

HeroFinCorp.

ANNUAL REPORT
2013 - 14

VISION
— for —
GROWTH



Hero FinCorp Ltd.

23RD ANNUAL GENERAL MEETING

DAY	FRIDAY
DATE	SEPTEMBER 19, 2014
TIME	5:00 P.M.
VENUE	HOTEL VASANT CONTINENTAL VASANT VIHAR, NEW DELHI – 110 057

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BOARD OF DIRECTORS

CHAIRMAN

Mr. Brijmohan Lall Munjal

MANAGING DIRECTOR

Mrs. Renu Munjal

DIRECTORS

Mr. Pawan Munjal

Mr. D.N.Davar

Mr. Pavninder Singh

(w.e.f. May 26, 2014)

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. D.N. Davar	Chairman
Mr. Brijmohan Lall Munjal	Member
Mrs. Renu Munjal	Member
Mr. Pavninder Singh	Member
(w.e.f. May 26, 2014)	

RISK MANAGEMENT COMMITTEE

Mr. D.N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member
(w.e.f. May 26, 2014)	
Mr. Ravi Sud	Member
(upto May 26, 2014)	
Mr. Pavninder Singh	Member
(w.e.f. May 26, 2014)	

NOMINATION & REMUNERATION COMMITTEE

Mr. D.N. Davar	Chairman
Mr. Pawan Munjal	Member
(w.e.f. February 24, 2014)	
Mr. Pavninder Singh	Member
(w.e.f. May 26, 2014)	

STAKEHOLDER RELATIONSHIP COMMITTEE

Mrs. Renu Munjal	Chairperson
Mr. Pavninder Singh	Member

NOMINATION COMMITTEE

Mr. Brijmohan Lall Munjal	Chairman
Mrs. Renu Munjal	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Renu Munjal	Chairperson
Mr. Pawan Munjal	Member
Mr. D.N. Davar	Member

ASSET & LIABILITY MANAGEMENT COMMITTEE

Mr. D.N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member
(w.e.f. May 26, 2014)	
Mr. Ravi Sud	Member
(upto May 26, 2014)	
Mr. Pavninder Singh	Member
(w.e.f. May 26, 2014)	

CORPORATE INFORMATION

CIN No. U74899DL1991PLC046774

STATUTORY AUDITORS

Deloitte Haskins & Sells,
Chartered Accountants,
7th Floor, Building No. 10, Tower B,
DLF Cyber City Complex, DLF City Phase- III,
Gurgaon – 122 002, Haryana
Tel: 0124 679 2000 Fax: 0124-679 2012
Website: www.deloitte.com/in

INTERNAL AUDITORS

JRA & Associates,
Chartered Accountants,
B 15 (LGF), G.K. Enclave-II,
New Delhi - 110 048
Tel.: 011 4056 2787
Fax: 011 4056 2779
Website : www.jraca.com

PRINCIPAL BANKERS

The Royal Bank of Scotland N.V.
The Bank of Tokyo - Mitsubishi UFJ, Ltd.
HDFC Bank Ltd.
Kotak Mahindra Bank Limited
Bank of America

DEBENTURE TRUSTEE

Axis Trustee Services Ltd.
2nd Floor, E, Axis House,
Bombay Dying Mills Compound,
Pandurang Budhakar Marg, Worli,
Mumbai-400025
Tel.: 022-24255212
Website : www.axistrustee.com

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

09, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi – 110 057
Tel.: 011-4948 7150
Fax: 011-4948 7197

CHIEF OPERATING OFFICER

Mr. Abhimanyu Munjal

CHIEF FINANCIAL OFFICER

Mr. Shyam Lal

COMPANY SECRETARY

Mr. Tribhuwan K. Johari

REGISTRAR & SHARE TRANSFER AGENT

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor, 99, Madangir,
New Delhi - 110 062
Tel.: 011-2996 1281-283
Fax.: 011-2996 1284
Email: beetalrta@gmail.com
website: www.beetalfinancial.com

Hero FinCorp Ltd.

Notice

NOTICE is hereby given that the 23rd ANNUAL GENERAL MEETING of the Members of Hero FinCorp Ltd. will be held on Friday, September 19, 2014 at 05:00 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 Financial Statements of the Company for the financial year ended March 31, 2014, including Balance Sheet as at March 31, 2014, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To declare a dividend of Rs. 3.00 per Equity Share on 1,81,00,000 Equity Shares of Rs. 10/- each for the financial year ended March 31, 2014.
3. To appoint a director in place of Mr. Brijmohan Lall Munjal (DIN:00004134), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 015125N) the retiring Auditors as Statutory Auditors of the Company for 4 (four) consecutive years from the date of the 23rd Annual General Meeting for a term upto the conclusion of 27th Annual General Meeting of the Company in the Calendar year 2018 and to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolution(s)**:-

5. **Appointment of Mr. Pavninder Singh (DIN 03048302) as an Independent Director of the Company**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Pavninder Singh (DIN 03048302), who was appointed as an Additional Director by the Board of Directors of the Company on

May 26, 2014 in pursuance of the provisions of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under Section 161 (1) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for 5 (five) consecutive years from the date of the 23rd Annual General Meeting for a term upto the conclusion of 28th Annual General Meeting of the Company to be held in the Calendar year 2019."

6. **Appointment of Mr. D. N. Davar as an Independent Director of the Company**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. D. N. Davar (DIN 00002008), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of the 23rd Annual General Meeting for a term upto the conclusion of 28th Annual General Meeting of the Company to be held in the Calendar year 2019."

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

7. **Re-appointment of Mr. Abhimanyu Munjal as Chief Operating Officer ("COO") of the Company**

"RESOLVED THAT pursuant to the commendation of the Audit Committee and provisions contained in Section 188 of the Companies Act, 2013 ("the Act") read with Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable provisions, if any, the consent of the members be and

is hereby accorded for the re-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 of Directors/Committee thereof may decide from time to time) with effect from April 5, 2014 on revised remuneration and terms and conditions as set out in the Statement annexed to this Notice pursuant to Section 102 of the Act.

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

8. Keeping of Register of Members and Index of Members at a place other than the Registered Office

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 2013, the Register of Members and Index of Members of the Company and copies of certificates and documents required to be annexed thereto be kept at the office of the Registrar & Transfer Agent i.e. M/s. Beetal Financial & Computer Services Pvt. Ltd., having its Register Office at 99 Madangir, New Delhi – 110 062."

By Order of the Board
for Hero FinCorp Ltd.



Tribhuwan K. Johari
COMPANY SECRETARY
ACS – 18842

Address – Flat No. 10, Bldg No. 5,
1st Avenue, Ghitori,
New Delhi – 110 030

May 26, 2014
New Delhi

Registered Office:

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 030

CIN: U74899DL1991PLC046774

Phone: 011-4604 4100 **Fax:** 011-2615 2659

E-mail: tribhuwan.johari@herofincorp.com

Website: www.herofincorp.com

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF.** A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total equity share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (forty eight) hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate Resolution/Authority, as applicable.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Pursuant to Section 91 of the Act, the Register of Members and the Share Transfer Books of the Company will remain closed from **Monday, September 15, 2014 to Friday, September 19, 2014 (both days inclusive)** for annual closing and determining the entitlement of the shareholders to the dividend for the financial year 2013-14 on 1,81,00,000 equity shares having distinctive Nos. from 1 to 1,81,00,000.
5. The Dividend of Rs. 3 (three) per share i.e. 30% has been recommended by the Board of Directors for the financial year 2013-14 and subject to the approval of the shareholders at the ensuing Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on **Friday, September 19, 2014 and holding shares having distinctive Nos. from 1 to 1,81,00,000.**
6. Pursuant to the provisions of Section 205A(5) and 205(C) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 (seven) years is to be compulsorily

Hero FinCorp Ltd.

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 requested in his/her/its own interest **to immediately** write to the Company for claiming their outstanding dividends declared by the Company for the previous 7 (seven) years. 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.

The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unpaid and Unclaimed Dividends in respect of the financial years from 2006-07 and onwards, as on the date of the 22nd Annual General Meeting (AGM) held on July 19, 2013, on the website of the IEPF viz. www.iepf.gov.in.

A separate reminder was also sent to those members having unclaimed dividends. Members who have not encashed their dividend warrants are advised to write to the Registrar **immediately** for claiming dividends declared by the Company.

7. 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** enclosed herewith.
8. Members are requested to communicate the Change in Address (along with documentary proofs), if any, **immediately** to the Company’s Secretarial Department at the Registered Office of the Company. A **Form for Change of Address** is enclosed herewith.
9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are therefore requested to submit their PAN details to the Registrar if not submitted till date.
11. Members may also note that the Notice of the 23rd Annual General Meeting and the Annual Report for 2013-14 will be available in physical copies at the Company’s Registered Office in New Delhi for inspection during 11:00 A.M. to 1:00 P.M on any working day, excluding Saturday and Sunday. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by any permissible mode free of cost. For any communication, the members may also send requests to email id: tribhuwan.johari@herofincorp.com.
12. Pursuant to the provisions of Section 72 of the Companies Act 2013, the member(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.
13. 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.
14. Members having any question on financial statements or any agenda item proposed in the notice of Annual General Meeting are requested to send their queries at least ten days prior to the date of Annual General Meeting of the Company at its registered office address to enable the Company to collect the relevant information.

STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ('the Act')

Item No.5

Mr. Pavninder Singh (DIN 03048302) aged 38 years was born on October 24, 1976. He joined the Board as a Non-Executive and Independent Director is additional Director

from May 26, 2014. He has received an MBA from Harvard Business School where he was a Baker Scholar. He received a BA from Harvard College and is presently the Managing Director in Bain Capital which mainly focusses on Industrial & Energy.

Prior to joining Bain Capital, Mr. Singh was the Co-CEO of Medrishi.com, a healthcare services site. He also held the position of consultant at Mercer Management Consulting having specialization in the e-commerce, retail, and Energy Industries.

In terms of Section 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any of the Companies Act, 2013 an Independent Director is required to be appointed by the Shareholders and shall not be liable to retire by rotation.

The Company has received declaration(s) from Mr. Singh that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mr. Singh fulfills the conditions for appointment as an Independent Director as specified in the Act and is independent of the management. It is proposed that Mr. Singh should be appointed for 5 (five) consecutive years from the date of the 23rd Annual General Meeting for a term upto the conclusion of 28th Annual General Meeting of the Company in the Calendar year 2019. Copy of the draft letter for appointment of Mr. Singh as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members at the Registered Office of the Company during 11:00 A.M. to 1:00 P.M on any working day, excluding Saturday and Sunday.

The Company has received notice in writing along with the prescribed deposit of Rs. 100,000/- from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Singh for the office of Independent Director of the Company. Mr. Singh is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and have given his consent to act as director.

Accordingly, the Board recommends the Ordinary Resolution in relation to appointment of Mr. Singh as an Independent Director, for the approval by the members of the Company.

Except Mr. Singh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No.5.

Item No.6

Mr. D N Davar (DIN 00002008) aged 80 years was born on August 8, 1934. He joined the Board of Directors of the Company on August 30, 1995 as a Non-Executive and Independent Director. Mr. Davar is Master in Economics and CAIB besides being the fellow of Economic Development Institute of the World Bank. He worked as an Executive Chairman of India's leading financial institution IFCI Limited for a period of 8 (eight) 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.

Apart from being a Director on the Board of this Company, he is also on the Board and Committee thereof of the Companies as detailed in the section Directors' Details.

In terms of Section 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any of the Companies Act, 2013 an Independent Director is required to be appointed by the Shareholders and shall not be liable to retire by rotation.

The Company has also received declaration(s) from Mr. Davar that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mr. Davar fulfills the conditions for appointment as an Independent Director as specified in the Act and is independent of the management. It is proposed that Mr. Davar should be appointed for 5 (five) consecutive years from the date of the 23rd Annual General Meeting for a term upto the conclusion of 28th Annual General Meeting of the Company in the Calendar year 2019. Copy of the draft letter for appointment of Mr. Davar as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members at the Registered Office of the Company during 11:00 A.M. to 1:00 P.M on any working day, excluding Saturday and Sunday.

The Company has received notice in writing along with the prescribed deposit of Rs. 100,000/- from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Davar for the office of Independent Director of the Company. Mr. Davar is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and have given his consent to act as director.

Hero FinCorp Ltd.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Davar as an Independent Director.

Accordingly, the Board recommends the Ordinary Resolution in relation to appointment of Mr. Davar as an Independent Director, for the approval by the members of the Company.

Except Mr. Davar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No.6.

Item No.7

Mr. Abhimanyu Munjal was appointed as Chief Operating Officer ("COO") of the Hero FinCorp Ltd. ("the Company") effective July 20, 2013 and the necessary approval from the Members was taken by way of Special Resolution passed at their 22nd Annual General Meeting held on July 19, 2013. Thereafter the Company had filed the necessary application with the Central Government for his appointment which was received subsequently vide Government of India, Ministry of Corporate Affairs letter No. SRN B82209024/3/2013-CL-VII, Dated March 31, 2014. However Mr. Munjal resigned from the office of COO w.e.f. March 31, 2014. Subsequent to his resignation the management after having detailed discussion with him agreed him to join the Company on revised terms and conditions.

Mr. 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

The Audit Committee at its meeting held on April 4, 2014 commended his re-appointment as the Chief Operating Officer on revised terms and conditions to the Board and is of the opinion that this transactions is on arms length basis and in the ordinary course of business.

Accordingly, your Board of Directors ('Board') at its meeting held on April 4, 2014 re-appointed him as the Chief Operating Officer of the Company with effect from April 5, 2014, subject to the passing of Special Resolution by the members in their ensuing General Meeting on revised terms and conditions, as detailed hereinafter:

- I. **Basic Salary:** Rs.5,42,300 (Rupees Five Lacs Forty Two thousand and Three Hundred only) per month subject to an increase of 20% per annum on the Basic Salary of the preceding year;
- II. **Annual Performance Bonus:** The appointee shall be allowed an Annual Performance Bonus of 35% of Cash Salary to 100% of the Total Cash Salary based on the performance of the Company in a financial year excluding facilities granted to him.
- III. **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:
 - a. **Special Allowance :** The appointee shall be paid a Special Allowance @ 40% of the Basic Salary;
 - b. **House Rent Allowance:** The appointee shall be paid a House Rent Allowance (HRA) @ 75% of the Basic Salary;
 - c. **Medical Reimbursement:** Reimbursement of medical expenses upto a limit of Rs. 15,000/- p.a. incurred by the appointee and his family;
 - d. **Personal Accident Insurance:** Actual premium to be paid by the Company;
 - e. **Insurance of House-hold goods:** Actual premium, as per the rules, to be paid by the Company;
 - f. **Group Normal Life insurance:** Annual premium for insurance cover with sum assured upto maximum of Rs. 1 crore to be paid by the Company;
 - g. **Mediclaim Policy:** Medi-Claim coverage with Insurance Company, as per Company Rules for hospitalisation of self and dependent family;
 - h. **Leave:** Annual leaves and its accumulations as per the rules of the Company;
 - i. **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;

- j. Contribution to Provident Fund:** Company's contribution to Provident Fund will be as per the rules of the Company; and
- k. Gratuity:** Not exceeding half month's salary for each completed year of service as per rules of the Company;
- l. National Pension Scheme (NPS) :** Company's Contribution to NPS will be 10% of the Basic Salary.

Facilities

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

In view of the provisions of Section 188(1)(f) of the Companies Act, 2013, the aforesaid appointment shall be termed as Related Party Transaction since Mrs. Renu Munjal, Managing Director of the Company is related to Mr. Abhimanyu Munjal as his mother.

Mrs. Renu Munjal along with her relative may be deemed to be interested/ concerned in the Special Resolution contained under Item No. 7 of the Notice. None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7.

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

Item No. 8

In view of operational efficiency, it has been decided by the management that the Register of Members, Index of Members of the Company and copies of certificates and

documents required to be annexed thereto be now kept at the office of the Registrar & Share Transfer Agents i.e. M/s Beetal Financial & Computer Services Pvt. Ltd., having its Registered Office at 99 Madangir, New Delhi – 110062. The Board of Directors of the Company has, subject to the approval of the members, passed the resolution in this regard at its meeting held on May 26, 2014.

A copy of the aforesaid Special Resolution shall be sent in advance to the Registrar of Companies, NCT of Delhi & Haryana as required pursuant to Section 94 of the Companies Act, 2013.

None of the Director is deemed to be interested/ concerned in the Special Resolution contained under Item No. 8 of the Notice. The Board of Directors recommends passing of the aforesaid Special Resolution.

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



Tribhuwan K. Johari
COMPANY SECRETARY

ACS – 18842

Address – Flat No. 10, Bldg No. 5,
1st Avenue, Ghitorni,
New Delhi – 110 030

May 26, 2014
New Delhi

Registered Office:

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 030

CIN: U74899DL1991PLC046774

Phone: 011-4604 4100 **Fax:** 011-2615 2659

E-mail: tribhuwan.johari@herofincorp.com

Website: www.herofincorp.com

VISION — for — GROWTH

Hero FinCorp Ltd.

Mission

To become an NBFC that provides world-class financing solutions with renewed focus on expanding its parent company's footprint and years' long trust in the global arena by adding value to its customers, dealers, channel partners and other stakeholders through Innovation and Teamwork.

Vision

To build Nextgen Ultra Lean Credit Champion

Values

Trust and Respect
Humility
Integrity
Speed and Innovation
Excellence through Team Work

FINANCIAL HIGHLIGHTS

(Rupees in 000's)

	2009-10	2010-11	2011-12	2012-13	2013-14
Total Income	474,824	584,131	586,850	791,623	1,208,184
Growth in Income - %	5.09	23.02	0.46	34.89	52.61
Profit before Tax (PBT)	237,476	228,992	218,442	283,828	228,377
Profit after Tax (PAT)	155,503	156,579	140,719	190,439	149,848
Share Capital	90,500	90,500	90,500	181,000	181,000
Reserves and Surplus	743,339	794,737	830,275	1,970,964	1,993,700
Total Debt	1,780,000	1,677,307	3,107,661	5,348,300	9,128,700
Net Fixed Assets	494,706	617,254	628,704	704,046	690,200
Dividend - %	100	100	100	30	30*
Earning per Share(EPS) (In Rs.)	17.18	17.30	15.55	18.29	8.27

* Proposed Dividend



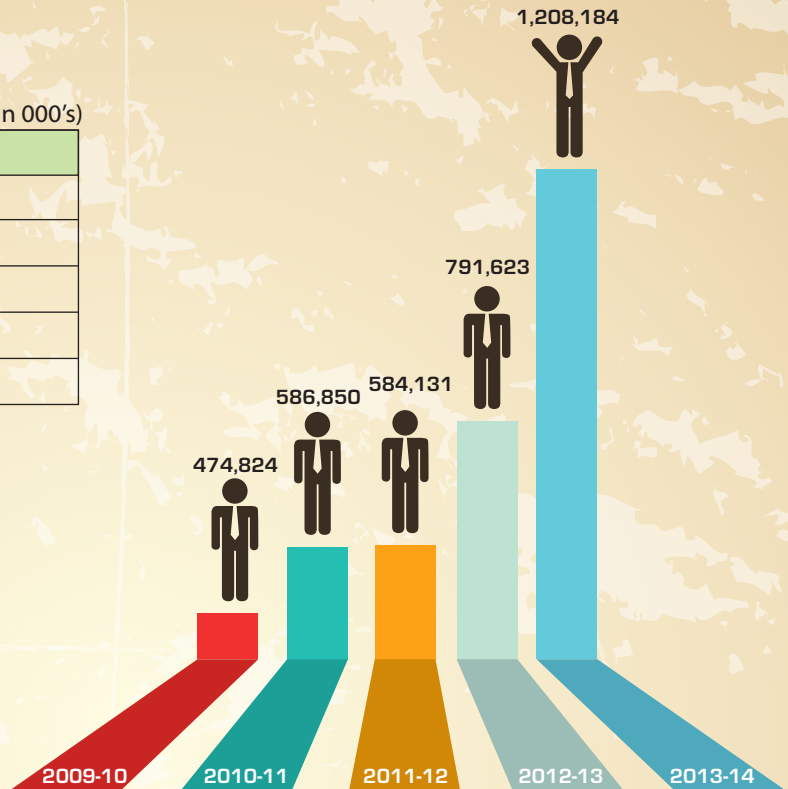
HeroFinCorp.

Total Income

(Rupees in 000's)

Year	Total Income
2009-10	474,824
2010-11	584,131
2011-12	586,850
2012-13	791,623
2013-14	1,208,184

Total Income

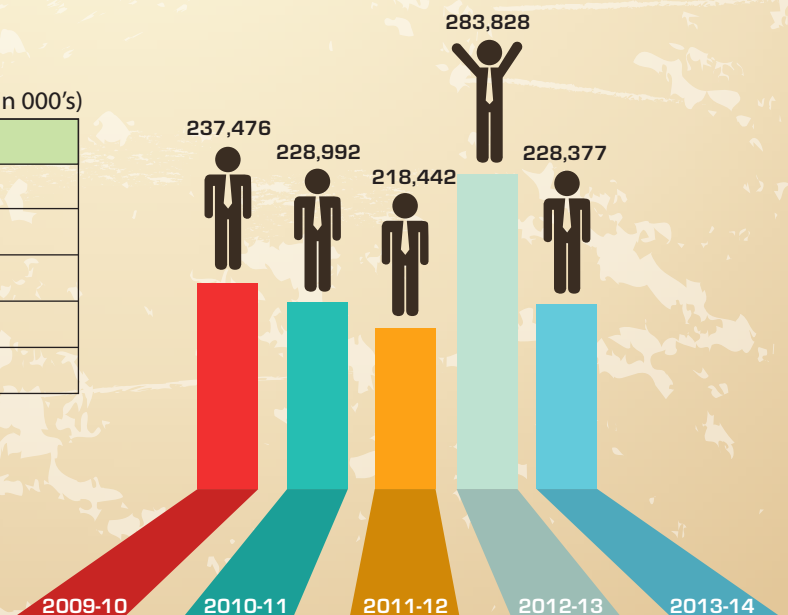


Profit before tax (PBT)

(Rupees in 000's)

Year	Profit before tax (PBT)
2009-10	237,476
2010-11	228,992
2011-12	218,442
2012-13	283,828
2013-14	228,377

Profit before tax (PBT)



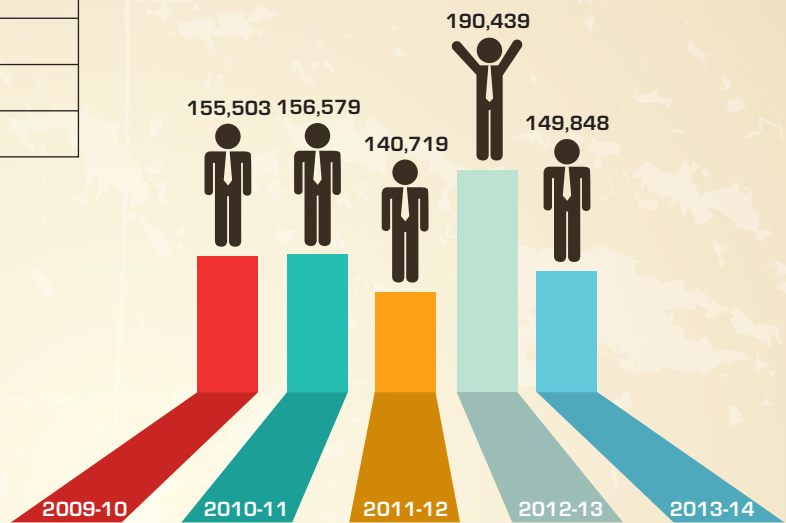
Hero FinCorp Ltd.

Profit After Tax (PAT)

(Rupees in 000's)

Year	Profit After Tax (PAT)
2009-10	155,503
2010-11	156,579
2011-12	140,719
2012-13	190,439
2013-14	149,848

■ Profit After Tax (PAT)



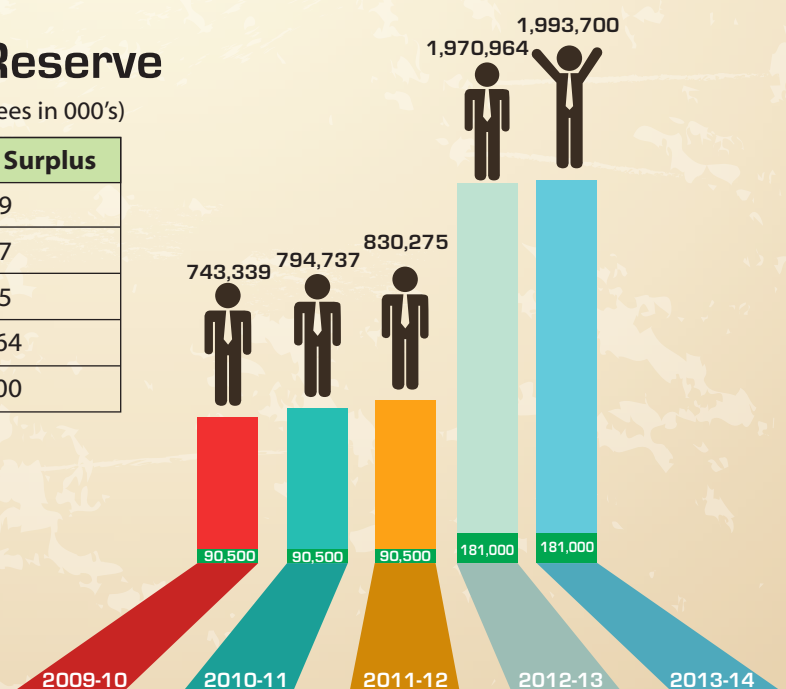
Share Capital vis-a-vis Reserve

(Rupees in 000's)

Year	Share Capital	Reserves and Surplus
2009-10	90,500	743,339
2010-11	90,500	794,737
2011-12	90,500	830,275
2012-13	181,000	1,970,964
2013-14	181,000	1,993,700

■ Reserves and Surplus

■ Share Capital



DIRECTORS' REPORT

Dear Members,

We, the Directors of Hero FinCorp Ltd., are delighted to present the 23rd Annual Report for the financial year 2013-14. The Report is being presented along with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2014.

FINANCIAL RESULTS

(Rupees in 000's)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Total Revenue	12,08,184	7,91,623
Profit before Finance Costs, Depreciation & Amortization Expense	7,49,868	7,12,642
Less: Finance Costs	4,07,653	3,23,085
Depreciation & Amortization Expense	1,13,838	1,05,729
Profit before tax	2,28,377	2,83,828
Less: Provision for tax		
Current	79,270	89,648
Deferred	(736)	3,741
Profit after tax	1,49,843	1,90,439
Add: Balance of profit brought forward	1,53,431	1,01,995
Balance available for appropriation	3,03,274	2,92,434
Appropriations		
Dividend (Rs.) – Proposed	54,300	54,300
Corporate Dividend Tax – Current year	9,228	9,228
Transfer to Statutory Reserve	30,004	38,100
Transfer to General Reserve	14,998	19,100
Balance carried to Balance Sheet	1,94,744	1,53,431
Dividend (%) (Proposed)	30	30
Basic and Diluted Earnings per Share (EPS) (Rs.)	8.27	18.29

OPERATIONS

During the year under review, the total revenue has shown an impressive growth of 52.60 % from Rs. 7,917 lacs in FY 2012-13 to Rs. 12,082 lacs in FY 2013-14. However Profit before tax (PBT) decreased by 19.52 % from Rs. 2,838 lacs in FY 2012-13 to Rs. 2,284 lacs in FY 2013-14. Profit after tax (PAT) also declined by 21.32 % from Rs. 1,904 lacs in 2012-13 to Rs. 1,498 lacs in FY 2013-14.

The major role in the growth of overall financing activities was played by company with entering into retail financing

of Hero MotoCorp two wheelers business from the year under review wherein it was able to notch up an earning of Rs. 2,095 lacs and registered an increase of 20.22% from Rs. 3,338 lacs in FY 2012-13 to Rs. 4,013 lacs in FY 2013-14 from Bills Discounting. Similarly the Income from interest on short term loans and advances has magnificently increased by 100% from Rs. 1,054 lacs in FY 2012-13 to Rs. 2,118 lacs in FY 2013-14.

The Company has done exceedingly well by beating its own target of reaching a dealer base of 200 dealerships for

Hero FinCorp Ltd.

the retail financing business and ended up at 290 dealerships as on March 31, 2014. During the period under review, 52,000 two wheeler loans were disbursed. The Corporate Finance business line was able to show a 40% growth in its asset book. Your Company has a Capital Adequacy Ratio (CAR) of 18.38 % as on March 31, 2014, thus depicting the positive growth trajectory of the Company coupled with the financial stability thereof.

FUTURE OUTLOOK

Your Company has mainly been engaged in providing Financial Services to the Automotive Manufacturing Industry. In FY14, the company trajected a growth path with new lines of business and products being established. It has forayed into active financing of Hero MotoCorp's vendor and supplier base. Several new products such as Term Loans and Working Capital Loans have been added to the product suite and are being offered to the Hero eco-system.

During the current Financial Year the company has planned to take its cumulative asset book to Rs. 2,000 Crores and above by adding Rs. 1,000 Crores. Retail financing is expected to contribute upwards of 25% to this asset book. The retail business will also add on another 280 dealerships by end of March 2015 resulting in a total dealer base of 570 dealers thus covering over 70% of Hero MotoCorp's dealer base. The Corporate Business line is expected to contribute the remaining 75% to the asset book by adding on new products such as Loan against Property, and diversification into other Industries/Sectors i.e. Small and Medium Enterprises.

This is going to be a defining year for your Company as it intends to capitalize on the investments made in FY14. With this growth in offing, we will continue to adhere to our underlying values of prudent credit buying and effective financial management.

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 Reserve Bank of India 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.

RAISING OF FUNDS/INFUSION OF EQUITY CAPITAL

A. SECURED NON-CONVERTIBLE DEBENTURES

In the month of November, 2013, your Company issued 1000 Secured Non- convertible Debentures of Rs. 10 Lacs each aggregating to Rs. 100 crores on private placement basis repayable at the end of 3rd year from the date of issue. The said Debentures were listed on the National Stock Exchange of India Limited.

B. ISSUE OF EQUITY SHARES ON RIGHTS BASIS

To augment the need of long term funds requirement, your Company came out with an issue of 2,71,50,000 equity shares of Rs. 10 each alongwith premium of Rs. 105 aggregating to Rs. 312 Crores on Rights basis in the Ratio of 3 equity shares of every 2 held by the members on May 12, 2014 being the Record date fixed for the said purpose. You will be pleased to note that the abovesaid issue was fully subscribed showing the faith of members in the management of the Company.

DIVIDEND

In order to keep up its policy of sharing the profits with its Stakeholders, your Directors are pleased to recommend a dividend of Rs. 30% i.e. Rs 3 each on 1,81,00,000 Equity Shares of Rs. 10 each for your consideration 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. 150 lacs being 10% of the Profit after tax for the financial year 2013-14 has been transferred to the General Reserve of the Company.

Further, an amount of Rs. 300 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

To commensurate with the expansion of the Business of the Company and to broadbase the present Board, Mr. Pavninder Singh having enriched experience in the field of finance was inducted as an Additional Director on the Board of the Company as an Independent Director in the meeting of the Board held on May 26, 2014.

Your Board recommends the appointment of Mr. D N Davar as Independent Director of the Company in terms of Sections 149 and 152 of the Companies Act, 2013, who in the opinion of the Board fulfils the conditions specified in the Act and the rules made thereunder and are Independent of the management.

The tenure of office of both the Independent Directors of the Company has been fixed for a term of 5 (five) consecutive years from the date of the ensuing Annual General Meeting.

Further In terms of the provisions of Article Nos. 143 & 144 of Articles of Association of the Company, Mr. Brijmohan Lall Munjal, Chairman & Director of the Company shall retire by rotation and being eligible has offered himself for re-appointment as Director at the ensuing Annual General Meeting.

Your Directors place on record their deep appreciation for the Directors being appointed / re-appointed and wishes for a fruitful association as members of the Board.

RE-APPOINTMENT OF CHIEF OPERATING OFFICER ("COO")

During the current financial year Mr. Abhimanyu Munjal was re-appointed as COO of the Company effective April 05, 2014 by the Board of Directors in their meeting held on April 04, 2014 on revised terms and conditions including remuneration subject to necessary approvals from the members by way of Special Resolution to be passed in the ensuing Annual General Meeting.

The Audit Committee at its meeting held on April 4, 2014 commended his appointment as the Chief Operating Officer on revised terms and conditions including remuneration and opined that this transaction is on arms length basis and in the ordinary course of business.

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 2013-14, 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, 2014 and of the profit of the Company for the financial year ended March 31, 2014;
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, 2014 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

A system of Internal Controls is being 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 3 (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.

Pursuant to the provisions of Section 177 of the Companies Act, 2013, the terms of reference of the existing Audit Committee was changed inter-alia as below:

- a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) examination of the financial statement and the auditors' report thereon;
- d) approval or any subsequent modification of transactions of the company with related parties;
- e) scrutiny of inter-corporate loans and investments;
- f) valuation of undertakings or assets of the company, wherever it is necessary;
- g) evaluation of internal financial controls and risk management systems;
- h) monitoring the end use of funds raised through public offers and related matters.
- i) Operate the Vigil Mechanism in the Company.

AUDIT COMMITTEE RECOMMENDATION

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

RATINGS

During the year under review, the following ratings were

assigned for the Short Term Debt Programme of the Company:

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

FIXED DEPOSITS

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

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Gurgaon, Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the provisions of Section 139 and 141 of the Companies Act, 2013. The Board recommends their re-appointment.

AUDITORS' REPORT

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

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

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

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

- I. Parts A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- II. Foreign Exchange earnings and outgo:
 - Earnings – Rs. NIL
 - Outgo – Rs. 31 lacs on account of interest, travel etc. (Previous year Rs. 10.91 lacs).

PARTICULARS OF EMPLOYEES

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

IMPLEMENTATION OF COMPANIES ACT, 2013

During the current FY the Companies Act, 1956 has been replaced by Companies Act, 2013 and became applicable for every company from April 1, 2014. Your Company has been regular in keeping pace with the fast changes that has become applicable and initiated necessary actions accordingly. Some of the important initiatives are as under:

- a) Modification in terms of Audit Committee;
- b) Modification in terms of Nomination and

Remuneration Committee;

- c) Modification in terms of Stakeholders Relationship Committee;
- d) Appointment of Secretarial Auditors;
- e) Constitution of Corporate Social Responsibility Committee;
- f) Identification of Related parties as per new Act.

ACKNOWLEDGEMENT

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

By Order of the Board
for Hero FinCorp Ltd.



Brijmohan Lall Munjal
Chairman
DIN: 00004134

May 26, 2014
New Delhi

Registered Office:

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
Phone: 011-4604 4100 Fax: 011-2615 2659
E-mail: tribhuwan.johari@herofincorp.com
Website: www.herofincorp.com

PARTICULARS OF EMPLOYEES

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2014

Name of Employee	Age (Years) Date of Birth	Designation (Nature of Duty)	Gross Rem. (Rs. In Lacs)
Mrs. Renu Munjal	59 06-03-1955	Managing Director (Overall management of the affairs of the Company)	122

Qualification	Experience (Years)	Shareholding (in %age)	Date of Employment	Last Employment
Privately Educated	39	0.15	01.09.1995	Executive Director Hero MotoCorp Ltd.

Notes:

- 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.
- Remuneration includes Salary, Commission, paid during the year, Perquisites, other allowances, payments and expenditures incurred on perquisites and Company's contribution to Provident Funds.
- Above said appointment is on contractual basis.
- 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.

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

BOARD OF DIRECTORS

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

COMPOSITION OF THE BOARD

As on March 31, 2014, 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 2013-14 is given in Table 1.

Table 1: DETAILS ABOUT COMPANY'S BOARD / ATTENDANCE RECORD DURING FINANCIAL YEAR 2013-14

Name of the Directors	No. of Board Meetings		Attendance at last AGM	No. of outside Directorships held	No. of Committee Chairmanships held	No. of Committee Memberships (including Chairmanships) held
	Held	Attended				
Executive						
Mrs. Renu Munjal	4	4	Yes	3	None	2
Non-Executive						
Mr. Brijmohan Lall Munjal	4	4	Yes	8	None	1
Mr. Pawan Munjal	4	3	Yes	5	None	1
Non-Executive and Independent						
Mr. D. N. Davar	4	4	Yes	12	5	10

Directorship Details are as of April 1, 2014

Mrs. Renu Munjal is wife of late Mr. 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 2013-14, the Board met 4 (four) times on Tuesday, June 4, 2013; Friday, July 19, 2013; Tuesday, November 12, 2013 and Monday, February 24, 2014 respectively.

INFORMATION SUPPLIED TO THE BOARD

Agenda papers along with the necessary documents and information are circulated to the Board and the members of the Board Committee(s) well in advance of each meeting of the Board and Committee(s) thereof. In addition to the general business items, the following items/information is regularly placed before the Board to the extent applicable:

- Annual Budget/Business Plan;

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

RISK MANAGEMENT

The Company has established effective risk assessment and minimization procedures, which are reviewed by the Risk Management Committee quarterly. There is a structure in place to identify and mitigate various risks

faced by the Company from time to time. At 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, 2014 the constitution of the Audit Committee was as under:

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

As required out of the abovementioned three members, two members are Non-Executive Directors and thus the present constitution of the Committee is in line with the requirements of Section 292A of the Companies Act, 1956. The Chairman of the Committee, Mr. D. N. Davar, being the Ex-Chairman of India's renowned financial institution – IFCI Limited, possesses rich and varied experience and knowledge in the field of finance. The other members of the Committee are also experienced and are heading the industrial and service sectors. The "terms of reference" of the Audit Committee as defined in the meeting of the Board of Directors of the Company held on April 27, 2001, includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information;
- Recommending the appointment and removal of the statutory auditor, fixation of audit fees and approving payments for any other services;
- Reviewing, with the management, the annual financial statements with primary focus on accounting policies and practices and their compliance with accounting standards;
- Reviewing the adequacy of internal control systems and the internal audit function and reviewing the Company's financial and risk management policies;

- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board;
- Reviewing reports furnished by the Internal Auditors and ensuring suitable follow up thereon; and
- Discussion on the nature and scope of audit with the Statutory Auditors before the commencement of the Statutory Audit. Also post audit discussion to ascertain any area of concern.

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

During the year, Tuesday, June 4, 2013; Friday, July 19, 2013; Tuesday, November 12, 2013 and Monday, February 24, 2014 respectively.

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

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

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.

Hero FinCorp Ltd.

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 details of the remuneration paid / payable to Mrs. Renu Munjal, Managing Director, for the year ended March 31, 2014 is given below:

(Amount in Rs.Lacs)

Particulars	Amount
Salary*	122
Contribution to Provident Fund	-
Commission	-
Total	122

* 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, 2014 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	3,40,000	N.A.	3,40,000

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 & 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, 2014, the constitution of the Asset and Liability Management Committee was as under:

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

During the financial year ended March 31, 2014, 4 (four) meetings of the Asset & Liability Management Committee were held on Tuesday, June 4, 2013; Friday, July 19, 2013; Tuesday, November 12, 2013 and Monday, February 24, 2014 respectively.

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

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

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

RISK MANGENMENT COMMITTEE

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

As on March 31, 2014, the constitution of the Risk Management Committee was as under:

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

During the financial year ended March 31, 2014, 4 (four) meetings of the Risk Management Committee were held on Tuesday, June 4, 2013; Friday, July 19, 2013; Tuesday, November 12, 2013 and Monday, February 24, 2014 respectively.

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

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

NOMINATION COMMITTEE

According to the Guidelines issued by the RBI, every NBFC whose assets base is greater than Rs. 100 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, 2014, the constitution of the Nomination Committee was as under:

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

Consequent to the absence of any business required to be transacted the Committee did not meet during 2013-14.

SELECTION COMMITTEE

Pursuant to the provisions of Section 314 of the Companies Act, 1956, a Selection Committee was required to be formed for assessing suitability of the appointment of Mr. Abhimanyu Munjal as Chief Operating Officer who is

son of Mrs. Renu Munjal and propose to hold the Office or a place of profit in the Company. Further the terms of reference of the Committee are:

1. To select and recommend a relative of Directors as an employee in the Company;
2. To consider and recommend the remuneration package.

In view of the same a Selection Committee was formed on June 04, 2013.

As on March 31, 2014, the constitution of the Selection Committee was as under:

Name of the Directors	Position Held
Mr.Pawan Munjal	Chairman
Mr.D.N.Davar	Member
Mr.Ravi Sud	Member

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, 2014, the Committee comprised of the following members:

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

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.

Hero FinCorp Ltd.

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

Members:

Mr. Brijmohan Lall Munjal	-	Chairman
Mrs. Renu Munjal	-	Managing Director
Mr. Pawan Munjal	-	Director

Permanent Invitees:

Mr. Ravi Sud	-	Authorised Person
Mr. Ilam C. Kamboj	-	Authorised Person

This Committee generally meets as and when required. During the financial year ended March 31, 2014, 16 (Sixteen) meetings of the Committee were held.

DISCLOSURES

Related Party Transactions

Related parties and transactions with them as required

Details of Extra-ordinary General Meeting (EGM):

Financial Year	Location	Day & Date	Time	Summary of Resolution Passed
2013-14	34, Community Center, Basant Lok, Vasant Vihar, New Delhi 110057	Monday, March 24, 2014	04.00 P.M.	As Special Resolution: <ul style="list-style-type: none"> To issue and allot the Equity Shares on Rights Basis.
2012-13	34, Community Center, Basant Lok, Vasant Vihar, New Delhi 110057	Friday, December 14, 2012	03.30 P.M.	As and Ordinary Resolution: <ul style="list-style-type: none"> To increase in Authorised share capital & alteration of capital clause of Memorandum of Association. As Special Resolutions: <ul style="list-style-type: none"> To alter the Article of the Articles of Association of the Company. To issue and allot the Equity Shares on Rights Basis.
2011-12	34, Community Center, Basant Lok, Vasant Vihar, New Delhi 110057	Friday, December 23, 2011	04.30 P.M.	As Special Resolution: <ul style="list-style-type: none"> To alter the main Object Clause of the Memorandum of Association of the Company.

Details of Annual General Meeting (AGM):

Financial Year	Location	Day & Date	Time	Summary of Resolution Passed
2012-13	Hotel Vasant Continental, Vasant Vihar, New Delhi 110057	Friday, July 19, 2013	05.00 P.M.	As Special Resolution: <ul style="list-style-type: none"> Appointment of Mr. Abhimanyu Munjal as Chief Operating Officer (COO)
2011-12	"Empress", Essex Farms, IIT Gate, New Delhi 110016	Wednesday, July 18, 2012	05.00 P.M.	As Ordinary Resolutions: <ul style="list-style-type: none"> Declaration of Dividend. Not to fill the vacancy caused due to retirement of Mr. M.A. Zahir
2010-11	Hotel Vasant Continental, Vasant Vihar, New Delhi 110057	Friday, July 15, 2011	05.00 P.M.	As Special Resolution: <ul style="list-style-type: none"> Change of Name of Company

under Accounting Standard 18 (AS-18) are furnished and Annexed to and forming part of the Balance Sheet as at March 31, 2014 and Statement of Profit & Loss for the year ended March 31, 2014.

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. Brijmohan Lall Munjal, Chairman and Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

APPOINTMENT GENERAL BODY MEETINGS

Details of location, day, date and time of general meetings held during the last three years and resolutions passed thereat are given below.

GENERAL SHAREHOLDERS' INFORMATION

23rd Annual General Meeting

Day & Date	Time	Venue
Friday, Sept.19, 2014	05.00 P.M.	Hotel Vasant Continental, Vasant Vihar, New Delhi - 110057

Financial Calendar

For the year ended March 31, 2014, the financial results of the Company were announced on:

a)	First quarter ended June 30,2013	Jul 19, 2013
b)	Second quarter & Half year ended Sept. 30, 2013	Nov 12,2013
c)	Third quarter & nine months ended Dec. 31, 2013	Feb 24,2014
d)	Fourth quarter & the year ended March 31, 2014	May 26,2014

For the year ending March 31, 2015, the financial results of the Company are likely to be announced on:*

a)	First quarter ended June 30, 2014	Sep 10, 2014
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Tabular Distribution of dividend payment since 2007-08

Year	Particulars of Dividend paid	%age	Date of Declaration	Date of Payment	Last Date of claiming Unpaid Dividend
2013-14	Final Dividend	30	19/09/14	23/09/14	23/09/21
2012-13	Final Dividend	30	19/07/13	23/07/13	23/07/20
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

Distribution of Shareholding as on March 31, 2014

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
Grand Total	1,81,00,000	100.00

b)	Second quarter & Half year ended Sept.30,2014	November,2014
c)	Third quarter & nine months ended Dec.31,2014	February,2015
d)	Fourth quarter & the year ended March 31,2015	May,2015

*-Tentative and subject to change

The 24th Annual General Meeting of the Company for the financial year 2014 - 15 will most likely be held in September,2015.

Dates of Book Closure: Monday, September 15, 2014 to Friday, September 19, 2014 (Both days inclusive).

Dividend Payment:

The Board has recommended a dividend of 30 per cent i.e. Rs. 3 per equity share of Rs. 10 each for the financial year 2013-14. This dividend as recommended by the Board, if approved by the shareholders at their 23rd Annual General Meeting, shall be paid to those members, whose names would appear on the Register of Members of the Company as on Friday, September 19, 2014.

VISION — for — GROWTH

Hero FinCorp Ltd.

Share Transfer System

The Share transfer job is being handled at the Registered Office of the Company. During the year 2013-14, 36,050 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 110057
Tel: 011-46044100
Fax: 011-26152659

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 can be addressed to:

Mr. Shyam Lal, Chief Financial Officer

E-mail: shyam.lal@herofincorp.com

For and on behalf of the Board



Brijmohan Lall Munjal
Chairman

New Delhi
May 26, 2014

Hero FinCorp Ltd.

34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi 110057

Phone: 011-46044100 Fax: 011-26152659

E-mail: tribhuwan.johari@herofincorp.com

DIRECTOR'S DETAILS

S. No.	Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
					Membership	Chairmanship
1	Mrs. Renu Munjal DIN - 00012870	MD	UL	Easy Bill Limited	-	-
			UL	Hero FinCorp Limited	Audit	-
			UL	Hero InvestCorp Limited	-	-
			UL	Munjal Acme Packaging Systems Ltd.	Audit	-
			P	Bahadur Chand Investments Private Limited		-
			P	Hero Future Energies Limited	-	-
			P	Rockman Auto Private Limited		-
2	Mr. Brijmohan Lall Munjal DIN - 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 Limited	-	-
3	Mr. Pawan Munjal DIN - 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 Limited	-	-

S. No.	Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
					Membership	Chairmanship
4	Mr. D. N. Davar DIN - 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	Sandhar Technologies Limited	-	-
			UL	Titagarh Marine Limited		
			P	S P Wahi Management And Technology Consultants Private Limited	-	-
P	Sandhar Tooling Private Limited	-	-			
5	Mr. Pavninder Singh DIN - 03048302	NED	L	Himadri Chemicals and Industries Limited		

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HERO FINCORP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HERO FINCORP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 the disclosures in the

financial statements. The procedures selected depend on the auditor's 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 control 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Other Matter

The financial statements of the Company as 31st March, 2013 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated 04th June, 2013 expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No.015125N)

Vijay Agarwal
(Partner)

Place: New Delhi
Date: May 26, 2014

(Membership No.94468)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/activities/results during the year, clauses 4(xiii) of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order / CARO) is not applicable.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us discrepancies noticed on such verification were not material and have been properly dealt in the books of account.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) The Company is engaged in financing activities hence does not have any inventory, therefore provisions of Clause 4(ii) (a), (b) and (c) of the Order are not applicable to the Company.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:

- (a) The Company has granted loans aggregating Rs. 5,000 lacs to a party during the year. At the year-end, the outstanding balances of such loans granted aggregated Rs. 1,500 lacs and the

maximum amount involved during the year was Rs.2,000 lacs.

- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
- (c) The receipts of principal amounts and interest have been regular/as per stipulations.
- (d) As explained to us, there is no overdue amount remaining outstanding as at the year-end.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:

- (a) The Company has taken loans aggregating Rs. 60,500 lacs from a party during the year. At the year-end, the outstanding balances of such loans granted aggregated Rs. 22,000 lacs and the maximum amount involved during the year was Rs.24,000 lacs.
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
- (c) The payments of principal amounts and interest in respect of such loans are regular.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301

of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the period within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder. Accordingly, paragraph 4(vi) of the Order is not applicable.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) The Company is not required to maintain cost records pursuant to the Companies (Cost Accounting records) Rules 2011 prescribed by the Central Government under Section 209(1)(d) of the

Companies Act, 1956.

- (ix) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Cess and other material statutory dues applicable to it and generally regular in depositing taxes deducted at source and Service Tax with the appropriate authorities. We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company and the operations of the Company during the year did not give rise to any Customs Duty and Excise Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues, in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues in respect of Wealth Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax and Cess which have not been deposited. The following are the particulars of Income-tax dues not deposited/deposited under protest by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	6.26	6.26	2005-06	Income Tax Appellate Tribunal
		65.96	-	2010-11	Commissioner (Appeals)

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-tax	28.74	2004-05, 2006-07	High Court
		23.98	2005-06, 2009-10	Income Tax Appellate Tribunal

- (x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in current financial year and in immediately preceding financial year.
- (xi) According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xvi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xvii) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 1,000 debentures of Rs.10 lacs each. The Company has created security in respect of the debentures issued.
- (xix) The Company has not raised any money by way of public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No.015125N)

Vijay Agarwal
(Partner)
(Membership No.94468)

Place: New Delhi
Date: May 26, 2014

BALANCE SHEET

AS AT 31 MARCH 2014

Particulars	Note No.	As At 31 March 2014 Amount (Rs. in Lacs)	As At 31 March 2013 Amount (Rs. in Lacs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	3	1,810	1,810
(b) Reserves and surplus	4	19,937	19,074
		21,747	20,884
2 Non - current liabilities			
(a) Long - term borrowings	5	27,500	5,000
(b) Deferred tax liabilities (Net)	6	91	98
(c) Other long - term liabilities	7	23	18
(d) Long - term provisions	8	50	24
		27,664	5,140
3 Current liabilities			
(a) Short - term borrowings	9	61,787	47,489
(b) Trade payables	10	464	76
(c) Other current liabilities	11	4,183	900
(d) Short - term provisions	12	747	685
		67,181	49,150
TOTAL		116,592	75,174
B ASSETS			
1 Non - current assets			
(a) Fixed assets			
(i) Tangible assets	13A	6,382	7,040
(ii) Intangible assets	13B	520	-
(iii) Capital work-in-progress		-	61
(b) Non - current investments	14	477	455
(c) Long - term loans and advances	15	227	490
(d) Other non - current assets	16	18,888	3,571
		26,494	11,617
2 Current assets			
(a) Trade receivables	17	87,824	62,919
(b) Cash and cash equivalents	18	670	210
(c) Short - term loans and advances	19	418	342
(d) Other current assets	20	1,186	86
		90,098	63,557
TOTAL		116,592	75,174

See accompanying notes forming part of the financial statements 1-36

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Vijay Agarwal

Partner

Place: New Delhi

Date: May 26, 2014

For and on behalf of Board of Directors

Brijmohan Lall Munjal

Chairman

D. N. Davar

Director

Renu Munjal

Managing Director

Shyam Lal

Chief Financial Officer

Tribhuwan K. Johari

Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 March, 2014

Particulars	Note No.	For the year ended 31 March 2014 Amount (Rs. in Lacs)	For the year ended 31 March 2013 Amount (Rs. in Lacs)
1 Revenue from operations	21	11,994	7,630
2 Other income	22	88	287
3 Total revenue (1+2)		12,082	7,917
4 Expenses			
(a) Employee benefits expense	23	1,171	225
(b) Finance costs	24	4,077	3,231
(c) Depreciation and amortization expense	13	1,138	1,057
(d) Other expenses	25	3,412	565
Total Expenses		9,798	5,078
5 Profit before tax (3-4)		2,284	2,839
6 Tax expense			
(a) Current tax expense		785	896
(b) Deferred tax charge/(credit)		(7)	37
(c) Current tax relating to prior years		8	-
Total tax expense		786	933
7 Profit for the year (5-6)		1,498	1,906
Basic and diluted earning per share(Rs.) (Face value per share Rs. 10)		8.27	18.29

See accompanying notes forming part of the financial statements

1-36

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Vijay Agarwal
Partner

Place: New Delhi
Date: May 26, 2014

For and on behalf of Board of Directors

Brijmohan Lall Munjal	Chairman
D. N. Davar	Director
Renu Munjal	Managing Director
Shyam Lal	Chief Financial Officer
Tribhuvan K. Johari	Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	Note No.	For the year ended 31 March 2014 Amount (Rs. in Lacs)	For the year ended 31 March 2013 Amount (Rs. in Lacs)
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before Income tax		2,284	2,839
Adjustment for:			
Depreciation		1,138	1,057
Interest on Borrowings		4,070	3,231
Provision for doubtful debts		30	-
Dividend received		(1)	(1)
(Profit)/loss on sale of fixed assets		239	(19)
(Profit)/loss on sale of investments(net)-Current		(61)	(26)
Operating profit before working capital changes		7,699	7,081
(Increase) / decrease in Trade and Other Receivables		(41,443)	(32,281)
Increase / (decrease) in Trade and Other Payables		1,436	145
Cash generated from operations		(32,308)	(25,055)
Income Tax Paid		(742)	(854)
Net cash used in operating activities(A)		(33,050)	(25,909)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1,978)	(2,290)
Proceeds from sale of fixed assets		1,077	188
Sale of investments (Net)		61	26
Purchase of investment		(22)	-
Net cash used in investing activities (B)		(862)	(2,076)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long term borrowings		25,000	5,000
Repayment of Long term borrowings		(753)	(4,665)
Proceeds from Short term borrowings(net)		14,298	21,330
Interest paid on Borrowings		(3,533)	(2,963)
Dividend received		1	1
Dividend paid		(641)	(1,058)
Proceeds from Right Issue		-	10,408
Net Cash from financing activities (C)		34,372	28,053
D. Net increase / (decrease) in cash and bank balances (A+B+C)		460	68
Cash and bank balances at the beginning of the year		210	142
Cash and bank balances at the end of the year		670	210
Reconciliation			
Cash and Bank balances as per Balance Sheet		670	210
Less: Unpaid dividend current account with Banks		67	72
Net Cash and Cash Equivalent at the end of the year		603	138

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Vijay Agarwal

Partner

Place: New Delhi

Date: May 26, 2014

For and on behalf of Board of Directors

Brijmohan Lall Munjal

Chairman

D. N. Davar

Director

Renu Munjal

Managing Director

Shyam Lal

Cheif Financial Officer

Tribhuwan K. Johari

Company Secretary

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: CORPORATE INFORMATION

Hero FinCorp Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on December 16, 1991. The name of the Company has been changed from Hero Honda Finlease Limited to Hero FinCorp Limited on July 29, 2011. The Company is a non-deposit accepting Non-Banking Financial Service Company and is engaged in the business of financing, leasing, bill discounting and other financial services.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

1) Accounting Convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

2) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3) Operating cycle

The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Company is engaged in financing business and amount which is recoverable after one year as per terms of financing /leasing arrangement has been classified as non-current assets.

4) Income

- a) Income from deferred credit, consumer finance and retail finance are accounted for on accrual basis.
- b) Lease income from operating leases is recognised in the statement of profit and loss on a systematic basis.
- c) Income from bill discounting is recognised as revenue on accrual basis over the period of acceptance.
- d) Interest income, arrangement fees, fleet management and commission are recognised on accrual basis.
- e) Dividend income is accounted for on accrual basis when a right to receive payment is established.

5) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation (including leased assets) is charged on a pro-rata basis at the straight line method rates prescribed in schedule XIV to the Companies Act, 1956.

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment.

6) Foreign Exchange Transactions

Exchange differences are dealt with as follows:-

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. All loss or gain on translation is charged to revenue in the period in which it is incurred.

Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing at

the period end and resultant gain or loss is recognized.

In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the Statement of profit and loss and the exchange difference between the exchange rate prevailing at the year end and the date of the inception of the forward exchange contract is recognised as income or expense in the Statement of profit and loss.

7) Investments

Current investments are stated at lower of cost and fair value computed category wise. Long term investments are stated at cost, provision for permanent diminution is made to recognise a decline, other than temporary.

8) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight line basis.

9) Employees Benefits

a) Defined Contribution Plan

Provident fund and Superannuation fund are the defined contribution schemes offered by the Company. The contributions to these schemes are charged to Statement of Profit and loss in the year in which contribution to such schemes becomes due.

b) Defined benefit plan and Long term employee benefits

Gratuity liability and long term employee benefits are provided on the basis of an actuarial valuation made at the end of each financial year as per projected unit credit method. Actuarial gains or loss arising from such valuation are charged to Statement of Profit and loss in the year in which they arise.

10) Earnings per share

Earnings per share are computed by dividing the profit /(loss) after tax by the weighted average number of equity shares outstanding during the year.

11) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

12) Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

13) Provisions/Contingencies and Reserves

- a) Provision for non-performing assets is created in accordance with the "Non-banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007" issued by Reserve Bank of India.
- b) For standard assets – 0.25% of total standard assets is created, as per the Reserve Bank of India circular no. RBI/2010-11/370 DNBS.PD.CC.No. 207/03.02.002/2010-11 dated January 17, 2011.
- c) Statutory reserves of 20% on profit after tax is appropriated in accordance with Section – 45-IC of the Reserve Bank of India Act, 1934.

Note 3 : Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of Shares	Amount (Rs. in Lacs)	Number of Shares	Amount (Rs. in Lacs)
(a) Authorised				
Equity shares of Rs.10/- each with voting rights	50,000,000	5,000	50,000,000	5,000
	50,000,000	5,000	50,000,000	5,000
(b) Issued				
Equity shares of Rs.10/- each with voting rights	18,100,000	1,810	18,100,000	1,810
	18,100,000	1,810	18,100,000	1,810
(c) Subscribed and Fully Paid up				
Equity shares of Rs.10/- each with voting rights				
Opening	18,100,000	1,810	9,050,000	905
Additions	-	-	9,050,000	905
Total	18,100,000	1,810	18,100,000	1,810

(i) There is no movement in share capital during the year

(ii) Rights ,Preference and restriction attached to shares:

Equity shares of Rs. 10 each :

- In respect of equity shares, voting rights shall be in same proportion as the capital paid upon such equity share.
- The dividend proposed by the Board of Directors which is subject to approval of shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.
- In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

(iii) Detail of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31 March, 2014		As at 31 March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares with voting rights				
Hero MotoCorp Ltd.	7,310,300	40.39	7,310,300	40.39
Hero InvestCorp Ltd. (Formerly Puja Investment Pvt. Ltd.)	2,523,600	13.94	2,523,600	13.94
Bahadur Chand Investment Pvt.Ltd.	2,523,600	13.94	2,523,600	13.94
	12,357,500	68.27	12,357,500	68.27

Note 4 : Reserves and surplus

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Securities premium account		
Opening balance	9,705	203
Add: Additions during the year	-	9,503
Closing balance	9,705	9,705
(b) Statutory reserve		
Opening balance	5,102	4,721
Add: Additions during the year	300	381
Closing balance	5,402	5,102
(c) Contingent provision against standard assets		
Opening balance	348	165
Add: Additions during the year	-	183
Closing balance	348	348
(d) General reserve		
Opening balance	2,385	2,194
Add: Transferred from surplus in statement of profit and loss	150	191
Closing balance	2,535	2,385
(e) Surplus in statement of profit and loss		
Opening balance	1,534	1,020
Add: Profit for the year	1,498	1,904
Less: Proposed Dividend	543	543
Corporate Dividend Tax	92	92
Transferred to:		
Statutory Reserve	300	381
General Reserve	150	191
Transfer to Contingent Provision against Standard Assets	-	183
Closing balance	1,947	1,534
Total	19,937	19,074

Note 5 : Long term borrowings- secured

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Debentures	15,000	5,000
(b) Term loans from banks *	12,500	-
Total	27,500	5,000

* For current maturities of long term borrowings refer note no 11

Note 5 Long-term borrowings (contd.)

(i) Details of debentures issued by the Company:

Particulars	Terms and conditions	As at 31 March, 2014 Secured Amount (Rs. in Lacs)	As at 31 March, 2013 Secured Amount (Rs. in Lacs)
10.35% Non convertible debentures	Secured by first Pari-Passu Charge on current assets /receivables having original maturity of 3 years, redeemable at par on 18 November, 2016 with bullet repayment. Interest payable annually.	10,000	-
10.20% Non convertible debentures	Secured by first Pari-Passu Charges on current assets /receivables having original maturity of 3 years, redeemable at par on 3 October, 2015 with bullet repayment. Interest payable annually.	5,000	5,000
Total		15,000	5,000

(ii) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured long-term borrowings:

Particulars	Terms of repayment and security	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
Term loans from banks:			
Kotak Mahindra Bank	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan 2 years, sanctioned on 11 October, 2013, repayable in 8 quarterly installments start from 31 January, 2014, last installment due on 31 October, 2015. Rate of Interest -10.70%	1,500	-
HSBC	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 395 days, sanctioned on 26 March, 2014, repayable on 25 April, 2015. Rate of Interest -10.35%	6,000	-
Royal Bank of Scotland	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 1006 days, sanctioned on 28 February, 2014, repayable on 30 November, 2016. Rate of Interest -10.15%	5,000	-
Total		12,500	-

Note 6 : Deferred Tax Liabilities (Net)

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	Charge/(Credit) during the year Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)	Charge/(Credit) during the year Amount (Rs. in Lacs)	As at 1 April, 2012 Amount (Rs. in Lacs)
Tax effect of items constituting deferred tax assets					
Provision for leave encashment and gratuity	55	30	25	5	20
Lease Equalisation Reserve	6	6	-	-	-
Provision for doubtful trade receivables	10	10			
Total Deferred tax Assets	71	46	25	5	20
Tax effect of items constituting deferred tax liabilities					
Difference between depreciation as per books of accounts and as per Income Tax Act	162	39	123	42	81
Total Deferred tax liabilities	162	39	123	42	81
Deferred tax liabilities (net)	91	(7)	98	37	61

Note 7 Other long - term liabilities

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Security deposits received	4	18
(b) Lease Equalisation Reserve	19	-
Total	23	18

Note 8 Long - term provisions

Particulars	As at 31 March 2014 Amount (Rs. in Lacs)	As at 31 March 2013 Amount (Rs. in Lacs)
(a) Provision for employee benefits		
(i) Provision for gratuity	26	16
(ii) Provision for compensated absences	24	8
Total	50	24

Note 9 Short - term borrowings

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Loan and advances from banks		
Secured	17,500	10,690
Unsecured	22,000	4,500
(b) Loan and advances from related parties		
Unsecured	22,000	24,000
(c) Foreign currency loan		
Secured	-	5,018
(d) Working capital facility from banks - cash credit		
Secured	287	3,281
Total	61,787	47,489

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
Short Term Loan from Bank			
Australia and New Zealand Banking Group Ltd	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 90 days, sanctioned on 23 January, 2014, repayable on 23 April, 2014. Rate of Interest -10.15%	1,500	-
CitiCorp Finance (India) Limited	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 360 days, sanctioned on 27 March, 2014, repayable on 22 March, 2015. Rate of Interest -10.15%	6,000	-
Bank of Tokyo Mitsubishi Limited (Loan 1)	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 90 days, sanctioned on 3 January, 2014, repayable on 3 April, 2014. Rate of Interest -10.25%	2,000	-
Bank of Tokyo Mitsubishi Limited (Loan A)	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 180 days, sanctioned on 25 October, 2012, repayable on 23 April, 2013. Rate of Interest -10.30%	-	500
Bank of Tokyo Mitsubishi Limited (Loan B)	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 180 days, sanctioned on 27 December, 2012, repayable on 25 June, 2013. Rate of Interest -10.35%	-	1,390

Particulars	Nature of security	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
BNP Paribas (Loan 1)	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 44 days, sanctioned on 12 March, 2014, repayable on 25 April, 2014. Rate of Interest -10.60%	1,500	-
BNP Paribas (Loan A)	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 90 days, sanctioned on 15 January, 2013, repayable on 15 April, 2013. Rate of Interest -10.40%	-	1,500
Bank of America	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 60 days, sanctioned on 25 March, 2013, repayable on 24 May, 2013. Rate of Interest -10.70%	-	1,500
HDFC Bank Ltd	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 60 days, sanctioned on 21 March, 2013, repayable on 20 May, 2013. Rate of Interest -10.30%	-	800
Royal Bank of Scotland (Loan 1)	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is one year, sanctioned on 23 September, 2013, repayable on 23 September, 2014. Rate of Interest -11.00%	5,000	-
Royal Bank of Scotland (Loan 2)	Secured by first charge Pari-Passu Charge on the book debts and receivables (present and future). The period of Loan is one year, sanctioned on 9 December, 2013, repayable on 9 December, 2014. Rate of Interest -10.25%	1,500	-
Royal Bank of Scotland (Loan A)	Secured by first charge Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is one year. Sanctioned on 9 September, 2012, repayable on 7 September, 2013. Rate of Interest -10.50%	-	5,000
Total		17,500	10,690
Working Capital Facility From Banks (CC Limit)			
Royal Bank of Scotland (ABN)	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%	-	3,263
Bank of America	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%	287	18
Total		287	3,281

Particulars	Nature of security	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
Foreign currency loan secured- From Banks			
Australia and New Zealand Banking Group Ltd	Secured by first Pari-Passu Charge on the book debts and receivables (present and future). The period of loan is 366 days, Disbursed on 4 December, 2012, repayable on 4 December, 2013 with interest payable monthly. Rate of Interest -3.76%	-	5,018
Total		-	5,018

Note 10 Trade payables

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
Trade payables*	464	76
Total	464	76

* Based on the information presently available with the management there are no dues outstanding to micro, small and medium enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

Note 11 Other Current Liabilities

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Current maturities of long-term borrowings (Refer Notes (i) and (ii) below)	2,000	253
(b) Interest accrued but not due on borrowings	830	293
(c) Unclaimed / unpaid dividends	67	73
(d) Other payables		
(i) Withholding and other taxes payable	140	40
(ii) Payable on purchase of fixed assets	49	-
(iii) Security deposits received	16	-
(iv) Others	1,081	241
Total	4,183	900

Note (i): For long term maturities of long term borrowings refer note 5

Note (ii): Current maturities of long-term borrowings

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Term loans		
From banks - Secured		
Kotak Mahindra	2,000	-
Dhanlaxmi Bank	-	253
Total	2,000	253

Note 12 Short - term provisions

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Provision for employee benefits		
(i) Provision for gratuity	57	50
(ii) Provision for compensated absences	55	0
(b) Others provisions:		
(i) Provision for proposed equity dividend	543	543
(ii) Provision for tax on proposed equity dividend	92	92
Total	747	685

Note 13 Fixed assets

Amount (Rs. in Lacs)

A Tangible assets	Gross block				Accumulated depreciation				Net block		
	Balance as at 1 April, 2013	Additions	Disposals	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013	
(a) Own Use :											
(i) Vehicles	257	225	-	482	69	29	-	98	384	187	
(Previous year)	(241)	(15)	-	(256)	(46)	(23)	-	(69)	(187)	(195)	
(ii) Data Processing Equipment	50	258	-	308	4	33	-	37	271	46	
(Previous year)	(4)	(46)	-	(50)	(3)	(1)	-	(4)	(46)	(1)	
(iii) Furniture and Fixtures	1	30	-	31	1	1	-	2	29	-	
(Previous year)	-	(1)	-	(1)	-	(1)	-	(1)	-	-	
(iv) Plant and Machinery	-	78	-	78	-	1	-	1	77	-	
(Previous year)	-	-	-	-	-	-	-	-	-	-	
(v) Office Equipments	-	22	-	22	-	1	-	1	21	-	
(Previous year)	-	-	-	-	-	-	-	-	-	-	
Total	308	613	-	921	74	65	-	139	782	233	
(Previous year)	(246)	(62)	-	(308)	(49)	(25)	-	(74)	(233)	(196)	
Leased Assets:											
(b) Given on Operating lease											
(i) Plant and Machinery	5,452	-	1,220	4,232	2,823	543	1,104	2,262	1,970	2,629	
(Previous year)	(6,340)	-	(888)	(5,452)	(2,885)	(664)	(727)	(2,822)	(2,630)	(3,455)	
(ii) Computers	296	36	23	309	157	46	22	181	128	139	
(Previous year)	(253)	(43)	-	(296)	(115)	(43)	-	(158)	(138)	(138)	
(iii) Vehicles	3,041	1,098	61	4,078	254	328	6	576	3,502	2,787	
(Previous year)	(1,193)	(1,875)	(27)	(3,041)	(65)	(208)	(19)	(254)	(2,787)	(1,128)	
(iv) Aircraft	2,097	-	2,097	0	846	107	953	(0)	-	1,251	
(Previous year)	(2,097)	-	-	(2,097)	(729)	(117)	-	(846)	(1,251)	(1,369)	
Total	10,886	1,134	3,401	8,619	4,080	1,024	2,085	3,019	5,600	6,806	
(Previous year)	(9,883)	(1,918)	(915)	(10,886)	(3,794)	(1,032)	(746)	(4,080)	(6,806)	(6,090)	
(c) Given on Finance lease:											
(i) Plant and Machinery	6,550	-	73	6,477	6,550	-	73	6,477	-	-	
(Previous year)	(7,263)	-	(713)	(6,550)	(7,263)	-	(713)	(6,550)	-	-	
(ii) Vehicles	48	-	3	45	47	-	2	45	-	1	
(Previous year)	(48)	-	-	(48)	(47)	-	-	(47)	(1)	(1)	
Total	6,598	-	76	6,522	6,597	-	75	6,522	-	1	
(Previous year)	(7,311)	-	(713)	(6,598)	(7,310)	-	(713)	(6,596)	(1)	(1)	
Grand Total	17,792	1,747	3,477	16,062	10,751	1,089	2,160	9,680	6,382	7,040	
(Previous year)	(17,439)	(1,980)	(1,628)	(17,791)	(11,153)	(1,057)	(1,459)	(10,751)	(7,040)	(6,287)	

Amount (Rs. in Lacs)

B. Intangible assets	Gross block				Accumulated depreciation				Net block		
	Balance as at 1 April, 2013	Additions	Deductions	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Additions	Deductions	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013	
(a) Computer software	-	569	-	569	-	49	-	49	520	-	
(Previous year)	-	-	-	-	-	-	-	-	-	-	
TOTAL	-	569	-	569	-	49	-	49	520	-	
(Previous year)	-	-	-	-	-	-	-	-	-	-	

Note 14 Non - current Investments

Particulars	As at 31 March, 2014			As at 31 March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Investments (At cost)						
A. Trade						
(a) Investment in Equity instruments of - 5,303,334 (as at 31 March, 2013: 4,545,000) shares of Rs. 10 each fully paid up in Forum I Aviation Ltd.	-	476	476	-	454	454
B. Other Investment						
(a) 1370 (as at 31 March, 2013: 1370) shares of Rs. 2 each fully paid up in Hero MotoCorp Ltd.	1	-	1	1	-	1
Total	1	476	477	1	454	455

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	At Cost	Other than at Cost	At Cost	Other than at Cost
Aggregate amount of :				
-Quoted Investments	1	-	1	-
-Unquoted Investments	476	-	454	-
Market Value of Quoted Investments	31	-	21	-

Note 15 Long Term Loans and Advances

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
Unsecured, considered good		
(a) Capital advances	21	248
(b) Security Deposits	44	29
(c) Loans and advances to employees	2	2
(d) Advance Tax (net of provisions of Rs.791 lacs (as at 31 March, 2013 of Rs. 1610 lacs)	160	211
Total	227	490

Note 16 : Other non - current assets

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Long term trade receivables (including trade receivables on deferred credit terms)*		
Secured, considered good	16,844	2,221
Unsecured, considered good	2,044	1,350
Total	18,888	3,571

* Includes amount receivable (gross) in respect to Consumer finance of Rs. 8,547 lacs (previous year Rs. 2,184 lacs), Retail financing of Rs. 7,297 lacs (previous year Rs. nil), Unsecured loans of Rs. 2,044 lacs (previous year Rs. 1,350 lacs), Loan against property of Rs. 1000 lacs (previous year Rs. nil), Deferred Credit Rs. nil (previous year Rs. 37 lacs). {Refer note 2 (3)}

Note 17 Trade receivables

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
Trade receivables outstanding for a period less than six months from the date they were due for payment*		
Secured, considered good	16,336	5,506
Unsecured, considered good	71,488	57,413
Doubtful	30	-
	87,854	62,919
Less: Provision for doubtful trade receivable	30	-
Total	87,824	62,919

* Includes amount receivable (gross) in respect to Bill discounting of Rs.63,352 lacs (previous year Rs.52,416 lacs), Consumer finance of Rs.4,480 lacs (previous year Rs.2,788 lacs), Retail financing of Rs. 10,848 lacs (previous year Rs. nil), Unsecured loans of Rs. 7,707 lacs (previous year Rs. 4,955 lacs), Leasing of Rs. 429 lacs (previous year Rs. 42 lacs), Loan against property of Rs. 1,000 lacs (previous year Rs.2,600 lacs), Deferred Credit of Rs.38 lacs (previous year Rs.118 lacs).

Note 18 Cash and cash equivalents

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Cheques in hand (refer note 30)	161	90
(b) Balances with banks :		
(i) in current accounts	442	48
(ii) in unpaid dividend accounts	67	72
Total	670	210

Note 19 Short term loans and advances

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
Unsecured, considered good		
(a) Loan and advances to employees	4	-
(b) Prepaid expense	120	26
(c) Balances with government authorities	151	244
(d) Others	143	72
Total	418	342

Note 20 Other current assets

Particulars	As at 31 March, 2014 Amount (Rs. in Lacs)	As at 31 March, 2013 Amount (Rs. in Lacs)
(a) Interest accrued but not due	424	86
(b) Receivables on sale of fixed assets	762	-
Total	1,186	86

Note 21 : Revenue from Operations

Particulars	For the year ended 31 March, 2014 Amount (Rs. in Lacs)	For the year ended 31 March, 2013 Amount (Rs. in Lacs)
(a) Finance charges earned on		
(i) Deferred Credit	17	23
(ii) Consumer Finance	888	747
(iii) Short term loans and advances	2,118	1,054
(iv) Retail Financing	1,032	-
(b) Other Financial Services		
(i) Lease rentals -finance lease	5	5
(ii) Lease rentals -operating lease	2,013	1,849
(iii) Income on bills purchased	4,013	3,338
(c) Processing fees	1,201	-
(d) Commission Income	606	561
(e) Arrangement Fees	79	33
(f) Others	22	20
Total	11,994	7,630

Note 22 Other Income

Particulars	For the year ended 31 March, 2014 Amount (Rs. in Lacs)	For the year ended 31 March, 2013 Amount (Rs. in Lacs)
(a) Dividend income:		
(i) from long term investments-equity shares	1	1
(b) Net gain on sale of:		
(i) current investment	61	26
(ii) fixed assets	-	19
(c) Income from keyman insurance policy	-	238
(d) Other non-operating income		
(i) Provisions no longer required written back	4	1
(ii) Miscellaneous income	22	2
Total	88	287

Note 23 Employee benefits expense

Particulars	For the year ended 31 March, 2014 Amount (Rs. in Lacs)	For the year ended 31 March, 2013 Amount (Rs. in Lacs)
Salaries and wages	1,062	189
Contribution to provident and other funds	68	24
Gratuity expense	17	10
Staff welfare expenses	24	2
Total	1,171	225

Note 24 Finance Costs

Particulars	For the year ended 31 March, 2014 Amount (Rs. in Lacs)	For the year ended 31 March, 2013 Amount (Rs. in Lacs)
(a) Interest expense on :		
(i) Term loan	255	288
(ii) Working capital / inter corporate deposit and others	2,727	2,577
(iii) Non-convertible debentures	890	252
(iv) Interest on late payment of statutory dues	7	-
(b) Other borrowing costs	198	114
Total	4,077	3,231

Note 25 Other expenses

Particulars	For the year ended 31 March, 2014 Amount (Rs. in Lacs)	For the year ended 31 March, 2013 Amount (Rs. in Lacs)
Rent	143	12
Repairs and maintenance-building	247	-
Recruitment and training expenses	109	4
Insurance	49	13
Rates and taxes	228	43
Legal and professional	613	361
Auditors remuneration (refer note 34)	12	6
Travelling and conveyance	228	47
Expense on retail financing :		
-Contractual staff	512	-
-Verification Charges	197	-
-Collection Charges	115	-
-Others	8	-
Provision for doubtful trade receivable	30	-
Marketing expenses	56	-
Loss on sale of fixed assets (net)	239	-
Data processing charges	71	-
Donation	5	-
Postage and telephone	52	10
Printing and stationery	52	3
Vehicle expenses	30	25
Payout/incentive to Dealers	344	12
Miscellaneous expenses	72	29
Total	3,412	565

Note 26 : Contingent Liabilities and Commitments (to the extent not provided for)

(Amount Rs. in lacs)

Particulars	This year	Previous year
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to Rs. 20 lacs (previous year Rs.240 lacs))Other Commitments (Refer note below)	25	245
Total	25	245

The Company does not have any long term commitments or material non-cancellable contractual commitments/ contracts, which have a material impact on the financial statements.

Note 27: As the Company's business activity falls within a single primary business segment viz. "Financial services" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", notified in the Companies (Accounting Standards) Rules, 2006 are not applicable.

Note 28 : The Company has entered into operating lease agreement for leased premises This lease arrangement is non-cancellable in nature. The aggregate lease rentals under the arrangement amounting to Rs.137.18 lacs have been charged in Statement of Profit and loss. Future lease payments under operating leases are as follows:

(Amount Rs. in lacs)

Particulars	This year	Previous year
Payable not later than one year	130	86
Payable later than one year and not later than five years	108	157
Total	238	243

Note 29 : In accordance with the Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of gratuity and compensated absences :

S No.	Particulars	Gratuity (Unfunded) as at 31 March, 2014	Gratuity (Unfunded) as at 31 March, 2013	Compensated Absences (Unfunded) as at 31 March, 2014	Compensated Absences (Unfunded) as at 31 March, 2013
		(Amount Rs. In lacs)	(Amount Rs. In lacs)	(Amount Rs. In lacs)	(Amount Rs. In lacs)
I	Reconciliation of opening and closing balance of the present value of defined benefit obligations (PVO):-				
a.	PVO at the beginning of the period	65.70	55.22	8.35	7.10
b.	Current Service Cost	13.20	3.99	29.47	0.56
c.	Interest Cost	5.26	4.42	0.67	0.57
d.	Actuarial (gain)/ loss	(1.18)	2.07	40.31	0.55
e.	Benefits paid	-	-	-	(0.42)
	Past service cost	-	-	-	-
f.	PVO at the end of the period	82.98	65.70	78.80	8.36
II	Amount recognized in the Statement of Profit and Loss :-				
a.	Current Service Cost	13.20	3.99	29.47	0.56
b.	Interest cost	5.26	4.42	0.67	0.57
c.	Actuarial (gain) / losses	(1.18)	2.07	40.31	0.55
d.	Past service cost	-	-	-	-
	Net cost	17.28	10.48	70.45	1.68

S No.	Particulars	Gratuity (Unfunded) as at 31 March, 2014	Gratuity (Unfunded) as at 31 March, 2013	Compensated Absences (Unfunded) as at 31 March, 2014	Compensated Absences (Unfunded) as at 31 March, 2013
		(Amount Rs. In lacs)	(Amount Rs. In lacs)	(Amount Rs. In lacs)	(Amount Rs. In lacs)
III	Amount recognized in the Balance Sheet:-				
a.	PVO at the end of the period	82.98	65.70	78.80	8.36
b.	Funded Status	-	-	-	-
c.	Net Liability recognized in the Balance Sheet	82.98	65.70	78.80	8.36
IV	Assumptions used in accounting for the benefit plan				
a.	Discount Rate (%)	8.50%	8.00%	8.50%	8.00%
b.	Salary escalation rate (%)	6.00%	5.50%	6.00%	5.50%
c.	Expected average remaining working life of employees (period in years)	23.24	17.41	23.21	13.20

1. The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market.
2. Since the liability is not funded, therefore information with regard to the plan assets has not been furnished.

Note 30 : Related Party disclosure under Accounting Standard 18

- (a) Parties in respect of which the Company is an associate
Hero MotoCorp Limited
- (b) Key management personnel and their relatives
Renu Munjal – Managing Director
Abhimanyu Munjal – Chief Operating Officer (w.e.f July 20, 2013)
- (c) Enterprises over which key management personnel and their relatives are able to exercise significant influence:-
Stalwart Exports Private Limited, Khosla Overseas Private Limited, Elvy Lifestyle Private Limited, Stalwart Lifestyle Private Limited, P M Infosoft Private Limited, Easy Bill Limited Hero Future Energies Limited,

Transactions with related parties during the year

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

(Amount Rs. in lacs)

Particulars	This year	Previous year
Hero MotoCorp Limited		
Inter corporate deposit received	60,500	38,500
Inter corporate deposit repaid	62,500	26,500
Interest on Inter corporate deposit accrued and paid	716	308
Dividend received	1	1
Lease rental received	1,859	1,675
Dividend paid	219	272
Rent and telephone expense paid	-	1
Sale of Fixed Assets -	-	99
Amount payable (including interest accrued) as at the yearend:	21,201	24,030

(b) Key management personnel and their relatives

(Amount Rs. in lacs)

Particulars	This year	Previous year
Remuneration/Sitting Fees *		
Renu Munjal	122	133
Abhimanyu Munjal	23	-

* The Company has incurred medical expenses/ paid certain remuneration which was subject to necessary approvals. However, since necessary approvals were not received up to balance sheet date, the amount has been recovered as on balance sheet date. The cheques for the same have been realised subsequent to the balance sheet date.

Note 31: Information pursuant to clause 4 (ix) (c) of the Companies (Auditors Report) Order, 2003 in respect of disputed dues, not deposited as at 31 March, 2014, pending with various authorities.

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	6.26	6.26	2005-06	Income Tax Appellate Tribunal
		65.96	-	2010-11	Commissioner (Appeals)

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-Tax	28.74	2004-05, 2006-07	High Court
		23.98	2005-06, 2009-10	Income Tax Appellate Tribunal

Note 32 : Expenditure in Foreign Currency (On accrual basis)

(Amount Rs. in lacs)

Particulars	This year	Previous year
Travel and other accounts	31	11
Total	31	11

Note 33 : Earnings Per Share

Particulars	This year	Previous year
Profit for the year (Rs. in lacs)	1,498	1,906
Weighted Average number of equity shares (Nos.)	18,100,000	10,413,699
Nominal Value per equity share (Rs. per share)	10	10
Basic and diluted earning per share (Rs.)	8.27	18.29

Note 34 : Provision and/or payment in respect of Auditors' Remuneration

(Amount Rs. in lacs)

Particulars	This year	Previous year
Audit fee	10.00	4.89
Tax Audit Fee	1.86	0.75
Out of pocket expenses	0.10	0.19
Total	11.96	5.83

Note 35 : Following information is disclosed in terms of the RBI circular (Ref No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012):

(a) Capital to risk assets ratio (CRAR)

	2014	2013
(i) CRAR %	18.38%	27.40%
(ii) CRAR – Tier I capital (%)	18.08%	26.90%
(iii) CRAR – Tier II capital (%)	0.30%	0.50%

(b) Exposures: Exposures to Real Estate Sector

Category	2014	2013
(a) Direct Exposure		
(i) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and constructions, etc) Exposure would also include non-funded base (NFB) limits.	2,000	2,600

(c) Maturity pattern of certain items of assets and liabilities

(Amount Rs. in lacs)

	1 day to 30/31 days (1 Month)	Over 1 Month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 Year to 3 years	Over 3 years to 5 Years	Over 5 years	Total
Liabilities									
Borrowing from Banks	5,500	3,000	19,000	5,500	8,500	12,500	-	-	54,000
Market Borrowing	19,000	3,000	-	-	-	15,000	-	-	37,000
Assets									
Advances*	54,747	8,705	9,322	6,016	9,760	17,442	4,567	1,457	112,016
Investments	-	-	-	-	-	-	-	-	-

* It includes written down value of leased assets, trade receivables (net) and other non-current assets.

Previous year

(Amount Rs. in lacs)

	1 day to 30/31 days (1 Month)	Over 1 Month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 Year to 3 years	Over 3 years to 5 Years	Over 5 years	Total
Liabilities									
Borrowing from Banks	7,364	4,800	1,390	5,083	5,105	-	-	-	23,742
Market Borrowing	8,000	16,000	-	-	-	5,000	-	-	29,000
Assets									
Advances*	24,491	20,987	13,447	1,353	6,180	4,944	2,227	-	73,629
Investments	-	-	-	-	-	-	-	-	-

* It includes written down value of leased assets, trade receivables (net) and other non-current assets.

Note: Previous year figures are based on the information used by the Company for compiling the returns submitted to the RBI, which has been relied upon by the auditors.

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)

(Amount Rs. in lacs)

S. No.	Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	Liabilities Side:				
1.	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount Overdue	Amount outstanding	Amount Overdue
	(a) Debentures :				
	Secured	15,631	-	5,252	-
	Unsecured	-	-	-	-
	(other than falling within the meaning of public deposits)			-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	14,543	-	253	-
	(d) Inter-corporate loans and borrowing	22,062	-	24,030	-
	(e) Commercial Paper	-	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Others:-				
	Secured Working capital demand loan	287	-	-	-
	Cash Credit				
	Other loan from banks				
	- Secured	17,512	-	18,906	-
	- Unsecured	22,082	-	4,500	-

Assets Side:			
2.	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		Amount outstanding	Amount outstanding
	(a) Secured	2,015	2,600
	(b) Unsecured	72,987	58,528

3.	Break up of Leased Assets and stock on hire and hypothecation loans counting towards Asset Finance Company (AFC) activities	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	1	1
	(b) Operating lease	5,979	6,808
	(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	31,410	5,127

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		1	1
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of mutual funds		-	-
(iv) Government Securities		-	-
(v) Others (please specify)		-	-
2. Unquoted :		-	-
(i) Shares :		-	-
(a) Equity		476	455
(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	For the year ended 31 March, 2014			For the year ended 31 March, 2013		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties	-	-	-	-	-	-
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same Group	-	-	-	-	-	-
(c) Other related parties	-	6,467	6,467	-	5,470	5,470
2. Other than related parties	33,425	72,500	105,925	10,527	57,067	67,594
Total	33,425	78,967	112,392	10,527	62,537	73,064

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

Category	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) Other related parties	31	1	21	1
2. Other than related parties	476	476	455	455
Total	507	477	476	456

As per Accounting Standard of ICAI

7. Other Information

Particulars	Amount	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	-	-

Note 36 Previous year's figures have been recast/regrouped wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Vijay Agarwal
Partner

Place: New Delhi
Date: May 26, 2014

For and on behalf of Board of Directors

Brijmohan Lall Munjal	Chairman
D. N. Davar	Director
Renu Munjal	Managing Director
Shyam Lal	Chief Financial Officer
Tribhuwan K. Johari	Company Secretary