davar	4	4
Mr. Brijmohan Lall Munjal	4	4
Mrs. Renu Munjal	4	3

#### 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 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, 2013 is given below:

(Rupees in 000's)

Particulars	Amount
Salary*	11,743
Contribution to Provident Fund & Super Annuation Fund**	1,509
Commission	-
<b>Total</b>	<b>13,252</b>

\* 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, 2013 is given below:

Name of the Directors	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Brijmohan Lall Munjal	1,60,000	N.A.	1,60,000
Mr. Pawan Munjal	80,000	N.A.	80,000
Mr. D. N. Davar	3,20,000	N.A.	3,20,000
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 crores should have an Asset and 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, 2013, the constitution of the Asset and Liability Management Committee was as under:

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

During the financial year ended March 31, 2013, 4 (four) meetings of the Asset and Liability Management Committee were held on June 8, 2012; July 18, 2012; November 15, 2012 and February 5, 2013.

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 Members	No. of Meetings Held	No. of Meetings Attended
Mr. D.N. Davar	4	4
Mrs. Renu Munjal	4	3
Mr. Ravi Sud	4	3

#### **RISK MANGENMENT COMMITTEE**

According to the Guidelines issued by the RBI, every NBFC whose assets base is greater than Rs. 100 crores 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 risks of the Company.

As on March 31, 2013, the constitution of the Risk Management Committee was as under:

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

During the financial year ended March 31, 2013, 4 (four) meetings of the Risk Management Committee were held on June 8, 2012; July 18, 2012; November 15, 2012 and February 5, 2013 which was attended by all the members.

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

Name of the Members	No. of Meetings Held	No. of Meetings Attended
Mr. D.N. Davar	4	4
Mrs. Renu Munjal	4	3
Mr. Ravi Sud	4	3

#### **NOMINATION COMMITTEE**

According to the Guidelines issued by the RBI, every NBFC whose assets base is greater than Rs. 100 crores 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, 2013, the constitution of the Nomination Committee was as under:

Name of the Members	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 2012-13.

#### **SHAREHOLDERS' GRIEVANCE COMMITTEE**

The shareholder's 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, 2013, 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

Name of the Permanent Invitees:	
Mr. Ravi Sud	Authorised Person
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.

The Board in its meeting held on November 15, 2012 has re-constituted the Committee of Directors as above:

This Committee generally meets as and when required. During the financial year ended March 31, 2013, 17(Seventeen) 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 Note 38 Annexed to and forming part of the Balance Sheet as at March 31, 2013 and Statement of Profit & Loss for the year ended March 31, 2013.

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

Mr. D.N.Davar, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board accordingly recommends his re-appointment.

### The brief resume of Mr. D.N.Davar is given herewith

Mr. Dharmendar Nath Davar, born on August 8, 1934 is aged 78 years. He is Masters in Economics and CAIIB besides being the fellow of Economic Development Institute of World Bank. He worked as Executive Chairman of India's leading financial institution IFCI Limited for a period of 8 years. He has been part time consultant to World Bank & UNIDO. He possesses rich and varied experience and vast knowledge in the field of finance. Since his appointment as Director on the Board of the Company, he has been regular in making valuable contributions in its meetings and Committee(s) thereof.

### 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 Resolutions Passed
2012-13	"Board Room" 34, Community Center, Basant Lok, Vasant Vihar, New Delhi-110 057	Friday, December 14, 2012	03.30 P.M.	<p><b>As an Ordinary Resolution:</b></p> <ul style="list-style-type: none"> <li>To increase in Authorised share capital &amp; alteration of capital clause of Memorandum of Association.</li> </ul> <p><b>As Special Resolution:</b></p> <ul style="list-style-type: none"> <li>To alter the Article 3 of the Articles of Association of the Company.</li> <li>To issue and allot the Equity Shares on Rights Basis.</li> </ul>
2011-12	"Board Room" 34, Community Center, Basant Lok, Vasant Vihar, New Delhi-110 057	Friday, December 23, 2011	04.30 P.M.	<p><b>As a Special Resolution:</b></p> <ul style="list-style-type: none"> <li>To alter the main Object Clause of the Memorandum of Association of the Company.</li> </ul>

#### Details of Annual General Meeting (AGM):

Financial Year	Location	Day & Date	Time	Summary of Resolutions Passed
2011-12	"Empress", Essex Farms, IIT Gate, New Delhi 110 016	Wednesday, July 18, 2012	05.00 P.M.	N/A
2010-11	Hotel Vasant Continental, Vasant Vihar, New Delhi 110 057	Friday, July 15, 2011	05.00 P.M.	<p><b>As a Special Resolution:</b></p> <ul style="list-style-type: none"> <li>Change of Name of the Company</li> </ul>
2009-10	Hotel Vasant Continental, Vasant Vihar, New Delhi 110 057	Friday, July 16, 2010	05.00 P.M.	<p><b>As an Ordinary Resolution:</b></p> <ul style="list-style-type: none"> <li>Re-Appointment of Mrs. Renu Munjal as Managing Director of the Company</li> </ul>

# General Shareholders' Information

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

## 22<sup>nd</sup> Annual General Meeting

Date	Time	Venue
Friday, July 19, 2013	05:00 P.M.	Hotel Vasant Continental, Vasant Vihar, New Delhi - 110 057

## Financial Calender

For the year ended March 31, 2013, the financial results of the Company were announced on:

- |   |   |                   |
|---|---|-------------------|
| a) First quarter ended June 30, 2012                        | - | July 18, 2012     |
| b) Second quarter & Half year ended September 30, 2012      | - | November 15, 2012 |
| c) Third quarter & nine months ended December 31, 2012      | - | February 5, 2013  |
| d) Fourth quarter & the financial year ended March 31, 2013 | - | June 4, 2013      |

For the year ending March 31, 2014, the financial results of the Company are likely to be announced on:\*

- |  |   |                |
|--|---|----------------|
| a) First quarter ended June 30, 2013                   | - | July, 2013     |
| b) Second quarter & Half year ended September 30, 2013 | - | November, 2013 |
| c) Third quarter & nine months ended December 31, 2013 | - | February, 2014 |
| d) Fourth quarter & the year ended March 31, 2014      | - | May, 2014      |

\* Tentative and subject to change

The 23<sup>rd</sup> Annual General Meeting of the Company for the financial year 2013 - 14 will most likely be held in July or August, 2014.

**Dates of Book Closure:** Monday, July 15, 2013 to Friday, July 19, 2013 (Both days inclusive).

## Dividend Payment:

The Board has recommended a dividend of 30 per cent i.e. Re. 3 per equity share of Rs. 10 each for the financial year 2012-13. This dividend as recommended by the Board, if approved by the shareholders at their 22<sup>nd</sup> Annual General Meeting, shall be paid to those members, whose names would appear on the Register of Members of the Company as on Friday, July 19, 2013.

**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
2011-12	Final Dividend	100	18/07/12	20/07/12	16/07/19
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

**Distribution of Shareholding as on March 31, 2013**

Categories	No. of shares held	Percentage of Shareholding
1) Promoters' Holding	1,36,59,550	75.47
2) Non - Promoters' Holding	44,40,450	24.53
<b>Grand Total</b>	<b>1,81,00,000</b>	<b>100.00</b>

**Share Transfer System**

The Share transfer job is being handled at the Registered Office of the Company. During the year 2012-13, 202,550 shares were transferred and the said transfers were affected 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 Number (PAN):  
**AAACH0157J**

Tax Identification Number (TIN):  
**07850173974**

**Investor's correspondence may be addressed to:**

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

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

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

For and on behalf of the Board



**Brijmohan Lall Munjal**  
 CHAIRMAN

New Delhi  
 June 4, 2013

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

# Director's Details

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
				Membership	Chairmanship
Mrs. Renu Munjal 00012870	MD	UL	Easy Bill Limited	?	?
		UL	Hero FinCorp Limited	Audit	?
		UL	Hero InvestCorp Limited	?	?
		UL	Munjal Acme Packaging Systems Limited	Audit	?
		P	Bahadur Chand Investments Private Limited	?	?
		P	Hero Future Energies Private Limited	?	?
		P	Rockman Auto Private Limited	?	?
Mr. Brijmohan Lall Munjal 00004134	NED	L	Hero MotoCorp Limited	?	?
		L	Munjal Showa Limited	?	?
		L	Shivam Autotech Limited	?	?
		UL	Easy Bill Limited	?	?
		UL	Hero FinCorp Limited	Audit	?
		UL	Hero InvestCorp Limited	?	?
		UL	Rockman Industries Limited	?	?
		UL	Survam Infrastructure Limited	?	?
		P	Bahadur Chand Investments Private Limited	?	?
		P	BCM Energies Private Limited	?	?
		P	BML Investments Private Limited	?	?
		P	Hero Future Energies Private Limited	?	?
Mr. Pawan Munjal 00004223	NED	L	Hero MotoCorp Limited	?	?
		UL	Hero FinCorp Limited	?	?
		UL	Hero InvestCorp Limited	Audit	?
		UL	Hero Realty And Infra Limited	?	?
		UL	Rockman Industries Limited	?	?
		P	Bahadur Chand Investments Private Limited	Audit	?
		P	Hero Future Energies Private Limited	?	?

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
				Membership	Chairmanship
Mr. D. N. Davar 00002008	NED	L	Ansal Properties and Infrastructure Limited	?	Audit
		L	CIMMCO Limited	Audit	
		L	HEG Limited	?	Audit
		L	Landmark Property Development Company Limited	?	?
		L	Mansingh Hotels And Resorts Limited	?	?
		L	Maral Overseas Limited	Audit & Shareholders' Grievance	?
		L	OCL India Limited	?	Audit
		L	RSWM Limited	Audit & Shareholders' Grievance	?
		L	Titagarh Wagons Limited	?	Audit
		UL	Adyar Gate Hotels Limited	?	?
		UL	Hero FinCorp Limited	?	Audit
		UL	Parsvnath Hotels Limited	?	?
		UL	Parsvnath SEZ Limited	?	?
		UL	Sandhar Technologies Limited	?	?
		UL	Indo Continental Hotels & Resorts Ltd.	?	?
		P	S P Wahi Management And Technology Consultants Private Limited	?	?
P	Sandhar Tooling Private Limited	?			

L - Listed

UL - Unlisted

P - Private Limited

MD - Managing Director

NED - Non-Executive Director

NEID - Non-Executive & Independent Director

Details as on June 4, 2013

# Independent Auditors' Report

22<sup>ND</sup> ANNUAL REPORT 2012-13  
Hero FinCorp Ltd.

To,  
The Members,  
Hero FinCorp Limited,

## **New Delhi**

We have audited the accompanying financial statements of Hero FinCorp Limited (the 'company'), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (ii) In the case of Statement of Profit and 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.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give our comment in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 and 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 and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.

## **For S. S. KOTHARI MEHTA & CO.**

Chartered Accountants  
Firm Regn. No.: 000756N

**Arun K. Tulsian**  
PARTNER  
Membership No.: 89907

Place: New Delhi  
Date: June 4, 2013

# Annexure to the Auditors' Report

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

(As referred to in our report to the members of **HERO FINCORP LIMITED** on the accounts for the year ended 31st March 2013)

- (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 under section 301 of the Act. Since there are no such loans, the comments regarding repayment of the principal amount & interest due thereon and overdue amounts are not required.
- (b) During the year, the company has taken unsecured short term loans from one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 24,00,000 thousands. The year end balance was Rs. 24,00,000 thousands.
- (c) According to the information and explanations given to us, the rate of interest and other terms & conditions of the aforesaid unsecured short term loans 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 contracts or arrangements referred to in Section 301 of the Act and need to be entered into the register maintained under that section have been 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 Act.
- (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 Act 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, Sales-Tax, Wealth-Tax, Service Tax, Excise Duty, Cess and other statutory dues, as 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 account, 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. The company has taken legal view during the year that service tax is applicable to some of its activities pursuant to which the company has got itself registered and started applying the same from this year.
- (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.
- (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 created necessary security for non convertible debentures issued during the year.
- (xx) According to the information & explanations given to us, the company has raised moneys by way of rights issue of shares during the year, end use of the money has been disclosed in the financial statements and verified by us.
- (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.**

Chartered Accountants  
Firm Regn. No.: 000756N

**Arun K. Tulsian**  
PARTNER

Membership No.: 89907

Place: New Delhi  
Date: June 4, 2013

# Balance Sheet

as at March 31, 2013

22<sup>ND</sup> ANNUAL REPORT 2012-13  
Hero FinCorp Ltd.

(Amounts in 000's)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	181,000	90,500
Reserves and surplus	3	1,907,436	830,275
		<b>2,088,436</b>	<b>920,775</b>
<b>Non-Current Liabilities</b>			
Long - term borrowings	4	500,000	58,633
Deferred tax liabilities (Net)	5	9,783	6,042
Other long term liabilities	6	23,539	34,923
Long - term provisions	7	2,439	2,068
		<b>535,761</b>	<b>101,666</b>
<b>Current Liabilities</b>			
Short- term borrowings	8	4,748,849	2,615,828
Trade payables	9	2,319	9,351
Other current liabilities	10	205,538	555,552
Short- term provisions	11	68,494	109,346
		<b>5,025,200</b>	<b>3,290,077</b>
<b>TOTAL</b>		<b>7,649,397</b>	<b>4,312,518</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed assets			
Tangible assets	12	704,046	628,704
Capital WIP		6,137	-
Non-current investments	13	45,541	45,541
Long-term loans and advances	14	180,991	22,468
Other non-current assets	15	243,811	331,288
		<b>1,180,526</b>	<b>1,028,001</b>
<b>Current Assets</b>			
Current investments	16	-	-
Trade receivables	17	5,649,507	3,080,143
Cash and Cash Equivalents	18	21,034	14,209
Short-term loans and advances	19	789,747	188,687
Other current assets	20	8,583	1,478
		<b>6,468,871</b>	<b>3,284,517</b>
<b>TOTAL</b>		<b>7,649,397</b>	<b>4,312,518</b>

**SIGNIFICANT ACCOUNTING POLICIES**

See accompanying notes to the financial statements

1

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 4, 2013

For and on behalf of Board of Directors

BRIJMOHAN LALL MUNJAL

Chairman

D. N. DAVAR

Chairman-Audit Committee

RENU MUNJAL

Managing Director

RAVI SUD

Financial Advisor

TRIBHUWAN K. JOHARI

Company Secretary

# Statement of Profit & Loss

## for the year ended March 31, 2013

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

(Amounts in 000's)

Particulars	Note No.	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>Revenue</b>			
Revenue from operations, Gross	24	701,604	510,548
Other income	25	90,019	76,302
<b>Total Revenue</b>		<b>791,623</b>	<b>586,850</b>
<b>Expenses</b>			
Employee benefits expense	26	22,936	17,606
Finance costs	27	323,085	240,637
Depreciation and amortization expense	28	105,729	92,557
Other expenses	29	56,045	17,608
<b>Total Expenses</b>		<b>507,795</b>	<b>368,408</b>
<b>Profit before tax</b>		<b>2,83,828</b>	<b>218,442</b>
<b>Tax expense</b>			
Current tax	30	89,648	71,890
Deferred tax	5	3,741	5,833
<b>Profit (loss) after tax for the period</b>		<b>190,439</b>	<b>140,719</b>
<b>Earnings per equity share</b>			
Basic	31	18.29	15.55
Diluted		18.29	15.55

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 4, 2013

For and on behalf of Board of Directors  
 BRIJMOHAN LALL MUNJAL Chairman  
 D. N. DAVAR Chairman-Audit Committee  
 RENU MUNJAL Managing Director  
 RAVI SUD Financial Advisor  
 TRIBHUWAN K. JOHARI Company Secretary

# Cash Flow Statement

## for the year ended March 31, 2013

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

(Amounts in 000's)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Profit before Income tax	283,828	218,442
Adjustment for:		
Depreciation	105,729	92,557
Interest on borrowings	323,085	240,637
(Profit)/loss on sale of fixed assets	(1,887)	630
(Profit)/loss on sale of investments (net)-Current	(2,601)	(703)
(Profit)/loss on sale of investments (net)-Non-Current	-	-
Operating profit before working capital changes	708,154	551,563
(Increase)/decrease in Trade & Other Receivables	(3,252,781)	(1,558,840)
Increase/(decrease) in Trade & Other Payables	14,549	29,620
Cash generated from operations	(2,530,078)	(977,657)
Income Tax Paid	(85,442)	(62,949)
<b>Net cash from operating activities (A)</b>	<b>(2,615,520)</b>	<b>(1,040,606)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(204,144)	(184,683)
Proceeds from sale of fixed assets	18,823	80,047
Sale of investments (Net)	2,601	50,378
<b>Net cash from investing activities (B)</b>	<b>(182,720)</b>	<b>(54,258)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	500,000	-
Repayment of long term borrowings	(466,533)	(133,200)
Proceeds from short term borrowings (net)	2,123,598	1,563,554
Interest paid on borrowings	(286,926)	(238,921)
Dividend paid	(105,824)	(105,743)
Proceeds from Rights Issue	1,040,750	-
<b>Net Cash from financing activities (C)</b>	<b>2,805,065</b>	<b>1,085,690</b>
<b>D. NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES (A+B+C)</b>	<b>6,825</b>	<b>(9,174)</b>
Cash and bank balances as at 31.03.2012	14,209	23,383
Cash and bank balances as at 31.03.2013	21,034	14,209
<b>RECONCILIATION</b>		
Cash and Bank balances as per Balance Sheet	21,034	14,209
Less: Unpaid dividend current account with Banks	7,250	7,893
<b>Net Cash &amp; Cash Equivalent as at March 31, 2013</b>	<b>13,784</b>	<b>6,316</b>

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 4, 2013

For and on behalf of Board of Directors

BRIJMOHAN LALL MUNJAL

D. N. DAVAR

RENU MUNJAL

RAVI SUD

TRIBHUWAN K. JOHARI

Chairman

Chairman-Audit Committee

Managing Director

Financial Advisor

Company Secretary

# Notes to Financial Statements

## Index

22<sup>ND</sup> ANNUAL REPORT 2012-13  
Hero FinCorp Ltd.

S.No.	Particulars
1	Significant Accounting Policies
2	Share Capital
3	Reserves & Surplus
4	Long- term Borrowings
5	Deferred Tax Liabilities (Net)
6	Other Long- term Liabilities
7	Long-term Provisions
8	Short-term Borrowings
9	Trade Payables
10	Other Current Liabilities
11	Short- term Provisions
12	Tangible Assets
13	Non- current Investments
14	Long- term Loans and Advances
15	Other Non -Current Assets
16	Current Investments
17	Trade Receivables
18	Cash and Cash Equivalents
19	Short- term Loans and Advances
20	Other Current Assets
21	Commitments
22	Dividends
23	Statement of Realization of Assets other than Fixed Assets and Non- Current Investments
24	Revenue from Operations
25	Other Income
26	Employee Benefits Expense
27	Finance Costs
28	Depreciation and Amortization expense
29	Other Expenses
30	Current Tax
31	Earnings per Equity Shares
32	Transfer to / from Reserves
33	Transfer to / from Provisions
34	Value of Imports on CIF Basis in respect of
35	Expenditure in Foreign Currency
36	Employee Benefits
37	Segmental Reporting
38	Related Party Disclosures
39	Leases
40	Other Notes
41	Derivative Instrument and Hedged Foreign Currency Exposure
42	Previous year figures regrouped

**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2013 AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**1) Basis of Preparation**

The financial statements are prepared under the historical cost convention, on going 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.

**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 1.4.2001- 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, Fleet management 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.

## 2. Share Capital

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of 10/- each *	50,000,000	500,000	20,000,000	200,000
<b>Total</b>	<b>50,000,000</b>	<b>500,000</b>	<b>20,000,000</b>	<b>200,000</b>
<b>Issued</b>				
Equity Shares of 10/- each **	18,100,000	181,000	9,050,000	90,500
<b>Total</b>	<b>18,100,000</b>	<b>181,000</b>	<b>9,050,000</b>	<b>90,500</b>
<b>Subscribed &amp; Fully Paid up</b>				
Equity Shares of 10/- each				
Opening	9,050,000	90,500	9,050,000	90,500
Additions	9,050,000	90,500	-	-
Deductions	-	-	-	-
<b>Total</b>	<b>18,100,000</b>	<b>181,000</b>	<b>9,050,000</b>	<b>90,500</b>

\* During the year, company has increased its Authorised equity share capital to Rs.50 crores from Rs.20 crores.

\*\* During the year Company has made rights issue of 90,50,000 equity shares @ Rs. 115/- each including premium of Rs.105/- per share in the ratio of one equity share for every one equity share held on the record date. Purpose of the issue was to expand the financing portfolio and SME financing. Funds received through the issue of Rs. 1,040,750 thousand have been fully utilised during the year.

**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, 2013, the amount of per share dividend recognized as distributions to Equity Shareholders was Rs.3/- (March 31, 2012 : Rs. 10). The total dividend appropriation for the year ended March 31, 2013 amounted to Rs.54,300 thousands (Rs. 90,500 thousands) including corporate dividend tax of Rs.9,228 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 shareholders.

### 2.2 The following hold more than 5% shares:

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares</b>				
Hero MotoCorp Ltd.	7,310,300	40.39	2,715,000	30.00
Hero InvestCorp Ltd. (Formerly Puja Investments Pvt. Ltd.)	2,523,600	13.94	2,523,600	27.89
Bahadur Chand Investments Pvt.Ltd.	2,523,600	13.94	-	-
<b>Total</b>	<b>12,357,500</b>	<b>68.27</b>	<b>5,238,600</b>	<b>57.89</b>

### 3. Reserves & Surplus

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

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Securities Premium Reserve</b>		
Opening Balance	20,250	20,250
(+) Current Year	950,250	-
Closing Balance	970,500	20,250
<b>Statutory Reserve (Refer Note 40.a)</b>		
Opening Balance	472,110	443,910
(+) Current Year	38,100	28,200
Closing Balance	510,210	472,110
<b>Contingent Provision against Standard Assets (Refer Note 40.b)</b>		
Opening Balance	16,500	6,350
(+) Current Year	18,275	10,150
Closing Balance	34,775	16,500
<b>General Reserve</b>		
Opening Balance	219,420	205,320
(+) Current Year	19,100	14,100
Closing Balance	238,520	219,420
<b>Surplus in Statement of Profit &amp; Loss</b>		
Opening balance	101,995	118,907
(+) Net Profit/(Net Loss) for the current year	190,439	140,719
Amount available for appropriation	292,434	259,626
(-) Transfer to Contingent Provision against Standard Assets	18,275	10,150
(-) Transfer to Statutory Reserve (Refer Note 32)	38,100	28,200
(-) Transfer to General Reserve (Refer Note 32)	19,100	14,100
(-) Proposed Dividends (Refer Note 33)	54,300	90,500
(-) Corporate Dividend Tax (Refer Note 33)	9,228	14,681
Closing Balance	153,431	101,995
<b>Total</b>	<b>1,907,436</b>	<b>830,275</b>

#### 4. Long-term Borrowings- Secured

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Secured	Unsecured	Secured	Unsecured
Term loans -from banks	-	-	58,633	-
Non-Convertible debentures	500,000	-	-	-
<b>Grand Total</b>		<b>500,000</b>		<b>58,633</b>

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

Particulars	As at March 31, 2013	As at March 31, 2012	Particulars of security/ guarantees terms of repayment/default
<b>Term loans -from banks</b>			
<b>The Dhanlakshmi Bank Limited</b>			
<b>Loan 1</b>			
Balance outstanding	25,300	58,500	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The original sanctioned amount is Rs 100,000 thousands. The period of loan is 36 months, sanctioned on July 01, 2010 and disbursed on October 22nd, 2010, Repayable in 12 quarterly instalments starting from 31st Jan 2011 without any moratorium as per the following schedule: Rs. 8,300 thousands *11th quarterly instalments Rs. 8,700 thousands *12th quarterly instalments Rate of Interest- 9.25% fixed is payable monthly, on the last day of each month.
Current Maturity	25,300	33,200	
Non-current amount	-	25,300	
<b>Loan 2</b>			
Balance outstanding	-	300,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The original sanctioned amount is Rs 300,000 thousands. The period of loan is 3 years, sanctioned on November 10, 2009 and disbursed on November 23rd 2009, Paid in single instalment at the end of the 3rd year (i.e, November 22nd 2012) Rate of Interest- 8.75% fixed is payable monthly, on the last day of each month.
Current Maturity	-	300,000	
Non-current amount	-	-	
<b>IndusInd Bank Limited</b>			
<b>Loan 1</b>			
Balance outstanding	-	50,000	Secured by first Pari-Passu Charge on the current assets of the company (present and future). The original sanctioned amount is Rs. 100,000 thousands. The period of loan is 3 years, sanctioned on June 22nd, 2010 and disbursed on September 28th, 2010, Repayable in 12 equal quarterly instalments commencing from 3 months from the date of disbursement of each tranche, starting from 29th December 2010 as per the following schedule: Rs. 8,333.33 thousands* 12 quarterly instalments Rate of Interest is to be reset on an annual basis. Interest is payable on a monthly basis. Currently 11.00%
Current Maturity	-	33,333	
Non-current amount	-	16,667	
<b>Loan 2</b>			
Balance outstanding	-	83,333	Secured by first Pari-Passu Charge on the current assets of the company (present and future).The original sanctioned amount is Rs. 200,000 thousands. The period of loan is 3 years, sanctioned on June 22nd, 2010 and disbursed on June 29th,2010, Repayable in 12 equal quarterly instalments commencing from 3 months from the date of disbursement of each tranche, starting from 29th 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 is payable on a monthly basis. Currently interest rate is 10.40%.
Current Maturity	-	66,667	
Non-current amount	-	16,666	
<b>Non-convertible debenture</b>			
Balance outstanding	500,000	-	Secured by first pari-passu charges on current assets /receivables. The period of NCD is for 3 years i.e. maturity date on 3rd October 2015 with bullet repayment. Currently interest rate is 10.20% (payable annually).
Current Maturity	-	-	
Non-current amount	500,000	-	
Balance outstanding	525,300	491,833	
Current Maturity	25,300	433,200	
Non-current amount	500,000	58,633	
<b>Total</b>	<b>500,000</b>	<b>58,633</b>	

## 5. Deferred Tax Liabilities (Net)

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

Particulars	As at March 31, 2013	Charge/ (Credit) during the year	As at March 31, 2012	Charge/ (Credit) during the year	As at April 1, 2011 Amount
<b>Deferred Tax Assets</b>					
Provision for leave encashment and gratuity	2,517	495	2,022	328	1,694
Loss on reinstatement of current investments	-	-	-	(6,751)	6,751
<b>Total Deferred tax assets</b>	<b>2,517</b>	<b>495</b>	<b>2,022</b>	<b>(6,424)</b>	<b>8,446</b>
<b>Deferred Tax Liabilities</b>					
Difference between depreciation as per books of accounts and as per Income Tax Act	12,300	4,236	8,064	(591)	8,655
<b>Total Deferred tax liabilities</b>	<b>12,300</b>	<b>4,236</b>	<b>8,064</b>	<b>(591)</b>	<b>8,855</b>
<b>Total Deferred Tax (Net)</b>	<b>9,783</b>	<b>3,741</b>	<b>6,042</b>	<b>5,833</b>	<b>209</b>

## 6. Other long - term Liabilities

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

Particulars	As at March 31, 2013	As at March 31, 2012
Security Deposits	1,823	1,823
Unmatured finance charges from customers	21,716	33,100
Interest Accrued but not due	-	-
<b>Total</b>	<b>23,539</b>	<b>34,923</b>

## 7. Long - term Provisions

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

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Provision for employee benefits</b>		
Gratuity (Unfunded) (Refer Note 36)	1,625	1,374
Leave Encashment (unfunded) (Refer Note 36)	814	694
<b>Total</b>	<b>2,439</b>	<b>2,068</b>

## 8. Short - Term Borrowings

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Secured	Unsecured	Secured	Unsecured
Inter-corporate deposits from related parties (Refer Note 38B)	-	2,400,000	-	1,200,000
Working capital facility from Banks- short term loan	1,069,000		959,000	-
Working capital facility from Banks- Cash credit	328,081		206,828	-
Short term loan from banks	-	450,000	-	250,000
Foreign Currency Loan	501,768		-	-
<b>Total</b>	<b>1,898,849</b>	<b>2,850,000</b>	<b>1,165,828</b>	<b>1,450,000</b>
<b>Grand Total</b>		<b>4,748,849</b>		<b>2,615,828</b>

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

Particulars	As at March 31, 2013	As at March 31, 2012	Particulars of security/guarantees terms of repayment/default
<b>Working capital facility from Banks- short term loan</b>			
<b>- The Bank of Tokyo Mitsubishi UFJ, Ltd.</b>			
Loan A	-	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 2nd, 2011, Repayable on April 30th, 2012. Rate of Interest - 10.65%
	-	139,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 178 days, sanctioned on January 3rd, 2012, Repayable on June 29th, 2012 Rate of Interest - 10.70%.
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 October 25th 2012, Repayable on April 23rd, 2013 Rate of Interest - 10.30%.
Loan 2	139,000	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 180 days, sanctioned on December 27th 2012, Repayable on June 25th, 2013 Rate of Interest - 10.35%
<b>-BNP Paribas</b>	150,000	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 90 days, sanctioned on January 15th 2013, Repayable on April 15th, 2013 Rate of Interest - 10.40%.
<b>- Bank of America</b>			
Loan A	-	190,000	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 90 days, sanctioned on February 8th, 2012, Repayable on May 8th, 2012 Rate of Interest - 10.95%.
Loan 1	150,000	-	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 25th, 2013, Repayable on May 24th, 2013 Rate of Interest - 10.70%.

**22<sup>ND</sup> ANNUAL REPORT 2012-13**  
**Hero FinCorp Ltd.**

<b>- HDFC Bank Ltd</b> Loan A	-	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 23rd, 2012, Repayable on May 22nd, 2012 Rate of Interest - 11.00%.
<b>- HDFC Bank Ltd</b> Loan 1	<b>80,000</b>	-	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 21st, 2013, Repayable on May 20th, 2013. Rate of Interest - 10.30%
<b>- The Australia and New Zealand Banking Group Ltd</b> Loan 1	-	250,000	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 12th, 2011, Repayable on May 10th, 2012 Rate of Interest - 10.60%.
Loan 2	-	250,000	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 13th, 2011, Repayable on May 11th, 2012 Rate of Interest - 10.60%.
<b>- Royal Bank of Scotland (ABN)</b> Loan 1	<b>500,000</b>	-	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of Loan is for One year. Interest payable monthly. Rate of Interest -10.50%.
<b>Total</b>	<b>1,069,000</b>	<b>959,000</b>	
<b>Working capital facility from Banks - Cash credit</b>			
<b>-Jammu and Kashmir Bank Ltd.</b>	-	15,403	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%.
<b>-Royal Bank of Scotland (ABN)</b>	<b>326,312</b>	191,425	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%.
<b>-Bank of America</b>	<b>1,769</b>	-	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%.
<b>Total</b>	<b>328,081</b>	<b>206,828</b>	
<b>Foreign currency loan-</b>			
<b>- The Australia and New Zealand Banking Group Ltd.</b>	<b>501,768</b>	-	Secured by first charge Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 366 days, Disbursed on 4th December, 2012, Repayable on 4th December 2013 with interest payable monthly. Rate of Interest -3.76%.
	<b>501,768</b>	-	
<b>Grand Total</b>	<b>1,898,849</b>	<b>1,165,828</b>	

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

Particulars	As at March 31, 2013	As at March 31, 2012	Particulars of security/ guarantees terms of repayment/default
<b>Inter-corporate deposits from related parties - Hero MotoCorp Ltd.</b>			
Loan A	-	300,000	The period of loan is 30 days, sanctioned on March 27th, 2012, Repayable on April 26th, 2012. Rate of Interest -9.60%.
Loan B	-	400,000	The period of loan is 30 days, sanctioned on March 28th, 2012, Repayable on April 27th, 2012. Rate of Interest -9.60%.
Loan C	-	200,000	The period of loan is 32 days, sanctioned on March 29th, 2012, Repayable on April 30th, 2012. Rate of Interest -9.60%.
Loan D	-	300,000	The period of loan is 45 days, sanctioned on March 30th, 2012, Repayable on May 14th, 2012. Rate of Interest -9.75%.
Loan 1	300,000	-	The period of loan is 58 days, sanctioned on March 20th, 2013, Repayable on May 17th, 2013. Rate of Interest -9.00%.
Loan 2	300,000	-	The period of loan is 29 days, sanctioned on March 25th, 2013, Repayable on April 23rd, 2013. Rate of Interest -9.00%.
Loan 3	300,000	-	The period of loan is 60 days, sanctioned on March 25th, 2013, Repayable on May 24th, 2013. Rate of Interest -9.00%.
Loan 4	150,000	-	The period of loan is 30 days, sanctioned on March 26th, 2013, Repayable on April 25th, 2013. Rate of Interest -9.00%.
Loan 5	400,000	-	The period of loan is 43 days, sanctioned on March 28th, 2013, Repayable on May 10th, 2013. Rate of Interest -9.00%.
Loan 6	350,000	-	The period of loan is 30 days, sanctioned on March 30th, 2013, Repayable on April 29th, 2013. Rate of Interest -9.00%.
Loan 7	300,000	-	The period of loan is 45 days, sanctioned on March 30th, 2013, Repayable on May 14th, 2013. Rate of Interest -9.00%.
Loan 8	300,000	-	The period of loan is 60 days, sanctioned on March 30th, 2013, Repayable on May 29th, 2013. Rate of Interest -9.00%.
<b>Total</b>	<b>2,400,000</b>	<b>1,200,000</b>	
<b>Short term loan from banks</b>			
<b>HDFC Bank Ltd.</b>			
Loan A	-	100,000	The period of loan is 60 days, sanctioned on March 23rd, 2012, Repayable on May 22nd, 2012. Rate of Interest -11.00%.
Loan 1	200,000	-	The period of loan is 90 days, sanctioned on January 24th 2013, Repayable on April 24th 2013. Rate of Interest -10.30%.
Loan 2	100,000	-	The period of loan is 60 days, sanctioned on March 21st. 2013, Repayable on May 20th, 2013. Rate of Interest -10.30%.
<b>-Bank of America</b>			
	-	150,000	The period of loan is 60 days, sanctioned on March 1st. 2012, Repayable on May 22nd, 2012. Rate of Interest -11.00%.
	150,000	-	The period of loan is 60 days, sanctioned on March 25th, 2013, Repayable on May 24th, 2013. Rate of Interest -10.70%.
<b>Total</b>	<b>450,000</b>	<b>250,000</b>	
<b>Total</b>	<b>2,850,000</b>	<b>1,450,000</b>	

## 9. Trade Payables

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

Particulars	As at March 31, 2013	As at March 31, 2012
Dues of MSME parties (Refer Note 40.c)	-	-
Dues of other than MSME parties (Refer Note 40.c)	2,319	9,351
<b>Total</b>	<b>2,319</b>	<b>9,351</b>

## 10. Other Current Liabilities

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

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term debt (Refer Note 4.1)	25,300	433,200
(b) Interest accrued but not due on borrowings	29,345	2,609
(c) Unpaid dividends	7,250	7,893
- Unmatured finance charges from customers	113,208	96,537
- Accrued salaries & benefits	2,546	1,133
- Expense Payable	5,368	760
- Withholding and other taxes payable	3,706	2,375
- Others	18,815	11,045
<b>Total</b>	<b>205,538</b>	<b>555,552</b>

**11. Short-term Provisions**

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

<b>Short Term Provisions</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>(a) Provision for employee benefits</b>		
Gratuity (Unfunded) (Refer Note 36)	<b>4,945</b>	4,149
Leave Encashment (Unfunded) (Refer Note 36)	<b>21</b>	16
<b>(b) Others</b>		
Proposed Dividend	<b>54,300</b>	90,500
Provision for tax on dividend	<b>9,228</b>	14,681
<b>Total</b>	<b>68,494</b>	<b>109,346</b>

## 12. Tangible Assets

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

Particulars (For Current Reporting Period)	Gross Carrying Value			Depreciation			Net Carrying Value		
	Balance as at Apr. 1, 2012	Additions	Disposals	Balance as at Mar. 31, 2013	Balance as at Apr. 1, 2012	Depreciation for the period	Other Adjustments	Balance as at Mar. 31, 2013	Balance as at Mar. 31, 2012
<b>Own Use:</b>									
Vehicles	24,125	1,524	-	25,649	4,635	2,305	-	18,709	19,490
Data Processing Equipment	436	4,576	-	5,012	291	60	-	4,661	145
Furniture & Fixtures	-	120	-	120	-	120	-	-	-
Office Equipments	-	-	-	-	-	-	-	-	-
<b>Total</b>	24,561	6,220	-	30,781	4,926	2,485	-	23,370	19,635
<b>Leased Assets:</b>									
<b>Given on Operating lease</b>									
Plant & Machinery	634,013	-	88,801	545,212	288,524	66,426	72,650	262,912	345,489
Computers	25,270	4,335	-	29,605	11,459	4,285	-	13,861	13,811
Vehicles	119,276	187,452	2,676	304,052	6,504	20,788	1,891	278,651	112,772
Aircraft	209,732	-	-	209,732	72,851	11,745	-	125,136	136,881
<b>Total</b>	988,291	191,787	91,477	1,088,601	379,338	103,244	74,541	680,560	608,953
<b>Given on Finance lease:</b>									
Plant & Machinery	726,329	-	71,349	654,980	726,329	-	71,349	-	-
Computers	-	-	-	-	-	-	-	-	-
Vehicles	4,783	-	-	4,783	4,667	-	-	116	116
Office Equipments	-	-	-	-	-	-	-	-	-
<b>Total</b>	731,112	-	71,349	659,763	730,996	-	71,349	116	116
<b>Grand Total</b>	1,743,964	198,007	162,826	1,779,145	1,115,260	105,729	145,890	1,075,099	628,704
Previous Year	1,881,097	184,683	321,816	1,743,964	1,263,843	92,556	241,139	628,704	617,254

### 13. Non-current Investments

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

Particulars	Face Value	As at March 31, 2013		As at March 31, 2012	
		Number		Number	
<b>Trade Investments (at cost)</b>					
Investment in Equity instruments of - Forum I Aviation Ltd. (Fully paid up)	10	4,545,000	45,450	4,545,000	45,450
<b>Total (A)</b>		4,545,000	45,450	4,545,000	45,450
<b>Other than trade Investments (at cost)</b>					
Investment in Equity instruments of - Hero MotoCorp Ltd. (Fully paid up)	2	1,370	91	1,370	91
<b>Total (B)</b>		1,370	91	1,370	91
Less: Provision for diminution in the value of Investments					
			-		-

Particulars	As at March 31, 2013		As at March 31, 2012	
	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	-	-	-	-
<b>Market Value of Quoted Investments</b>	2,112	-	2,815	-

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

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

Particulars	As at March 31, 2013	As at March 31, 2012
<b>a. Capital Advances</b>		
Secured, considered good	-	-
Unsecured, considered good	24,820	-
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	<b>24,820</b>	-
<b>b. Security Deposits</b>		
Secured, considered good	2,892	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
	<b>2,892</b>	-
<b>c. Loans and advances to related parties</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and as per NBFC Guidelines (refer note 21.1)	-	-
	-	-
<b>d. Other loans and advances/Inter-corporate deposit</b>		
Secured, considered good	-	-
Unsecured, considered good	135,000	-
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	<b>135,000</b>	-
<b>Prepaid Direct Tax</b>	<b>182,141</b>	95,913
Less: Provision for		
- Wealth Tax	(2,943)	(2,157)
- Income tax	(161,069)	(71,421)
- Fringe Benefit Tax	-	-
	<b>18,129</b>	22,335
<b>Loans &amp; Advances recoverable in cash or in kind</b>	<b>150</b>	133
	<b>150</b>	133
<b>Total</b>	<b>180,991</b>	<b>22,468</b>

### 15. Other Non - Current Assets

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

Particulars	As at March 31, 2013	As at March 31, 2012
Long term trade receivables (including trade receivables on deferred credit terms)		
Secured, considered good	-	-
Unsecured, considered good	243,811	331,288
Doubtful		
Less: Provision for doubtful debts		
	<b>243,811</b>	<b>331,288</b>

### 16. Current Investments

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

Particulars	As at March 31, 2013 Number	As at March 31, 2012 Number
<b>Investments in Mutual Funds</b>		
- Escorts Mutual Fund	-	-
<b>Total</b>	-	-
<b>Grand Total</b>	-	-
Less: Provision for diminution in the value of Investments	-	-
<b>Total</b>	-	-

Particulars	As at March 31, 2013	As at March 31, 2012
Aggregate amount of:		
- Quoted Investments		
- Unquoted Investments gross of Provision for Diminution in value of Investments	-	-
- Provision for diminution in value of	-	-
<b>Market Value of Quoted Investments</b>		

\* 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, 2013	As at March 31, 2012
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	7,272	697
Unsecured, considered good	5,642,235	3,079,446
<b>Total</b>	<b>5,649,507</b>	<b>3,080,143</b>

### 18. Cash and Cash Equivalents

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

Particulars	As at March 31, 2013	As at March 31, 2012
<b>a. Cash &amp; Cash Equivalents</b>		
Cheques in hand	8,990	-
Balances with banks in :		
- Current Accounts	4,794	6,316
<b>b. Other Bank Balances</b>		
-Unpaid Dividend Accounts	7,250	7,893
<b>Total</b>	<b>21,034</b>	<b>14,209</b>

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

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Secured	Unsecured	Secured	Unsecured
Loans and advances to others	260,000	495,500	-	169,000
Prepaid Expenses	2,628	-	760	-
VAT, Service tax & Modvat Receivable	24,422	-	11,391	-
Advances recoverable in cash or in kind	7,197	-	7,536	-
<b>Total</b>	<b>294,247</b>	<b>495,500</b>	<b>19,687</b>	<b>169,000</b>
<b>Grand Total</b>		<b>789,747</b>		<b>188,687</b>

### 20. Other Current Assets

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

Particulars	As at March 31, 2013	As at March 31, 2012
-Interest Receivable on Short term loans & advances	8,583	1,478
<b>Total</b>	<b>8,583</b>	<b>1,478</b>

## 21. Commitments

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

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	24,545	-
(b) Estimated amount of LC's opened with banks	-	9,007
<b>Total</b>	<b>24,545</b>	<b>9,007</b>

## 22. Dividends

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

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Proposed Equity Dividend-Final Dividend per share (Rs.)	54,300 3	90,500 10
<b>Total</b>	<b>54,300</b>	<b>90,500</b>

## 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, 2013	For the year ended March 31, 2012
Interest		
Finance charges earned		
- Deferred Credit	2,278	971
- Consumer Finance	74,710	71,505
- Interest Income on short term loans & advances	105,414	75,954
Other Financial Services		
- Lease rentals -finance lease	489	527
- Lease rentals -operating lease	184,941	133,811
- Income on bills purchased	333,772	227,780
<b>Total</b>	<b>701,604</b>	<b>510,548</b>

#### 25. Other Income

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Dividend from Non-Trade Investments		
-Long term investments-Equity shares	62	91
-Current investments-Mutual Funds	-	-
Profit on sale of investments (net) -Current	2,601	703
Profit on sale of fixed assets (net) - Non current	1,887	-
Income From Keyman Insurance Policy	23,750	-
Other Non-Operating Income (net of expenses)		
-Arrangement fees	59,404	71,548
-Sundry Balances Written Back (Net)	58	3,920
-Fleet Management	2,011	-
-Miscellaneous Income	246	40
<b>Total</b>	<b>90,019</b>	<b>76,302</b>

#### 26. Employee Benefits Expense

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries and Wages	18,971	14,607
Contribution to Provident and Other Funds	3,402	2,911
Staff Welfare Expenses	171	88
Recruitment and training expenses	392	-
<b>Total</b>	<b>22,936</b>	<b>17,606</b>

## 27. Finance Costs

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
a) Interest Expense		
Interest on term loan	28,776	52,436
Interest on working capital / inter-corporate deposit and others	257,730	188,201
Interest on Non-Convertible debentures	25,151	-
b) Other borrowing costs	11,428	-
<b>Total</b>	<b>323,085</b>	<b>240,637</b>

## 28. Depreciation and Amortization expense

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Depreciation	105,729	92,557
<b>Total</b>	<b>105,729</b>	<b>92,557</b>

## 29. Other Expenses

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Rent	1,158	60
Repairs & maintenance-others	-	23
Insurance	1,291	704
Rates and Taxes, excluding, taxes on income		
- Wealth tax	786	270
- Others	3,528	295
Legal & Professional Expenses	36,123	3,392
Payment to Auditors (refer note 29.1)	583	635
Bank Charges	77	60
Travelling and conveyance	4,714	6,036
Donation	25	200
Postage & telephone	954	714
Printing & stationery	260	230
Vehicle expenses	2,493	1,926
Loss on sale of fixed assets (For Previous year figure refer note 25)	-	630
Incentive to Dealer	1,187	-
Miscellaneous Expenses	2,866	2,433
<b>Total</b>	<b>56,045</b>	<b>17,608</b>

### 29.1. Payment to Auditor

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
As Auditor:		
Audit fee	489	489
Tax Audit fee	75	83
In other Capacity:		
Certification charges	-	55
Reimbursement of Expenses	19	8
<b>Total</b>	<b>583</b>	<b>635</b>

### 30. Current Tax

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Current tax	89,648	71,421
Short provision of the earlier years	-	469
<b>Total</b>	<b>89,648</b>	<b>71,890</b>

### 31. Earnings per Equity Shares

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Profit/(Loss) after tax	190,439	140,719
Net Profit/( Loss) after tax available for equity shareholders	190,439	140,719
Weighted average number of equity shares (considering rights issue made during the year)		
For Basic EPS	10,413,699	9,050,000
For Diluted EPS	10,413,699	9,050,000
Nominal Value of shares	10	10
Earning per share (EPS) (In Rupees)		
Basic	18.29	15.55
Diluted	18.29	15.55

### 32. Transfer to / from Reserves

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Transfer to Reserves		
Transfer to Statutory Reserve	38,100	28,200
Transfer to Contingent Provisions against Standard Assets	18,275	10,150
Transfer to General Reserve	19,100	14,100
<b>Total</b>	<b>75,475</b>	<b>52,450</b>

### 33. Transfer to / from Provisions

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Transfer to Provisions		
Proposed Dividend	54,300	90,500
Corporate Dividend Tax	9,228	14,681
<b>Total</b>	<b>63,528</b>	<b>105,181</b>

### 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, 2013	For the year ended March 31, 2012
Capital Goods	-	49,250
<b>Total</b>	<b>-</b>	<b>49,250</b>

### 35. Expenditure in Foreign Currency

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Travel and other accounts	1,091	2,113
<b>Total</b>	<b>1,091</b>	<b>2,113</b>

### 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 Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2013)

Net employee benefit expense (recognised in the Statement of Profit & Loss for the year ended March 31, 2013)

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

Particulars	Earned Leave		Gratuity	
	2012-2013	2011-2012	2012-2013	2011-2012
Current Service Cost	56	37	399	322
Interest Cost on benefit obligation	57	52	442	382
Expected return on plan assets Past Service Cost	-	-	-	-
Actuarial (gain) /loss recognised in the year	54	15	207	324
Net benefit expense	167	104	1,048	1,028
Actual return on Plan Assets	-	-	-	-

Net Asset / (Liability) recognised in the Balance Sheet as at March 31, 2013

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

Particulars	Earned Leave		Gratuity	
	2012-2013	2011-2012	2012-2013	2011-2012
Present Value of Defined Benefit Obligation	835	710	6,570	5,522
Fair Value of Plan Assets	-	-	-	-
Net Asset / (Liability) recognised in the Balance Sheet	(835)	(710)	(6,570)	(5,522)

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

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

Particulars	Earned Leave		Gratuity	
	2012-2013	2011-2012	2012-2013	2011-2012
Opening defined benefit obligation	710	606	5,522	4,494
Interest cost	56	52	442	382
Current service cost	56	37	399	322
Benefit paid	(42)	-	-	-
Actuarial (gain)/loss on obligation	55	15	207	324
Closing defined benefit obligation	835	710	6,570	5,522

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

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

Particulars	Earned Leave		Gratuity	
	2012-2013	2011-2012	2012-2013	2011-2012
Discount rate	8.00	8.50	8.00	8.50
Rate of increase in compensation	5.50	6.00	5.50	6.00
Rate of return on plan assets	-	-	-	-
Average outstanding service of employees upto retirement (years)	13.20	10.32	17.41	7.98

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

Experience adjustments	2012-2013	2011-2012	2010-2011	2009-2010
<b>Gratuity</b>				
Present value of Defined benefit plan	6,570	5,522	4,494	3,090
Fair Value of plan assets	-	-	-	-
Experience gain / (loss) adjustments on plan liabilities	(179)	(345)	(900)	(37)
Experience gain / (loss) adjustments on plan assets	-	-	-	-

Since information in respect of 2008-2009 is not available, the same has not been disclosed.

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:**

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

Particulars	2012-2013	2011-2012
Provident fund/Pension fund	1,212	976
Superannuation fund	1,143	907

**37. Segmental information as per Accounting Standard-17**

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

**38. Disclosure as required under "Related Party Disclosure" (AS 18) are as below:**

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

- a) Holding substantial Interest  
 Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.)
- b) Managing Director- Key Management Personnel  
 Mrs. Renu Munjal
- c) Enterprises significantly influenced by Directors and / or their Relatives  
 Stalwart Exports Pvt. Ltd. (SEPL)  
 Khosla Overseas Pvt. Ltd. (subsidiary of SEPL)  
 Elvy Lifestyle Pvt. Ltd.  
 Stalwart Lifestyle Pvt. Ltd.  
 P M Infosoft Pvt. Ltd.  
 Weave Engineering & Design Ltd.  
 Easy Bill Ltd.  
 Hero Future Energies Pvt. 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	
	2012-2013	2011-2012
Inter corporate deposit received	3,850,000	4,550,000
Inter corporate deposit repaid	2,650,000	3,550,000
Interest on Inter corporate deposit accrued and paid	30,793	57,592
Dividend received	62	91
Lease rental received	167,456	118,403
Dividend paid	27,150	27,150
Rent and telephone expense paid	120	120
Outstanding balance as at the year end: -Inter corporate deposit	2,400,000	1,200,000

**b) Key management personnel:**

(Rupees in thousands)

Nature of transactions	Value of Transactions	
	2012-2013	2011-2012
Remuneration payments	11,743	10,100
Defined contribution to provident and superannuation fund	1,509	1,372
Managerial Commission	-	-

**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	
	2012-13	2011-12	2012-13	2011-12
Vehicle	79,684	31,382	165,965	21,558
Computer	5,199	4,667	2,520	2,584
Plant & machinery	89,479	105,645	66,264	151,817
Aircraft	5,800	13,920	-	5,800
<b>TOTAL</b>	<b>180,162</b>	<b>155,614</b>	<b>234,749</b>	<b>181,759</b>

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 been 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**

- 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.
- Vide notification of Reserve Bank of India no. RBI/2010-11/370 dated January 17th 2011, the Company has created a provisions of 0.25% for "Standard Assets" shown separately as "Contingent Provisions against Standard Assets" under Reserves & Surplus in the balance sheet.
- 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 amount due at the year end and interest due thereon are not applicable.

(Rupee in thousands)

d) <b>Managerial remuneration:</b>	<b>2012-13</b>	2011-12
Remuneration	<b>11,743</b>	10,100
Contribution to provident and superannuation fund	<b>1,509</b>	1,372
Commission	-	-
Director's sitting fee-Non Executive Directors	<b>583</b>	370

**41. Derivative Instrument and Foreign Currency Exposure.**

**42. Previous year's figures have been re-grouped / recast wherever considered necessary.**

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.	Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities Side:</b>			
<b>1.</b>	<b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b>		
(a)	Debentures:		
	Secured	525,151	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	-	-
(c)	Term Loans	25,313	-
(d)	Inter-corporate loans and borrowing	2,403,008	-
(e)	Commercial Paper	-	-
(f)	Public Deposits*	-	-
(g)	Other Loans (Foreign Currency Loan)	492,503	
	(i) Working capital demand loan-secured	1,398,141	-
	(ii) Working capital demand loan-unsecured	450,000	-

**Assets Side:**

<b>2.</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b>	<b>Amount outstanding</b>
(a)	Secured	555,500
(b)	Unsecured	5,572,820
<b>3.</b>	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities</b>	
(i)	Lease assets including lease rentals under sundry debtors:	

(a) Financial lease	116
(b) Operating lease	680,760
(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	497,203

**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		
	Secured	Unsecured	Total
1. Related Parties**	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	546,954	546,954
2. Other than related parties	1,052,703	5,706,742	6,759,445
<b>Total</b>	<b>1,052,703</b>	<b>6,253,696</b>	<b>7,306,399</b>

**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	2,112	91
2. Other than related parties	45,450	45,450
<b>Total</b>	<b>47,562</b>	<b>45,541</b>

\*\* 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	-

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 4, 2013

For and on behalf of Board of Directors  
BRIJMOHAN LALL MUNJAL      Chairman  
D. N. DAVAR      Chairman-Audit Committee  
RENU MUNJAL      Managing Director  
RAVI SUD      Financial Advisor  
TRIBHUWAN K. JOHARI      Company Secretary



**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/oure presence at the 22<sup>nd</sup> Annual General Meeting of the Company being held on Friday, July 19, 2013 at 5:00 P.M. at Hotel Vasant Continental, Vasant Vihar, New Delhi - 110 057

Signature of the Shareholder(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/us and on my behalf at the 22<sup>nd</sup> Annual General Meeting of the Company being held on Friday, July 19, 2013 at 5:00 P.M. at Hotel Vasant Continental, Vasant Vihar, New Delhi - 110 057 and at any adjournment thereof.

Signature of the Shareholder(s)

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Signature of Proxy

1. \_\_\_\_\_  
 2. \_\_\_\_\_

Date: / / 2013

Affix 1 Rupee Revenue Stamp
--------------------------------------

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



**HERO FINCORP LTD.**

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

Tel. : 011-4604 4100

Fax : 011-2615 3913, 2615 2659