

Hero FinCorp.



LEAGUE OF CHAMPIONS

GO FOR GOLD

Hero FinCorp Limited

25th Annual Report 2015-16

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BOARD OF DIRECTORS

CHAIRMAN

Mr. Pawan Munjal

INDEPENDENT DIRECTORS

Mr. D. N. Davar

Mr. Pradeep Dinodia

MANAGING DIRECTOR

Mrs. Renu Munjal

JOINT MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. Abhimanyu Munjal

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Pradeep Dinodia	Member

NOMINATION & REMUNERATION COMMITTEE

Mr. D. N. Davar	Chairman
Mr. Pawan Munjal	Member
Mr. Pradeep Dinodia	Member

ASSET & LIABILITY MANAGEMENT COMMITTEE

Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member
Mr. Pradeep Dinodia	Member

KEY MANAGERIAL PERSONNELS

Mrs. Renu Munjal	Managing Director
Mr. Abhimanyu Munjal	Joint Managing Director and Chief Executive Officer
Mr. Shyam Lal	Chief Financial Officer
Mr. Amit Jain	Head- Legal & Company Secretary

RISK MANAGEMENT COMMITTEE

Mr. D. N. Davar	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member
Mr. Pradeep Dinodia	Member

STAKEHOLDER RELATIONSHIP COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Renu Munjal	Chairperson
Mr. Pawan Munjal	Member
Mr. D. N. Davar	Member
Mr. Pradeep Dinodia	Member
Mr. Abhimanyu Munjal	Member

COMMITTEE OF DIRECTORS

Mr. Pawan Munjal	Chairperson
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member

CORPORATE INFORMATION

CIN No. U74899DL1991PLC046774

AUDITORS

STATUTORY AUDITORS

Deloitte Haskins & Sells,
Chartered Accountants, (FRN. No. 015125N)
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

SECRETARIAL AUDITORS

M/s Malavika Bansal
Company Secretaries,
E-2 First Floor, Moti Nagar
New Delhi-110015
Ph. : 9873318440

PRINCIPAL BANKERS

State Bank of India
HDFC Bank
Indian Bank
Axis Bank
Bank of India
BNP Paribas

DEBENTURE TRUSTEE

1. Axis Trustee Services Ltd.

2nd Floor, E, Axis House,
Bombay Dying Mills Compound,
Pandurang Budhakar Marg, Worli,
Mumbai-400025
Tel.: 022-24255212

2. IL&FS Trust Company Limited

The IL&FS Financial Centre, Plot C-22 Block G,
Bandra-Kurla Complex, Bandra East, Mumbai-400051
Telephone No: 022 – 2425 5215
Website: www.itclindia.com

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

REGISTERED OFFICE

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

Phone: 011-4604 4100, 011-2614 2451;

Fax: 011-2614 3321, 011-2614 3198

CORPORATE OFFICE

09, Community Centre, Basant Lok, Vasant Vihar, New
Delhi – 110 057

Tel.: 011-4948 7150

Fax: 011-4948 7197

Mission

To become an NBFC that provides world-class financing solutions with renewed focus on expanding its parent company's foot print 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 Lacs)

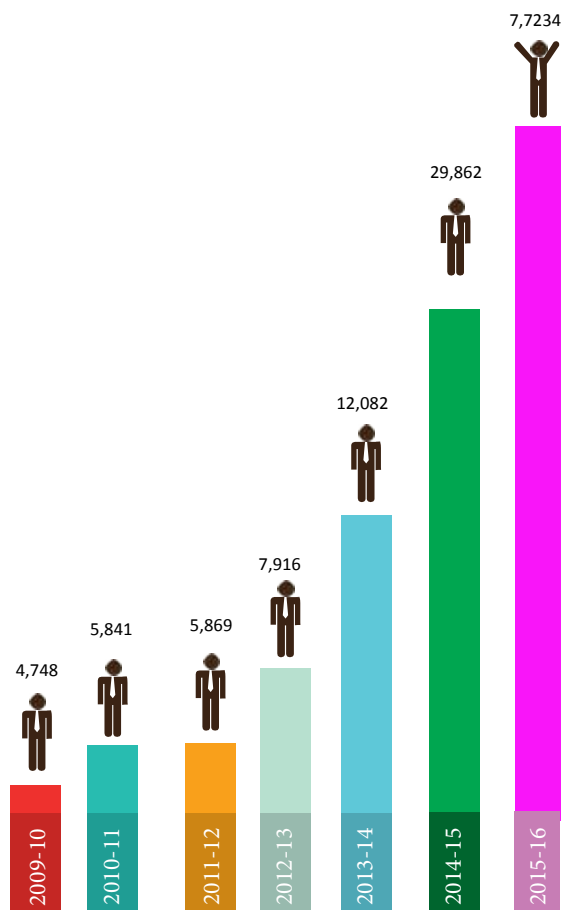
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Total Income	4,748	5,841	5,869	7,916	12,082	29,862	77,234
Growth in Income - %	5.09	23.02	0.46	34.89	52.61	147.10	158.64
Profit before Tax (PBT)	2,375	2,290	2,184	2,838	2,284	5,020	12,476
Profit after Tax (PAT)	1,555	1,566	1,407	1,904	1,498	3,315	8,150
Share Capital	905	905	905	1,810	1,810	4,525	7,919
Reserves and Surplus	7,433	7,947	8,303	19,710	19,937	50,618	95,103
Total Debt	17,800	16,773	31,077	53,483	91,287	249,221	535,513
Net Fixed Assets	4,947	6,173	6,287	7,040	6,902	7,896	9,151
Dividend - %	100	100	100	30	30	20	10*
Earning per Share(EPS) (In Rs.)	17.18	17.30	15.55	18.29	8.27	8.53	12.11

* Proposed Dividend

Total Income

(Rupees in Lacs)

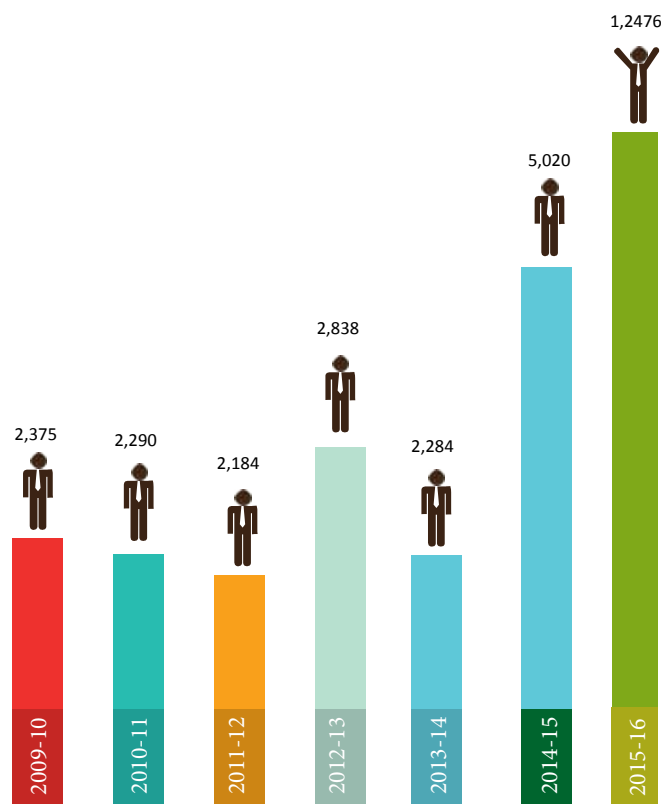
Year	Total Income
2009-10	4,748
2010-11	5,841
2011-12	5,869
2012-13	7,916
2013-14	12,082
2014-15	29,862
2015-16	77,234



Profit before tax (PBT)

(Rupees in Lacs)

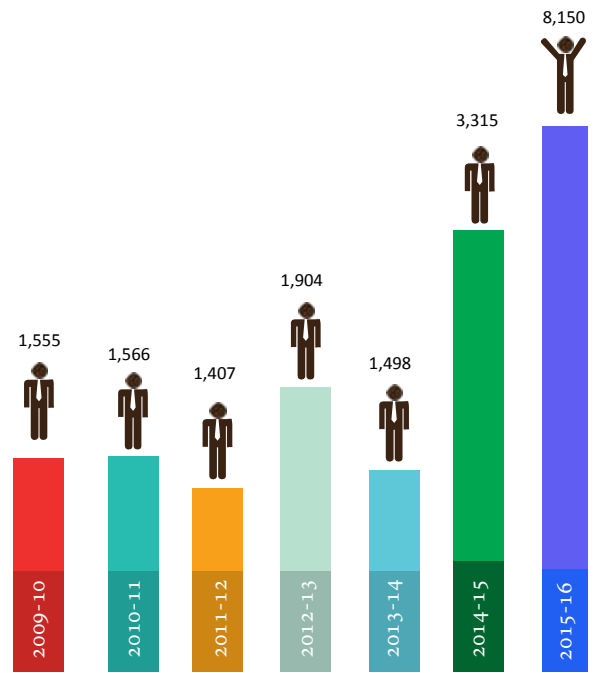
Year	Profit before tax (PBT)
2009-10	2,375
2010-11	2,290
2011-12	2,184
2012-13	2,838
2013-14	2,284
2014-15	5,020
2015-16	12,476



Profit After Tax (PAT)

(Rupees in Lacs)

Year	Profit After Tax (PAT)
2009-10	1,555
2010-11	1,566
2011-12	1,407
2012-13	1,904
2013-14	1,498
2014-15	3,315
2015-16	8,150

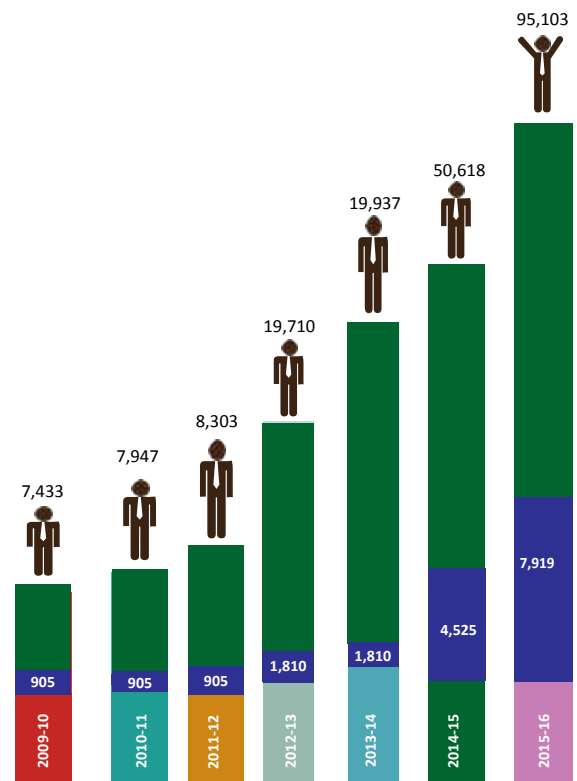


Share Capital vis-a-vis Reserves

(Rupees in Lacs)

Year	Share Capital	Reserves and Surplus
2009-10	905	7,433
2010-11	905	7,947
2011-12	905	8,303
2012-13	1,810	19,710
2013-14	1,810	19,937
2014-15	4,525	50,618
2015-16	7,919	95,103

- Reserves and Surplus
- Share Capital



BOARD'S REPORT

Dear Members,

We, the Directors of **Hero FinCorp Ltd.**, are delighted to present the **25th Annual Report for the Financial Year 2015-16**. The Report is being presented along with the Audited Statement of Accounts of the Company for the Financial Year ended March 31, 2016.

FINANCIAL RESULTS

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Revenue	77,234	29,862
Profit before Finance Costs, Depreciation & Amortization Expense	43,591	16,340
Less: Finance Costs	29,335	9,859
Depreciation & Amortization Expense	1,780	1,461
Profit before tax	12,476	5,020
Less: Provision for tax		
Current	5,683	1,939
Deferred	(1,357)	(234)
Profit after tax	8,150	3,315
Add: Balance of profit brought forward	3,163	1,947
Balance available for appropriation	11,313	5,262
Appropriations		
Dividend (Rs.) – Proposed	792	905
Corporate Dividend Tax – Current year	161	184
Transfer to Statutory Reserve	1,630	662
Transfer to General Reserve	815	331
Other Adjustments	(348)	17
Balance carried to Balance Sheet	8,263	3,163
Dividend (%) (Proposed)	10	20
Basic and Diluted Earnings per Share (EPS)	12.11	8.53

COMPANY'S PERFORMANCE

During the year under review, receivables under financing activity including leasing portfolio has grown by 107.7% from Rs. 3,07,287 lacs in 2014-15 to 6,38,248 lacs in 2015-16. The total revenue has shown an impressive growth of 158.6% from Rs. 29,862 lacs in 2014-15 to Rs. 77,234 lacs in 2015-16. Profit before tax (PBT) increased by 148.5% from Rs. 5,020 lacs in 2014-15 to Rs. 12,476 lacs in 2015-16, so also the Profit after tax (PAT) registered an increase of 145.8% from Rs. 3,315 lacs in 2014-15 to Rs. 8,150 lacs in 2015-16.

A detailed discussion on the Company's operations is mentioned in the Section 'Management Discussion and Analysis' Report', and attached to this Report as **Annexure-B**.

DIVIDEND

Your Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business to build a strong reserve base and to expand the business of the Company and accordingly pleased to recommend a Dividend of 10% (Re. 1/- per Equity Share) for the Financial Year 2015-16 (Rs. 2/- per Share in the previous year). The total amount of Dividend proposed to be distributed aggregates to Rs. 953 Lacs (Including Dividend Distribution Tax). The Dividend payout ratio comes to 8.26%.

RAISING OF FUNDS/ CAPITAL

To aid the growth in business, your Company continued to raise funds through diverse funding sources including Bank loans, Non-Convertible Debentures and Commercial papers ensuring a prudent asset-liability mix through the year. The company also ensured that a healthy capital adequacy was maintained throughout the year by infusing equity capital.

A. NON-CONVERTIBLE DEBENTURES

Secured Non-Convertible Debentures worth Rs. 41,640 Lacs was issued by the Company. Additionally, your Company raised Rs. 10,000 Lacs of Tier II Subordinated Debt during the year. The said Debentures had also been listed on the National Stock Exchange of India Limited.

B. ISSUE OF EQUITY SHARES ON RIGHTS BASIS

The Company, in order to augment the long term fund requirements, came out with an issue of 3,39,37,500 equity shares of Rs. 10/- each at a premium of Rs. 110/- per share aggregating to Rs. 407.25 Crore on Rights basis to the existing equity shareholders holding shares as on July 15, 2015, the Record date fixed for the said purpose in the ratio of 3 (three) equity shares for every 4 (four) fully paid equity shares held. The issue was fully subscribed and allotment was made.

RATINGS

During the year under review, the rating agencies reaffirmed the long term and short term ratings of the Company. The Company was additionally assigned a rating of AA+ with a stable outlook for Subordinated debt by CRISIL and ICRA.

Rating	Program/Category	Outlook	Quantum (Rs. Lacs)
ICRA			
ICRA AA+	Non-Convertible Debentures	Stable	100,000
ICRA AA+	Subordinated Debt	Stable	40,000
ICRA AA+	Long term Bank rating	Stable	382,500
ICRA A I +	Short term Bank rating	-	17,500
ICRA A I +	Commercial Paper	-	25,000
CRISIL			
CRISIL AA+	Non-Convertible Debentures	Stable	25,000
CRISIL AA+	Subordinate Debt	Stable	25,000
CRISIL AA+	Long term Bank rating	Stable	127,500
CRISIL A I +	Short term Bank rating	-	62,500
CRISIL A I +	Commercial Paper	-	180,000

CAPITAL ADEQUACY RATIO

Your Company has a Capital Adequacy Ratio (CAR) of 17.37% as on March 31, 2016, which is well above the RBI mandated 15%.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit(s) under Section 73 of the Companies Act 2013, read with the Rules made thereunder.

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. 815 lacs being 10% of the Profit after tax of the year under review, has been transferred to the General Reserve of the Company.

Further, an amount of Rs.1,630 lacs (being 20% of net profit) was transferred to Statutory Reserve of the Company pursuant to Section 451C of the Reserve Bank of India Act, 1934.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Pavninder Singh, pursuant to his resignation ceased to be a Director of your Company effective March 23, 2016. The Board of Directors have placed on record its deep appreciation for the valuable services and guidance rendered by Mr. Pavninder Singh during his tenure as Independent Director of the Company.

In terms of the provisions of Articles of Association of the Company, Mr. Pawan Munjal, Director of the Company shall retire by rotation and being eligible, offered himself for re-appointment as Director at the ensuing Annual General Meeting. Your Directors place on record their deep appreciation for his contribution and recommend his re-appointment.

Mr. Abhimanyu Munjal, Chief Executive Officer (“CEO”) of the Company has made remarkable efforts and contributions in such a short span of time. Under the leadership and guidance of Mr. Abhimanyu Munjal, your Company aspires to achieve newer milestones with focus on dynamic journey to achieve profitable growth and expansion of its product offerings and presence in India. Keeping in view the extensive experience of Mr. Abhimanyu Munjal in the field of **business, strategic operations and finance** matters and in recognition of his contributions in a challenging business environment. Your Board of Directors at its Meeting held on May 29, 2016 based on the recommendation of Nomination and Remuneration Committee has appointed Mr. Abhimanyu Munjal, Chief Executive Officer of the Company as Joint Managing Director and Chief Executive Officer of the Company for the period of 5 (five) years with effect from June 01, 2016 to May 30, 2021, subject to your approval.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors at its Meeting held on May 29, 2016 has appointed Mr. Pradeep Dinodia as an Additional Director of the Company designated as Non-Executive and Independent Director effective from May 29, 2016. Mr. Pradeep Dinodia aged 62 years is a Chartered Accountant and carries a rich professional experience of over 37 years in finance, taxation, legal and corporate advisory matters.

The Board of Directors is of opinion that the Company would immensely benefit with the association of Mr. Pradeep Dinodia as well as Mr. Abhimanyu Munjal on its Board of Directors and hence recommends the appointment of Mr. Pradeep Dinodia as Non-Executive and Independent Director and Mr. Abhimanyu Munjal as Joint Managing Director and Chief Executive Officer of the Company.

Detailed resume of Mr. Pradeep Dinodia and Mr. Abhimanyu Munjal has been provided in the Explanatory Statement covering 25th Annual General Meeting.

Details of the Whole Time Key Managerial Personnel (“KMP”) of the Company as on the date of this Report is as under:

- | | |
|-------------------------|---|
| 1. Mrs. Renu Munjal | Managing Director |
| 2. Mr. Abhimanyu Munjal | Joint Managing Director and Chief Executive Officer |
| 3. Mr. Shyam Lal | Chief Financial Officer |
| 4. Mr. Amit Jain | Head Legal and Company Secretary |

CORPORATE GOVERNANCE

The report on Corporate Governance is annexed at **Annexure - A** and forms part of this Annual Report. The Company is committed to maintain the high standards of Corporate Governance. The Company has also implemented several Best Corporate Governance Practices.

EXTRACTS OF ANNUAL RETURN

In accordance with the provisions of Section 92, of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return in Form MGT 9 is attached to this report at **Annexure-C**.

NUMBER OF BOARD MEETINGS

Your Board of Directors met 5 (five) times during the Financial year 2015-16. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Companies Act, 2013, the Directors state:

1. That in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2016, the applicable Accounting Standards have been followed along with proper explanation relating to material departures in the Auditor Report and Notes to Accounts;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the Annual Accounts on a “going concern” basis.
5. the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTOR

In accordance with Section 149 (6) of Companies Act, 2013, the Independent Director(s) have submitted the declaration of Independence, as required pursuant to Section 149 (7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub section (6).

CORPORATE SOCIAL RESPONSIBILITY

Your Company has undertaken the Corporate Social Responsibility (CSR) activities and complied with all the provisions of Section 135 in accordance with Companies Act, 2013. The details of CSR activities including the details of expenditure and CSR Committee are provided in the **Annexure – D** to this report.

The CSR Committee of your Company has formulated the CSR Policy indicating the activities to be undertaken by the Company from time to time. The CSR Committee has been entrusted with the prime responsibility of recommending to the Board and monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors (ICAI Firm Registration No. 015125N) were appointed for 4 (four) Years upto the conclusion of 27th AGM of the Company to be held in the Calendar year 2018. and in accordance with of the provisions of the Companies Act, 2013 their appointment needs to be ratified annually. Your Company has received an eligibility letter from the Auditors to the effect that the ratification of their appointment, would be in accordance with Section 139 and 141 of the Companies Act, 2013. The Board recommends the ratification of their 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 comments/elaborations pursuant to Section 134 of the Companies Act, 2013.

SECRETARIAL AUDITORS & REPORT

Ms. Malavika Bansal, Practicing Company Secretary, has been appointed as Secretarial Auditor of the Company for the Financial Year 2016-2017 at the Board Meeting held on May 29, 2016. The Company has received a certificate from the Secretarial Auditor to the effect that her appointment, if made, would be in accordance with the provisions of the Companies Act, 2013.

Further, the Secretarial Audit Report from M/s Aditi Agarwal & Associates, Company Secretaries, for the Financial Year ended March 31, 2016 is annexed as **Annexure-E** to this report.

LOAN, GUARANTEES AND INVESTMENTS

Pursuant to Section 186(11)(a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantee have not been disclosed in this Report.

RELATED PARTY TRANSACTIONS AND POLICY

All the Related Party Transactions pursuant to Section 188(1) of the Companies Act, 2013 that were entered into by the Company during the year under review were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by your Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which might have a potential conflict with the interest of the Company at large.

All the Related Party Transactions had been placed before the Audit Committee for its approval. There was no matter requiring approval of the Board therefore no detail is provided in Form AOC-2. Pursuant to Section 188 of the Companies Act, 2013. Your Company has developed Standard Operating Procedures for the purpose of identification of Related Party Transactions and monitoring on a regular basis. Related Party Transactions were also disclosed to the Board on a regular basis as per Accounting Standard (AS)-18 of the Institute of Chartered Accountant of India.

The Board has also approved a policy on Related Party Transactions. None of the Directors has any pecuniary relationships or transactions vis-a-vis the Company except as provided in the Notes to the Accounts.

VIGIL MECHANISM

Your Company has in place a well formulated Vigil Mechanism to deal with instance of fraud and mismanagement, if any. The Policy enables the employees, Directors and other stakeholders to raise their concern. There was no incident when the access to the Audit Committee was denied to any employees with respect to Vigil Mechanism.

MATERIAL CHANGES AND COMMITMENTS

No other material changes and commitments affecting the financial position of the Company had occurred between April 1, 2016 and the date of this Report.

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

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.

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

- 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. 54 lacs on account of travel etc. (Previous year Rs. 58 lacs).

RISK MANAGEMENT

Effective risk management is essential to success and is an integral part of our culture. While we need to accept a level of risk in achieving our goals, sound risk management helps us to make the most of each business opportunity, and enables us to be resilient and respond decisively to the changing environment.

Our approach to risk management assists us in identifying risks early and addressing them in ways that manage uncertainties, minimize potential hazards, and maximize opportunities for the good of all our stakeholders including shareholders, customers, suppliers, regulators and employees. Risks can be broadly classified as Strategic, Operational, Financial, and Legal/Regulatory.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year under review, the Company is not having any subsidiary company.

ANNUAL EVALUATION-BOARD AND ITS COMMITTEES

The Nomination and Remuneration (“NR”) Committee has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each director (including Executive, Non-Executive and Independent Directors), of the Board as a whole and its Committee.

The criteria include different aspects covered under Administrative, Strategic, Operational and Compliance headings.

As per laid down procedure, the Independent Directors held a separate meeting to review the performance of the Chairperson of the Company after taking into account the views of Executive and Non Executive Directors. The substantial, and continuing, contribution of the Chairperson in the growth of the Company has been highly commended. The Independent Directors also reviewed performance of every Executive and Non-Executive Director of the Board. The performance evaluation of each Independent Director was done by the entire Board (except the Independent Directors being evaluated).

The performance of each committee has been evaluated by its members and found to be highly satisfactory.

On the basis of this exercise, the NR Committee and the Board, after recognizing the important contribution being made by each Independent Directors have decided that all Independent Directors should continue to be on the Board.

Board of Directors vide its resolution dated May 29, 2016 approved the Nomination & Remuneration Policy, inter alia, for appointment and fixing remuneration of the directors, key managerial personnel and other employees. The said Policy is attached herewith at **Annexure-F** to this report.

INTERNAL CONTROL SYSTEMS

Internal Control Culture is pervasive in the Company. The Company has a comprehensive Internal Control System for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal Control system basically covers the area of Accounting Control, Compliance Audit at regular intervals by the Internal Auditor.

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

AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Companies Act, 2013, your Company has an Audit Committee comprising of three Directors out of which two- third are Non-Executive and Independent. 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. In compliance with the provisions of the Companies Act, 2013, the Committee met 4 (four) times during the year.

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

- 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) Management of the Vigil Mechanism in the Company

Audit Committee has not made any recommendations during the period under review.

PARTICULARS OF EMPLOYEES

Your Directors place on record their appreciation for the significant contribution made by all employees, who through their competence, dedication, hard work, co - operation and support have enabled the Company to cross new milestones on a continual basis.

A detailed note on personnel is given in the Management Discussion and Analysis, which forms part of this Annual Report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate Annexure forming part of this Report. Further, the Report and the Accounts are being sent to the members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

The submission of particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable on your Company.

STATUTORY DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Deposit from the public falling within the ambit of Section 73 of the Act and rules made thereof.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (SHWWA)

Your Directors, further state that during the year under review, there were no cases filed, pursuant to the SHWWA and rules made thereof.

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.**

Pawan Munjal
Chairman
DIN:00004223

Place : New Delhi
Date : 29 May, 2016

Registered Office:

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

CIN: U74899DL1991PLC046774

Phone: 011-4604 4100, 011-2614 2451;

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CORPORATE GOVERNANCE REPORT

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 SEBI (Listing Obligation and Disclosure Requirement), Regulation, 2015, as applicable to Listed Companies.

BOARD OF DIRECTORS

The business of the Company is managed by the Board of Directors. 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

The Company’s Board comprises of an appropriate combination of Executive and Non-Executive Directors. As on March 31, 2016, the Company’s Board consists of three (3) Directors, which includes one (1) Executive Director, one (1) Non- Executive Director and one (1) Non-Executive and Independent Director. The Board has no institutional nominee director.

Details of composition of the Board, number of meetings held and attended by the Directors during the year under review etc. is given herein below.

Name of the Directors	No. of Board Meetings		Whether attended last AGM	No. of other Directorships held (excluding Private Companies, Foreign Companies and Sec. 8 Co’s)
	Held	Attended		
Executive				
Mrs. Renu Munjal	5	5	Yes	None
Non-Executive				
Mr. Brijmohan Lall Munjal*	5	2	Yes	3
Mr. Pawan Munjal	5	5	Yes	2
Non-Executive and Independent				
Mr. Dharmendar Nath Davar	5	5	Yes	8
Mr. Pavninder Singh**	5	5	Yes	5

* Mr. Brijmohan Lall Munjal due to his sad demise, ceased to be a member of the Board effective November 1, 2015.

**Mr. Pavninder Singh due to his resignation, ceased to be the member of the Board effective March 23, 2016.

The Board of Directors appointed Mr. Pradeep Dinodia as an Additional Director of the Company w.e.f. May 29, 2016

The Board of Directors appointed Mr. Abhimanyu Munjal as Joint Managing Director and Chief Executive Officer of the Company w.e.f. June 01, 2016.

Note: None of the directors holds office as a director, including as alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary company of a public company are included.

As per declarations received, none of the directors serves as an independent director in more than seven listed companies. Further, the whole-time directors in the Company do not serve as an independent director in more than three listed companies.

Mrs. Renu Munjal is wife of late Shri Raman Kant Munjal son of Late Shri. Brijmohan Lall Munjal and brother of Shri. 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 and Committee(s) thereof.

BOARD MEETINGS

During the Financial Year 2015-16 under review, your Board met 5 (Five) times i.e. on May 05, 2015, August 11, 2015, November 16, 2015, December 15, 2015 and March 21, 2016. The gap between any two meetings has been less than one hundred and twenty days.

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 and/or Committees to the extent applicable:

- Annual Budget/Business Plan;
- Strategic business proposal or activities to be undertaken;
- Purchase and disposal of major fixed assets;
- Quarterly, half yearly and annual 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;

BOARD LEVEL COMMITTEES

AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Companies Act, 2013, the Company has constituted an Audit Committee, with two-third of the members being Non-Executive and Independent Directors. The "Terms of Reference" of the Audit Committee as approved by Board of Directors includes the following:

- 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; and
i) Operate the Vigil Mechanism in the Company.⁷

The Chairman of the Committee is Mr. Dharmendar Nath 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.

MEETINGS, ATTENDANCE AND COMPOSITION

During the Financial Year under review, the Audit Committee met 4 (Four) times, i.e. on May 05, 2015, August 11, 2015, December 15, 2015 and March 21, 2016, respectively. The constitution of the Audit Committee and the attendance record of Members in the Committee meetings are as under:

Name of the Directors	Position Held	No. of Meetings held	No. of Meetings attended
Mr. Dharmendar Nath Davar	Chairman	4	4
Mr. Brijmohan Lall Munjal*	Member	4	2
Mrs. Renu Munjal	Member	4	4
Mr. Pavninder Singh**	Member	4	4

*Due to sad demise of Mr. Brijmohan Lall Munjal, he ceased to be a Member of the Audit Committee w.e.f. 1st November, 2015.

**Mr. Pavninder Singh due to his resignation, ceased to be the Member of the Audit Committee effective March 23, 2016.

Mr. Pradeep Dinodia has been appointed as a member of Audit Committee. The revised composition of the Audit Committee is as under

S.No.	Name of Director	Position held
1.	Mr. Dharmendar Nath Davar	Chairman
2.	Mrs. Renu Munjal	Member
3.	Mr. Pradeep Dinodia	Member

Mr. Dharmendar Nath Davar, Chairman of Audit Committee was present at the Annual General Meeting of the Company held on September, 15 2015, to answer shareholders' queries.

The Chief Financial Officer and Chief Executive Officer of the Company and representatives of the Internal Auditors and the Statutory Auditors also attend the Committee meetings upon invitation of the Chairman.

The Company Secretary acts as the secretary to the Audit Committee.

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 (ALM) to maintain the ALM systems. Mr. Dharmendar Nath Davar, is the Chairman of the Committee 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.

During the financial year 2015-16, the ALM Committee met 4 (Four) times, i.e. on May 05, 2015, August 11, 2015, December 15, 2015 and March 21, 2016, respectively. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

Name of the Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Dharmendar Nath Davar	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Pavninder Singh*	Member	4	4
Mr. Abhimanyu Munjal	Member	4	4

*Mr. Pavninder Singh due to his resignation, ceased to be the Member of the Committee effective March 23, 2016.

Thereafter effective May 29, 2016 and June 01, 2016, Mr. Pradeep Dinodia and Mr. Abhimanyu Munjal were appointed as the member(s) of the ALM Committee, respectively and therefore the composition of the Committee has been revised is as under:

S.No.	Name of Director	Position held
1.	Mr. Dharmendar Nath Davar	Chairman
2.	Mrs. Renu Munjal	Member
3.	Mr. Abhimanyu Munjal	Member
4.	Mr. Pradeep Dinodia	Member

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

The sub-committee of the ALM Committee, consisting of heads of various functions, met regularly during the year to discuss liquidity risk management, management of market risks, funding and capital planning, growth projections, forecasting and preparation of contingency plans. A synopsis of the minutes of the meetings of the sub committee are regularly palced before the ALM Committee for its consideration.

RISK MANAGEMENT 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.

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

During the financial year 2015-16 under review, Risk Management Committee met 4 (Four) times, i.e. on May 05, 2015, August 11, 2015, December 15, 2015 and March 21, 2016, respectively. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

Name of the Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Dharmendar Nath Davar	Chairman	4	4
Mrs. Renu Munjal	Member	4	4
Mr. Pavninder Singh*	Member	4	4
Mr. Abhimanyu Munjal	Member	4	4

*Mr. Pavninder Singh due to his resignation, ceased to be the Member of the Committee effective March 23, 2016.

Effective, on May 29, 2016 and June 01, 2016 Mr. Pradeep Dinodia and Mr. Abhimanyu Munjal were appointed as the member(s) of the Risk Management Committee, respectively and therefore the composition of Risk Management Committee has been revised as under

S. No.	Name of Director	Position Held
1.	Mr. Dharmendar Nath Davar	Chairman
2.	Mrs. Renu Munjal	Member
3.	Mr. Abhimanyu Munjal	Member
4.	Mr. Pradeep Dinodia	Member

NOMINATION & REMUNERATION COMMITTEE

In view of the provisions of Section 178 of the Companies Act, 2013 and Rules made there under the Company has constituted Nomination & Remuneration Committee on May 26, 2014, with the below mentioned "Terms of Reference":

- To formulate and recommend to the Board of Directors the company's policies, relating to the remuneration for the directors, key managerial personnel and other employees, criteria for determining qualifications, positive attributes and independence of a director;
- To formulate criteria for evaluation of Independent Directors and the Board;
- To identify persons who are qualified to become Directors and who might be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees; and
- To devise a policy on "Board diversity;"

During the Financial Year 2015-16 under review, Nomination and Remuneration Committee met 2 (Two) times, i.e. on May 05, 2015 and March 21, 2016, respectively. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

Name of the Directors	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Dharmendar Nath Davar	Chairman	2	2
Mr. Pawan Munjal	Member	2	2
Mr. Pavninder Singh*	Member	2	2

*Mr. Pavninder Singh due to his resignation, ceased to be the Member of the Committee effective March 23, 2016.

Mr. Pradeep Dinodia has been appointed as a member of Nomination and Remuneration Committee Effective May 29, 2016. The revised composition of Nomination and Remuneration Committee is as under:

S. No.	Name of Director	Position Held
1.	Mr. Dharmendar Nath Davar	Chairman
2.	Mr. Pawan Munjal	Member
3.	Mr. Pradeep Dinodia	Member

REMUNERATION POLICY

The remuneration paid to the Executive Director is approved by the Nomination & Remuneration Committee and endorsed by the Board subject to the approval of the shareholders at the general meeting and such other authorities as may be required from time to time. At the Board Meeting, only the Non-Executive Directors participate in the business pertaining to the approval of the remuneration 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 197 of the Companies Act, 2013, is also paid as per the terms of appointment.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs. 50,000 for attending each meeting of the Board and Committees of the Board, other than the Committee of Directors.

The details of the remuneration paid / payable to Mrs. Renu Munjal, Managing Director, for the financial year ended March 31, 2016 is given below:

Particulars	Amount (Rs. in Lacs)
Salary*	308
Contribution to Provident Fund & Super Annuation Fund**	43
Commission	125
Total	476

* 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 197 of the Companies Act, 2013

The detail of the remuneration paid to the Non-Executive Directors for the year ended March 31, 2016 is given below:

(Amount Rs in Lakhs)

Name of the Directors	Sitting Fees	Commission	Total
Mr. Brij Mohan Lall Munjal*	1.00	-	1.00
Mr. Pawan Munjal	5.00	-	5.00
Mr. Dharmendar Nath Davar	11.50	-	11.50
Mr. Pavninder Singh**	9.50	-	9.50

*Due to sad demise of Mr. Brijmohan Lall Munjal, he ceased to be a member of the Board and its Committees w.e.f 1st November, 2015.

**Mr. Pavninder Singh due to his resignation, ceased to be the member of the Board and its Committees effective March 23, 2016.

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board of Directors at its meeting held on May 26, 2014. had constituted Stakeholders Relationship Committee. To specifically look into the shareholders' and investors' complaints on matters relating to transfer/transmission of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends, etc.

In pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder the Terms of Reference of Stakeholders Relationship Committee is as per the following details:

- To consider and resolve the grievances of shareholders, debenture holders and other security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of balance sheet and non-receipt of declared dividends.
- To look into matters that can facilitate better security-holders services and relations.

As on March 31, 2016, the constitution of the Stakeholders Relationship Committee is as under:

Name of the Director	Position Held
Mrs. Renu Munjal	Chairman
Mr.Pavninder Singh*	Member

*Mr. Pavninder Singh due to his resignation, ceased to be the member of the Committee effective March 23, 2016

Mr. Pradeep Dinodia and Mr. Abhimanyu Munjal were appointed as the member(s) of the Stakeholders Relationship Committee, effective May 29, 2016 and June 01, 2016, respectively and therefore following is the revised composition of Stakeholders Relationship Committee:

S.No.	Name of Director	Position Held
1.	Mrs. Renu Munjal	Chairperson
2.	Mr.Abhimanyu Munjal	Member
3.	Mr. Pradeep Dinodia	Member

During the year under review, the Company has not received any grievance from the Share and debenture holders of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In pursuance to the provisions of Section 135 the Companies Act, 2013 and Rules made thereunder, the Company has constituted Corporate Social Responsibility Committee on May 26, 2014 with the below mentioned terms of reference:

- Formulation of CSR Policy as specified in Schedule VII of the Act, indicating the activities, projects, timelines and expenditure thereon;
- Recommendation of CSR Policy to the Board;
- Recommendation of expenditure to be incurred on the activities referred in point no. (a) above and
- Monitoring the implementation of the Policy.

During the year under review, the members of the Corporate Social Responsibility Committee met 3 (Three) times, i.e. on August 11, 2015, December 15, 2015 and March 21, 2016, respectively. The constitution of the Committee and the attendance record of Members in the Committee Meetings are as under:

Name of the Director	Position Held	No. of Meetings Held	No. of Meetings Attended
Mrs. Renu Munjal	Chairman	4	4
Mr. Pawan Munjal	Member	4	4
Mr. Dharmendar Nath Davar	Independent Director	4	4

Mr. Pradeep Dinodia and Mr. Abhimanyu Munjal was appointed as a member(s) of Corporate Social Responsibility Committee, effective May 29, 2016 and June 01, 2016, respectively and therefore following is the revised composition of Corporate Social Responsibility Committee:

S.No.	Name of Director	Position Held
1.	Mrs. Renu Munjal	Chairperson
2.	Mr. Dharmendar Nath Davar	Member
3.	Mr. Pawan Munjal	Member
4.	Mr. Pradeep Dinodia	Member
5.	Mr.Abhimanyu Munjal	Member

COMMITTEE OF DIRECTORS

Apart from the above Committees, the Company also has a Committee of Directors. The Committee comprises of Mr. Pawan Munjal and Mrs. Renu Munjal as its members. Mr. Abhimanyu Munjal, CEO and Mr. Shyam Lal, CFO are the permanent invitees to the Committee Meetings. The Board of Directors appointed Mr. Abhimanyu Munjal as a member of Committee of Directors effective June 01, 2016.

The Committee deals with the matters relating to allotment, transfer, transmission, transposition, issue of new/duplicate share borrowings certificates, other matters relating to shares, borrowing investment of surplus funds opening and closure of Bank accounts and all other matters as prescribed and delegated to the Committee by the Board from time to time.

The Board at its Meeting held on March 21, 2016 has revised the Terms of Reference of the Committee in order to ensure smooth performance of business operations of the Company.

This Committee generally meets as and when required. During the year under review 22 (Twenty Two) meetings of the Committee were held.

DISCLOSURES

RELATED PARTY TRANSACTIONS

Related Parties and Transactions with them as required under Accounting Standard 18 (AS-18) are furnished to and forming part of the Balance Sheet as at March 31, 2016 and Statement of Profit & Loss for the financial year ended March 31, 2016.

The transactions with the Related Parties are on arm's length basis and in the usual course of business of the Company and do not have any potential conflict with the interests of the Company at large.

GENERAL BODY MEETINGS

Details of location, day, date and time of Annual General Meetings held during the last three years and Resolutions passed there at are given below.

DETAILS OF GENERAL MEETINGS (AGM/EGM):

Financial Year	Location	Day & Date & Time	Summary of Resolution Passed
Annual General Meeting			
2014-15	Hotel Vasant Continental, Vasant Vihar, New Delhi I 10057	Tuesday, September 15, 2015 Time: 05.00 P.M	Special Resolution: <ul style="list-style-type: none"> Re-appointment of Mrs. Renu Munjal as Managing Director of the Company Elevation of Mr. Abhimanyu Munjal as Chief Executive Officer (CEO) of the Company
2013-14	Hotel Vasant Continental, Vasant Vihar, New Delhi I 10057	Friday, September 19, 2014 Time: 05.00 P.M	Special Resolution: <ul style="list-style-type: none"> Appointment of Mr. Pavinder Singh (DIN 03048302) as an Independent Director; Appointment of Mr. DN Davar as Independent Director; Appointment of Mr. Abhimanyu Munjal as Chief Operating Officer (COO); and Keeping of register of members and index of Member at a place other than the Registered office.
2012-13	Hotel Vasant Continental, Vasant Vihar, New Delhi I 10057	Friday, July 19, 2013 Time: 05.00 P.M	Special Resolution: <ul style="list-style-type: none"> Appointment of Mr. Abhimanyu Munjal as Chief Operating Officer (COO)

Financial Year	Location	Day & Date Time	Summary of Resolution Passed
Extra Ordinary General Meeting			
2015-16	34, Community Centre, basant lok, Vasant Vihar, New Delhi-110057	Monday , July 06, 2015 Time: 05.00 P.M	Special resolution: <ul style="list-style-type: none"> • Adoption New set of Article • Increase in authorized Share Capital of the Company • Amendment to Memorandum of Association • Issuance of Equity Shares on Right Basis • Approve Limit of Borrowing • Sell, Lease other Dispose of the in connection with the Borrowing of the Company • Approval for issue of Non-convertible Debentures on Private Placement basis
2014-15	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057	Wednesday, October 15, 2014 Time: 05.00 P.M	Special resolution: <ul style="list-style-type: none"> • Approve Limit of Borrowing • Providing Securities in connection with Borrowing • Approval for issue of Non-convertible Debentures on Private Placement basis • Increase the Limit to make Loan or Investment
2013-14	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057	Monday, March 24, 2014 Time: 04.00 P.M	As Special Resolution <ul style="list-style-type: none"> • To issue and allot the equity shares on Right Basis.
2012-13	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057	Friday, December 14, 2012 Time: 03.30 P.M	As Ordinary Resolution <ul style="list-style-type: none"> • To increase in Authorised Share • Capital & alteration of capital • clause of Memorandum of association As Special Resolution <ul style="list-style-type: none"> • To alter the Article of Association of the company • To issue and allot equity shares on Right Basis.

GENERAL SHAREHOLDERS' INFORMATION

Financial Calendar

For the financial year ended March 31, 2016, the financial results of the Company were announced on:

a)	First quarter ended June 30, 2015	August 11, 2015
b)	Second quarter ended Sept. 30, 2015	December 15, 2015
c)	Third quarter ended Dec. 31, 2015	March 21, 2016
d)	Fourth quarter ended March 31, 2016	May 29, 2016

For the year ending March 31, 2017, the financial results of the Company are likely to be announced on:

a)	First quarter ending on June 30, 2016	By July/August 2016
b)	Second quarter ending on September 30, 2016	By November 15, 2016
c)	Third quarter ending on December 31, 2016	By February/March 2017
d)	Fourth quarter ending on March 31, 2017	By May 30, 2017

Dividend Payment:

The Board has recommended dividend @10% i.e. Re. 1/- per equity share of Rs. 10 each for the financial year 2015-16. This dividend as recommended by the Board, if approved by the shareholders at their 25th Annual General Meeting, shall be paid to those members, whose names would appear on the Register of Members of the Company as on August 23, 2016.

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
2014-15	Final Dividend	20	15/09/15	21/09/15	23/09/22
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

Distribution of Shareholding as on March 31, 2016

Categories	No. of shares held	Percentage of Shareholding
1) Promoters' Holding	7,20,52,024	90.99
2) Non- Promoters' Holding	71,35,476	9.01
Grand Total	79,187,500	100.00

Share Transfer System

The Share transfer job is being handled by the Registrar and Transfer Agent of the Company i.e. M/s. Beetal Financial & Computer Services Pvt. Ltd. having its office at 99, Madangir, New Delhi-110062, Phone No. 011-29961281-283 Fax No. 011-29961284. During the year 2015-16, 65900 shares were transferred and the said transfers were affected within the prescribed period. Shares under objection were returned within two weeks time.

Registered Office

34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi 110 057
Tel: 011-4604 4100, 011-2614 2451; Fax: 011-2614 3321, 011-2614 3198
Company Identification No. (CIN): U74899DL1991PLC046774
Permanent Account Number (PAN): AAACH0157J
Tax Identification Number (TIN): 07850173974

Investor's correspondence may be addressed to:

Legal & Secretarial Department
E-mail: investors@herofincorp.com

Or

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](mailto:shyam.lal@herofincorp.com)

Company's Registrars

Beetal Financial & Computer Services Pvt. Ltd. 99 Madangir, New Delhi- 110 062
Phone No. 011-29961281-283 Fax No. 011-29961284

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economy

The global economy continued to be sluggish with the growth for 2015 is estimated to be about 3.1%. Among the developed economies, while Europe and Japan struggled to expand their economy, the United States of America showed robust growth and job data. It was a year where global commodity prices saw a further downward correction. China, which had been fuelling the global demand for commodities, showed signs of slowdown.

International Monetary Fund (IMF) expects the global expansion to be 3.2% for 2016 – only a slight improvement as compared to last year. The world will keenly look towards India growing against the global trend.

Indian Economy

It was a mixed year for India. It was the best performer among the BRICS nations. As per the advance estimates report dated February 08, 2016 of the Central Statistics Office (CSO), the growth in GDP during 2015-16 is estimated at 7.6% as compared with the growth rate of 7.2% in Financial Year 2014-15.

Financial Service Sector and Developments

India's financial services sector is diversified, comprising of entities such as commercial banks, co-operatives, insurance companies, pension funds, mutual funds, non-banking financial companies and other various entities. Retail credit of NBFCs stood at Rs. 4.7 trillion as on December 31, 2015 and has registered a higher year to year growth of 18.8% against the growth rate of 14.5% in Financial Year 2015.

Regulatory and Industry developments

NBFCs have played an important part in financing those parts of the economy, where the Banks have struggled to reach. Over the last 5 years, NBFCs have outperformed the banks in terms of growth, income and credit metrics. The operations of NBFCs are regulated and supervised by the Reserve Bank of India (RBI) vide powers conferred under Chapter III B of Reserve Bank of India Act, 1934.

While most Banks have struggled with credit off-take and rising NPAs, NBFCs in general have managed to buck the trend with robust growth and stable asset quality. Despite a higher cost of funds vis-à-vis Banks, NBFCs have been able to leverage technology and strong credit selection to lower cost structures vis-a-vis their banking counterparts.

RBI cut policy rates twice by 25 and 50 basis points (bps) in June and October of 2015. Banks reduced their Base rate to some extent. In the money markets, while short term rates dropped in line with the rate cuts, the long term money market rates for NBFCs moved down by a minimal extent.

FY 2016 saw some large companies defaulting on the bonds issued in the market. In February 2016, SEBI issued a circular reducing single sector exposure for Mutual Funds from 30% to 25%. This led to an increase in spread for debt issuances of NBFCs.

RBI has decided to phase out the base rate mechanism and bring in place Marginal Cost of Funds based on Lending Rates (MCLR) to ensure the lending rates move in line with the rates at which the Banks borrow. With 60% of our borrowings coming from Banks, if implemented well, this should benefit an NBFC like ours.

Till the last financial year provision made by NBFCs against bad and doubtful debt was not tax deductible. In a welcome move, the Finance Minister in the Union Budget proposed that NBFCs will be allowed tax deduction of 5% of their total income for provisioning against bad and doubtful debts.

The Company

Hero FinCorp currently provides 2 wheeler financing, inventory funding, loan against property, loans to MMEs and SMEs and emerging corporates. Financing verticals like home loans, cross sell loans, consumer durable loans and used car loans have been launched on pilot basis.

Financial and Operational performance

The Company had begun the year with the theme "Big Innings". Hero FinCorp's asset book grew at a robust pace. Our dream was to create 1 billion dollars of assets under management, and with the current exchange rate, it was slightly shy at 960 million dollars. The key operational highlights were as under-

- Receivables under financing activity including leasing portfolio grew by 107.7% from Rs. 3,07,287 lacs in 2014-15 to 6,38,248 lacs in 2015-16.
- Total revenue has shown an impressive growth of 158.6 % from Rs. 29,862 lacs in 2014-15 to Rs.77,234 lacs in 2015-16.
- Profit before tax (PBT) increased by 148.5 % from Rs. 5,020 lacs in 2014-15 to Rs. 12,476 lacs in 2015-16
- Profit after tax (PAT) registered an increase of 145.8% from Rs. 3,315 lacs in 2014-15 to Rs. 8150 lacs in 2015-16.

Segment wise performance

Retail Business

The retail business is present at 764 dealerships at the end of Financial Year 2016 (620 at the end of Financial Year 2015). The services are now available at over 1,600 touch points across 850 cities.

The retail team has built the capacity to disburse a loan every minute. Over 1 million two-wheeler loan applications were processed till March 16; an amazing achievement within a short span of less than 3 years. A total of 4.68 Lac of two wheeler loans were disbursed in the last financial year (2.26 Lac in FY15) amounting to a total active customer base of around 6.5 Lac and an asset book of Rs. 1810.05 Lacs.

Loan against Property, MME, SME and Emerging Corporate Business

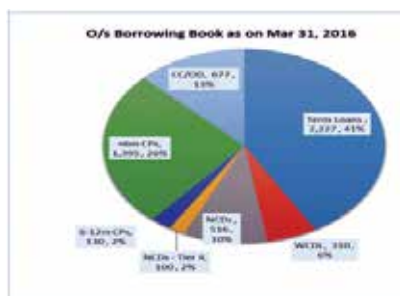
At present your company have coporate businesses in 27 loaction (including spokes). These teams put together have built the capacity to process close to 350 applications every month. Almost Rs. 290,000 Lacs worth of loans was disbursed during the year under review. The LAP and MME verticals have performed exceptionally well, disbursing around Rs. 100,000 Lacs and Rs. 150,000 Lacs respectively. The SME division has also consolidated its position by disbursing Rs. 40,000 Lacs during the year. The Company has closed the year with an impressive corporate asset book of Rs. 384,428 Lacs.

New Business Segments

In FY-15-16, the Company has done the pilot of CD Loyalty and Loyalty Personal (PL) Loan for existing two-wheeler customers. The Company has disbursed 1481 cases through the loyalty programs; 612 cases in CD and 869 cases in PL with a total disbursement of Rs. 547 Lacs. The Company also launched Home Loans as a business segment.

Borrowings

The Treasury borrowed Rs. 8,62,640 Crore during the financial year 2015-16 including rollovers. The borrowing book closed at Rs.5,355.13 Crore at the end of the Financial Year 2016 against Rs. 2,499.53 Crore at the end of the Financial Year 2015. 59% of the borrowings as on March 2016 were through bank lines and 41% was borrowed through the money markets.



Asset Liability Management

As a financing company, ensuring ample liquidity is one of the major objectives. This is ensured by the Treasury department, which ensures money is always available at the most competitive cost.

Over the last year, from an ALM perspective, increase in assets has majorly been in greater than 1 year buckets. The Company has thus focused on borrowing long term loans and debentures to maintain a positive Asset Liability match. The Company has managed its borrowings so that each of the buckets, as defined by the RBI, has a positive match.

Capital Adequacy

Your Company has a Capital Adequacy Ratio (CAR) of 17.37% as on March 31, 2016, which is well above the RBI mandated 15%. Tier I Capital Adequacy stood at 15.53% and Tier II capital adequacy was 1.84 %. The Tier II capital adequacy includes 0.30% of general provision on standard assets as mandated by RBI.

Website and Marketing Campaign

Digital channels for sourcing and customer servicing was launched by your company. New website is generating on an average over 7,00 leads every month. It is with great pride that we launched our maiden marketing campaign “**Karo Khwabon Se Ishq**”. We have reached over 5 crore people through our TVC and radio campaigns. Our TVC has also got great traction on popular social media platforms with over 3.7 Lac views on YouTube.

Information Technology

Committed to the vision of being the next generation credit champion, significant advancements were made on the technology front. New operational efficiencies were achieved through key advancements like underwriting automation; web/app based sourcing; bureau automations; and advanced credit assessments that have enabled the company to manage large volume and ensure good credit quality. The Company is committed to keep investing in new technologies that will help us stay ahead of the curve.

Opportunities and Threats

Opportunities

- Finance penetration in rural areas is still very low. A good monsoon forecast shall help increase in demand
- With more people coming under the banking fold through government push, servicing the customer becomes easier
- With the economy looking set to grow at a faster pace, SME and emerging corporate should do increasingly well

Threats

- Further stress of large corporate could hit the availability and/or pricing of funds from banks and other institutional investors in our debt programme.

Asset quality deterioration could have multiple adverse impacts including lower profits, company slipping into losses, higher cost of funds, credit rating downgrade.

Outlook

Union budget's focus on rural demand should be well two wheeler financing business of the Company where major demand comes from the rural economy. SME and emerging corporates are also looking towards growing at a faster pace than last year.

There is significant headroom to increase disbursements within these business lines as penetration is fairly low. Continuing increase in operational efficiency within various functions, should improve customer sourcing and customer service thus leading to customer retention. The Company is cautiously optimistic in its outlook for the year 2016-17.

Risk Management and Concerns

Effective risk management is essential to success and is an integral part of our culture. As a financing institution our predominant business risks include credit, liquidity and interest rate risks. There are several other risks which could affect each of the functions of the Company. While we need to accept a level of risk in achieving our goals, sound risk management helps us to make the most of each business opportunity, and enables us to be resilient and respond decisively to the changing environment.

The Company has been continuously investing in people, processes and systems to mitigate each of the risks that could affect the functions and the organization as a whole.

In accordance with the requirements of the Companies Act, 2013 and RBI Regulations, the Company has adopted Risk Management Policy and established a risk management framework to identify, mitigate and control the risk and threatens of risk.

As internal controls are considerably watertight, most threats faced by your Company are external and linked to industry performance. A downswing in certain customer industries could lead to slowdown of our financing business within that segment. Also, interest rate and liquidity threats owing to macroeconomic conditions can impact the borrowing pattern of your Company.

Internal Control Systems

Internal Control culture is pervasive in the Company. The Company has a comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal Control system basically covers the area of Accounting Control, Compliance Audit at regular intervals by the Internal Auditor.

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

Material development in Human Resources

Your Company has seen incredible growth in human capital in FY16. The Company had opened the year with 364 employees and has grown this number to 620 employees. People have been added across grades and several middle to senior managers has been added to strengthen the operating and leadership team. A highly effective rewards and recognition program has also been inculcated. Your Company is compliant across all human resource linked policies as required by the Reserve Bank of India as well as the Government of India and values human capital as its most important resource.

Cautionary Statement

Certain statements in the Management Discussion and Analysis could be forward looking statements within the meaning of applicable law. Actual results may vary significantly from the forward looking statements due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political risks within and outside India, volatility in interest rates, change in Government or regulatory policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31/03/2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	U74899DL1991PLC046774
(ii)	Registration Date	16/12/1991
(iii)	Name of the Company	Hero FinCorp Limited
(iv)	Category/Sub-Category of the Company	Public Company Limited by Shares
(v)	Address of the registered office and contact details	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057 IN Tel: +91 11 4604 4100, Fax: +91 11 26159313, +91 11 49487197
(vi)	Whether listed Company	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	Beetal Financial & Computers Services Pvt. Ltd. 99, Madangir, New Delhi-110062 Phone No. 011-29961281-83, Fax No. 011-29961284

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
I.	NBFC (Financing Services)	6499	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
I.	NIL	NA	NA	NA	NA

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
A. Promoters							
(I) Indian							
a) Individual/ HUF	12247950	12247950	27.07	13423485	13423485	16.95	-10.12
b) Central Govt	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
c) State Govt (s)	0	0	0	0	0	0	0
d) Bodies Corp.	26957500	26957500	59.57	58628539	58628539	74.04	14.47
e) Banks / FI	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0
Sub-total (A) (1):-	39205450	39205450	86.64	72052024	72052024	90.99	4.35
(2) Foreign							
a) NRIs - Individuals	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	39205450	39205450	86.64	72052024	72052024	90.99	4.35
B. Public Shareholding							
I. Institutions							
a) Mutual Funds	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0
2. Non- Institutions							
a) Bodies Corp.							
i) Indian	57900	57900	0.13	81574	81574	0.103	-0.027
ii) Overseas	0	0	0	0	0	0	0
b) Individuals							
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3830275	3830275	8.46	3941291	3941291	4.98	-3.48
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2156375	2156375	4.77	2987611	2987611	3.77	-1.00
c) Others- (Individual HUF)	0	0	0	125000	125000	0.16	0.16
Sub-total (B)(2):-	6044550	6044550	13.36	7135476	7135476	9.01	4.35

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+(B)(2)	6044550	6044550	13.36	7135476	7135476	9.01	4.35
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0
GRAND TOTAL (A+B+C)	45250000	45250000	100	79187500	79187500	100	0

ii) Shareholding of Promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Abhimanyu Munjal	91000	0.20	Nil	209500	0.27	Nil	0.06
2.	Akshay Munjal	85550	0.19	Nil	149712	0.19	Nil	0
3.	Aniesha Munjal	45000	0.10	Nil	78750	0.10	Nil	0
4.	Annuvrat Munjal	62000	0.14	Nil	294500	0.37	Nil	0.24
5.	Brijmohan Lall Munjal	475400	1.10	Nil	475400	0.60	Nil	-0.50
	Brijmohan Lall Munjal*	1838325	4.06	Nil	1838325	2.32	Nil	-1.74
6.	Geeta Anand	72000	0.16	Nil	85500	0.11	Nil	-0.05
7.	Mukta Munjal	4500	0.01	Nil	4500	0.01	Nil	0
8.	Pawan Munjal	45500	0.10	Nil	79625	0.10	Nil	0
	Pawan Munjal*	1675950	3.67	Nil	1675950	2.12	Nil	-1.55
9.	Radhika Uppal	90000	0.20	Nil	90000	0.11	Nil	-0.09
10.	Rahul Munjal	91000	0.20	Nil	192500	0.24	Nil	0.04
11.	Renu Munjal	92000	0.20	Nil	194250	0.25	Nil	0.04
	Renu Munjal*	2161875	4.78	Nil	2161875	2.73	Nil	-2.05
12.	Renuka Munjal	56875	0.13	Nil	99531	0.13	Nil	0
13.	Santosh Munjal	180000	0.40	Nil	315000	0.40	Nil	0
	Santosh Munjal*	323600	0.72	Nil	323600	0.41	Nil	-0.31
14.	Suman Kant Munjal*	2161875	4.78	Nil	2161875	2.73	Nil	-2.05
15.	Shefali Munjal	22500	0.10	Nil	39375	0.10	Nil	0
16.	Sunil Kant Munjal	153000	0.34	Nil	271124	0.34	Nil	0
	Sunil Kant Munjal*	2161875	4.78	Nil	2161875	2.73	Nil	-2.05
17.	Supriya Munjal	124000	0.27	Nil	164000	0.21	Nil	-0.06
18.	Ujjwal Munjal	110125	0.24	Nil	192718	0.24	Nil	0
19.	Vasudha Munjal	124000	0.27	Nil	164000	0.21	Nil	-0.06

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
20.	Hero Motocorp Ltd.	21910300	48.42	Nil	38343025	48.42	Nil	0
21.	Hero Investcorp Ltd.	2523600	5.58	Nil	2523600	3.19	Nil	-2.39
22.	Bahadur Chand Investment (P). Ltd	2523600	5.58	Nil	17761914	22.43	Nil	16.85

*held on behalf of Brijmohan Lall Om Prakash

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	39205450	86.64	39205450	86.64
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Increase due to Right Issue of 3,28,46,574 Equity Shares to promoters (total allotment of 3,39,37,500 equity shares) on 07/08/2015	4.35	72052024	90.99
3.	At the End of the year	72052024	90.99	72052024	90.99

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1.	Bala Chhabra	114000	0.25	114000	0.14
2.	Hema Agarwal	90000	0.20	90000	0.11
3.	Sushant Chhabra	58400	0.13	58400	0.07
4.	Mahendra Kumar Jajoo	48000	0.11	48000	0.06
5.	*J K Mehta Huf	40500	0.09	40500	0.05
6.	*Lakshmi Kambhampati	39100	0.09	39100	0.05

7.	*Mickey Sibbal	36000	0.08	36000	0.05
8.	*Kishore M Musale	33000	0.07	33000	0.04
9.	*Jayant K Patwa	30000	0.07	30000	0.04
10.	*S Ponnuswamy	27000	0.06	27000	0.003
Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer /bonus/ sweat equity etc):					
1.*Due to Right Issue of Equity Share on 07/08/2015 M/s J K Mehta, HUF ceases to be appearing in the list of top ten Shareholder.					
2.*Due to Right Issue of Equity Share on 07/08/2015 Lakshmi Kambhampati ceases to be appearing in the list of top ten Shareholder.					
3.*Due to Right Issue of Equity Share on 07/08/2015 Mickey Sibbal ceases to be appearing in the list of top ten Shareholder.					
4.*Due to Right Issue of Equity Share on 07/08/2015 Kishore M Musale ceases to be appearing in the list of top ten Shareholder.					
5.*Due to Right Issue of Equity Share on 07/08/2015 Jayant K Patwa ceases to be appearing in the list of top ten Shareholder.					
6.*Due to Right Issue of Equity Share on 07/08/2015 S Ponnuswamy ceases to be appearing in the list of top ten Shareholder.					
	At the End of the year (or on the date of separation, if separated during the year)				
1.	Bala Chhabra	114000	0.25	114000	0.14
2.	Hema Agarwal	90000	0.20	90000	0.11
3.	Ashish Munjal F/ Ng Neeti	45000	0.10	78750	0.10
4.	Santosh Kumar Saraogi	77500	0.17	77500	0.10
5.	Ashok Kumar Gupta	31000	0.07	61000	0.08
6.	Shreekant Phumbhra	0	0	60000	0.08
7.	Sushant Chhabra	58400	0.13	58400	0.07
8.	B Jyothirmayee Rajeshwar	52500	0.11	52500	0.07
9.	Bishamber Nath Khurana	50000	0.11	50000	0.06
10.	Mahendra Kumar Jajoo	48000	0.11	48000	0.06

v) **Shareholding of Directors and Key Managerial Personnel:**

S.No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1.	Brijmohan Lall Munjal	475400	1.0506	475400	1.0506
2.	*Pawan Munjal	45500	0.1005	79625	0.1006
3.	*Renu Munjal	92000	0.2033	194250	0.25
Shareholding of Key Managerial Personnel					
1.	*Abhimanyu Munjal	91000	0.20	209500	0.27
2.	*Shyam Lal	350	0.001	5200	0.01
3.	Amit Jain	NA	NA	Nil	Nil
Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):					
*Due to subscription to the Right Issue of Equity Shares on 07/08/2015 shareholdings of Mr. Pawan Munjal, Ms. Renu Munjal, Mr. Abhimanyu Munjal and Mr. Shyam Lal has been increased.					

	At the End of the year				
1.	Brijmohan Lall Munjal	475400	1.0506	475400	1.0506
2.	*Pawan Munjal	45500	0.1005	79625	0.1006
3.	*Renu Munjal	92000	0.2033	194250	0.25
Shareholding of Key Managerial Personnel					
1.	*Abhimanyu Munjal	91000	0.20	209500	0.27
2.	*Shyam Lal	350	0.001	5200	0.01
3.	Amit Jain	0	0	0	0

V. INDEBTENESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	168453	81500	-	249953
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	684	-	-	684
Total (i+ii+iii)	169137	81500	-	250637
Change in Indebtedness during the financial year				
· Addition	387608	537619	-	925227
· Reduction	197667	442000	-	639667
Net Change	189941	95619	-	285560
Indebtedness at the end of the financial year				
i) Principal Amount	358394	177119	-	535513
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2421	510	-	2931
Total (i+ii+iii)	360815	177629	-	538444

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mrs. Renu Munjal	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,57,29,350	3,57,29,350
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	33,61,159	33,61,159
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	1,24,76,000	1,24,76,000
	- others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	5,15,66,509	5,15,66,509
	Ceiling as per the Act		8,23,94,457

B. Remuneration to other Directors:

(Amount in Rs.)

S.No.	Particulars of Remuneration	Name of Directors	
		Mr. D.N. Davar	Mr. Pavninder Singh
1.	Independent Directors		
	· Fee for attending board / committee meetings	11,50,000	9,50,000
	· Commission	-	-
	· Others, please specify	-	-
	Total Amount	11,50,000	9,50,000
2.	4. Other Non-Executive Directors		
	· Fee for attending board / committee meetings	1,00,000	5,00,000
	· Commission	-	-
	· Others, please specify	-	-
	Total Amount	1,00,000	5,00,000
	Overall ceiling as per the Act	Within the permissible limit as per the Companies Act, 2013	Within the permissible limit as per the Companies Act, 2013

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Amount in Rs.)

S.No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL			
		CEO	Company Secretary	CFO	Total
	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,87,59,287	20,17,297	63,34,329	3,71,11,413
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10,48,066	13,728	3,14,373	13,76,167
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	2,98,07,353	20,31,025	66,48,702	3,84,87,580

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Form No.AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

-NIL-

2. Details of material contracts or arrangement or transactions at arm's length basis:

<ul style="list-style-type: none"> (a) Name(s) of the related party and nature of relationship (b) Nature of contracts, arrangements, transactions (c) Duration of the contracts, arrangements, transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any: (e) Date(s) of approval by the Board, if any: (f) Amount paid as advances, if any: 	<p>Requisite details are mentioned under Note 30 (Related Party Disclosure) of Notes forming part of the financial statement for the financial year 2015-16, attached to the Annual Report</p>
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ANNEXURE-D

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT
1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Board of Directors (the "Board") of Hero FinCorp Ltd. ("HFCL") has adopted the CSR policy which has following key points:

- HFCL's CSR Programme, inter alia, includes achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;
- To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are pre-requisites for social and economic development;
- To carry out CSR Programme in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;

The Policy is available on our website: www.herofincorp.com

2. The Composition of the CSR Committee.

1.	Mrs. Renu Munjal	Managing Director
2.	Mr. Pawan Munjal	Director
3.	Mr. D.N. Davar	Independent Director

3. Average net profit of the Company for last three financial years

2012 – 13	Rs. 19.04 Crores
2013 – 14	Rs. 14.98 Crores
2014 – 15	Rs. 33.15 Crores

Average for the last 3 (three) Financial Years Rs. 22.39 Crores

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

2% of Average Rs. 44.78 Lacs

5. Details of CSR spent during the financial year.

- Total amount to be spent for the financial year : 44.78 lacs
- Amount unspent, if any; NIL
- Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR Project or activity identified.	Sector in which the project is covered	Projects or Programs 1. Local area or Other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programwise (Rs Lakhs)	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads (Rs. Lakhs)	Cumulative expenditure upto to the reporting period. (Rs. Lakhs)	Amount spent: Direct or through implementing agency
1.	For Chennai Flood Relief	Prime Minister's National Relief Fund for Chennai Floods	-	50	50	50	Prime Minister's National Relief Fund
	TOTAL			50	50	50	

*Give details of implementing agency

- 6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Not Applicable

- 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with CSR objectives and Policy of the Company.**

It was confirmed that the implementation and monitoring of CSR Policy, was in compliance with CSR objectives and Policy of the Company.

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED **MARCH 31, 2016**

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

To,

The Members,

Hero FinCorp Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hero FinCorp Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Hero FinCorp Limited**, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Hero FinCorp Limited** ("the Company") for the Financial Year ended on **March 31, 2016** according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 ('FEMA') and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. *(The Company is Non-Deposit Accepting- Systematically important NBFC (NBFC-ND-S), and has complied with applicable rules and regulation under FEMA and circular of RBI, issued periodically);*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 *(Not Applicable to the Company during the Audit Period);*
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 *(Not Applicable to the Company during the Audit Period);*
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 *(Not Applicable to the Company during the Audit Period);*
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 *(Not Applicable to the Company during the Audit Period);*

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (*Not Applicable to the Company during the Audit Period*); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (*Not Applicable to the Company during the Audit Period*);
- (vi) The Reserve Bank of India Act, 1934 and other applicable rules, regulation, circulars, notifications and other communications issued from time to time.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standard-I and Secretarial Standard-2 as issued by The Institute of Company Secretaries of India and notified by Central Government.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

We further report that

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period, we have observed that the company has:

- i) not able to file e-Form MGT-7 for the Financial Year ended March 31, 2015, due to problems reflecting on MCA Web Portal since the period of MCA site maintenance, against which a circular has also been issued by MCA extending the time period for filing on MCA Portal;
- ii) received Notice dated March 31, 2016 from Reserve Bank of India, New Delhi, subsequent to RBI Audit conducted to check various compliances, filing of periodical returns, policies etc. made by the Company as per Reserve Bank of India directions and Rules and Regulations issued by Reserve Bank of India for Non Banking Financial Companies. In its notice, RBI has sought explanations/query from the Company with respect to compliance of various provisions of the RBI Act, 1934 and made remarks for updation of various policies on Company's website and as required for Non Banking Financial Companies. Till our reporting period, the Board is considering the said notice and its reply is pending for consideration at ensuing Board of Directors meeting of the Company. We have been informed by the management of the Company that as per RBI Notice, the Company is also required to submit reply of the same within 30 days of the receipt of Notice.

iii) as per books and accounts of the Company, we have noticed that the Company has issued Secured Non- convertible Debentures on a private placement basis from time to time. The said Debentures had also been listed on the National Stock Exchange of India Limited. However, as per Securities And Exchange Board of India (Issue and Listing Of Debt Securities) Regulations, 2008 read with SEBI (LODR) Regulations, 2015 for Debt Securities, the Company has failed to made newspaper publication of Half-yearly Financial Results during the Financial Year 2015-16 as mandated under Regulation 29 of Listing Agreement for Debt Securities.

Aditi Gupta
Company Secretary in Whole-Time Practice
M/s Aditi Agarwal & Associates, Company Secretaries
CP No: 10512

Place: New Delhi

Date: 28.04.2016

‘ANNEXURE A’

To,

The Members,

Hero FinCorp Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Aditi Gupta
Company Secretary in Whole-Time Practice
M/s Aditi Agarwal & Associates, Company Secretaries
CP No: 10512

Place: New Delhi

Date: 28.04.2016

NOMINATION AND REMUNERATION POLICY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 (the Act), the Board of Directors is required to constitute the Nomination and Remuneration Committee. The Company has already constituted Nomination & Remuneration Committee.

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to Directors. Remuneration for the Executive Directors consists of a fixed component and a variable component linked to the long term vision, medium term goals and annual business plans.

The company had set-up a Remuneration Committee on April 18, 2005 to review and recommend the quantum and payment of annual salary and commission and finalize service agreements and other employment conditions of the Executive Directors. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages. As per the guidelines of Companies Act, 2013, the committee has been renamed as the Nomination and Remuneration Committee ("NR Committee").

Section 178 of the Act provides that the Committee shall recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, further the Committee shall also formulate the criteria for determining qualifications, positive attributes and independence of a director.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

II. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

- **Board of Directors** or **"Board"**, in relation to a company, means the collective body of the Directors of the company;
- The expression **"senior management"** means personnel of the company who are members of its core management team other than the Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.
- "Company" means **"Hero FinCorp Limited."**
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- "Key Managerial Personnel" (KMP) means
 - (i) Chief Executive Officer or the Managing Director or the Manager,
 - (ii) Company Secretary,
 - (iii) Whole-time Director,
 - (iv) Chief Financial Officer and
 - (v) Such other officer as may be prescribed.

Hero FinCorp Ltd. has the following individuals assuming key positions in the company:

- "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

- “Policy or This Policy” means, “Nomination and Remuneration Policy.”
- “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, as amended from time to time.

V. GUIDING PRINCIPLES

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
- Minimize complexity and ensure transparency;
- Link to long term strategy as well as annual business performance of the company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent

VI. ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

1. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
2. To carry out evaluation of every director’s performance.
3. To formulate the criteria for determining qualifications, positive attributes and independence of a director, and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
4. To formulate the criteria for evaluation of Independent Directors and the Board.
5. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
6. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
7. To perform such other functions as may be necessary or appropriate for the performance of its duties.

VII. MEMBERSHIP

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

VIII. CHAIRMAN

- a) Committee shall be chaired by an Independent Director.
- b) Chairman of the Company, if any, may be appointed as a member of the Committee but shall not Chair the Committee.
- c) Members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders’ queries.

IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

X. COMMITTEE MEMBERS' INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

XI. VOTING

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

• Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall appoint/ re-appoint as Managing Director/Whole-time Director/Manager in Compliance with the provisions of the Companies Act, 2013, Guidelines issued by Reserve Bank of India, Listing Obligations and Disclosure Requirement issued by Securities & Exchange Board of India and other Regulatory Authorities from time to time. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

• Term /Tenure:

1. Managing Director/Whole-time Director/Manager (Managerial Person)

- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole time Director of a listed company.

- **Evaluation:** The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

- **Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:** The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XIII. Remuneration paid to Executive Directors

- The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the clause 178, 197 and Section V of the Companies Act 2013.

I Remuneration Policy Structure

The remuneration structure for the Executive Directors would include the following components:

(i) Basic Salary

- Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.
- Are normally set in the home currency of the Executive Director and reviewed annually.
- Will be subject to an annual increase as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors.

(ii) Commission

- Executive Directors will be allowed remuneration, by way of commission which is in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.
- Subject to the condition that the amount of commission shall not exceed 1% of net profit of the company in a particular financial year in the manner referred in Section 197 & 198 of Companies Act 2013.
- The amount of commission shall be paid subject to recommendation of the Nomination and Remuneration committee and approval of the Board of Directors.

(iii) Perquisites and Allowances

A basket of Perquisites and Allowances would also form a part of the remuneration structure.

(iv) Contribution to Provident and Other funds

In addition to the above, the remuneration would also include:

- Contribution to Provident and Superannuation Funds
- Gratuity

(v) Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the company has no profits or its profits are inadequate, they shall be entitled to, by way of Basic Salary, Perquisites, allowances, not exceeding the ceiling limit of 2,00,000 per month, and in addition hereto, they shall also be eligible for perquisites not exceeding the limits specified under Part IV of Schedule V of the Companies Act, 2013 Remuneration payable to Non-Executive & Independent Directors or other such limits as prescribes by the Government from time to time as Minimum Remuneration, whichever is higher.

xiv. Remuneration payable to Non-Executive & Independent Directors

The Non-Executive Directors of the company would be paid sitting fees of INR 50,000 for each meeting of the Committees and Board.

XV. Remuneration payable to Non-Executive Directors

The Remuneration to the Non Executive Directors would be as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors. It would be pursuant to the provisions of sections 197, 198 of the Companies Act 2013.

Remuneration payable to Non-Executive & Independent Directors

XVI. Remuneration Philosophy for Key managerial personnel, senior management & staff

The compensation for the Key managerial personnel, senior management and staff at Hero FinCorp would be guided by the external competitiveness and internal parity through annual benchmarking surveys.

Internally, performance ratings of all Hero FinCorp Employees would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine Variable and Merit Pay increases. Variable and Merit pay increases will be calculated using a combination of individual performance and organizational performance. Grade wise differentiation in the ratio of variable and fixed pay as well as in increment percentage must be made.

Compensation can also be determined based on identified skill sets critical to success of Hero FinCorp. It is determined as per management's review of market demand and supply.

I Grade Structure (Leadership Pyramid)

Since HFCL is an evolving organization in the Financial Services Space and aspire to be one of the leading financial service organization in the field of the Two Wheeler and Corporate Finance. The Grade Structure of HFCL has been aligned as per the work value of jobs and degree of responsibility and accountability involved. The Classification of each grade is based on the level of the work undertaken, and encompasses the elements of decision making, communication, knowledge and proficiency.

The Grade Structure will help an employee to understand about their current level and career progression path in the organization.

Employee Group	Parameters to Focus (Compensation Mix)
Top Management (Impact Level 1)	High weightage to company performance & Emphasis on Long term incentives and Benefits
Middle management (Impact Level 2)	High weightage on individual performance & lesser variable component.
Junior Management Individual Contributor	No Variable, Fixed Income & some social Security
Industry pay.	No Variable, Fixed Income. Better than Focus on providing necessary and statutory benefits

2 Performance Framework

In HFCL Meritocracy is the backbone of the performance and potential recognition framework, driven on principles of the Balanced Score Card approach. The Performance Management Policy revolves around the three 'P' approach:

- People
- Performance
- Potential

HFCL recognizes its People as an Asset and believes in recognizing and supporting employee's duties done in the best interest of the organization and compensate appropriately. The PMS policy also clearly distinguishes between the Performance & Potential by:

- Pay to Performance
- Promote to the potential

Performance planning is the process of setting goals and objectives at the start of the year. The process of “GOAL SETTING” needs to be conducted in the month of May / June every year. Goal Setting should include a discussion between the Appraisee & Appraiser and should be mutually decided. Targets set during the process should be SMART.

(S-Specific, M-Measurable, A-Attainable, R-Realistic and T-Time bound).

3 MidYear Review

HFCL encourages constant review culture. However, midyear review is the process of taking stock of the performance after 6 months of goal setting. This would be conducted in the month of October every year.

This discussion would summarize accomplishments to date, identify what goals have been added, eliminated or changed, review priorities and clarify performance expectations going forward with a condition that no changes in salary and grade will take place. It is strictly a review of performance.

XVII. MINUTES OF COMMITTEE MEETING

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

XVIII. DEVIATIONS FROM THIS POLICY

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

INDEPENDENT AUDITOR'S 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 March 31, 2016, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The 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 aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been delay in transferring Rs. 6 lacs, required to be transferred, to the Investor Education and Protection Fund by the Company which has been subsequently deposited after March 31, 2016.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 15125N)

Jaideep Bhargava

Partner
(Membership No. 090295)

GURGAON, May 29, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Hero FinCorp Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information , as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition , use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 15125N)

Jaideep Bhargava

Partner
(Membership No. 090295)

GURGAON, May 29, 2016

ANNEXURE “B” TO THE AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the order is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans and making investments, as applicable. The Company has not provided any guarantees and securities.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act.
- (vi) Having regard to the nature of the Company’s business activities, reporting under clause (vi) of the order is not applicable.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provisions of Employees’ State Insurance are not applicable to the Company and the operations of the Company during the year didn’t give rise to any Customs Duty and Excise Duty.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable except the following:

Name of Statute	Nature of Dues	Amount (Rs.In lacs)	Period to which the amount relates	Due Date	Date of subsequent payment
DelhiStampAct	Stampduty	41	2015-16	Sep6,2015	Unpaid

- (c) There are no disputed dues of Service Tax, Customs Duty, Excise Duty and Sales Tax as on March 31, 2016. The following are the particulars of Income Tax and Value Added Tax dues not deposited/deposited under protest by the Company on account of disputes:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved* (Rs. In lacs)	Amount Unpaid (Rs. In lacs)
Income tax Act, 1961	Income tax	Commissioner (Appeals)	2012-13	108	108
Delhi Value Added Tax, 2004	Value added Tax	Objection hearing authority (Trade & Tax department)	2012-13, 2013-14	47	15

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	Forum where dispute is pending	Period to which the amount relates	Amount involved* (Rs. In lacs)	Amount Unpaid (Rs. In lacs)
Income tax Act, 1961	Income tax	High Court	2006-07, 2009-10	33	33

*Amount as per demand orders including interest and penalty wherever indicated in the order.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions (other than scheduled banks) and government.
- (ix) In our opinion and according to the information and explanations given to us, the term loans and debt instruments have been applied by the Company for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Firm's Registration No. 15125N)

Jaideep Bhargava

Partner

(Membership No. 090295)

GURGAON, May 29, 2016

BALANCE SHEET AS AT MARCH 31, 2016

(Rs. in Lacs)

Particulars	Note No.	As At March 31, 2016	As At March 31, 2015
A EQUITY AND LIABILITIES			
I Shareholders' funds			
(a) Share capital	3	7,919	4,525
(b) Reserves and surplus	4	95,103	50,618
		103,022	55,143
2 Non - current liabilities			
(a) Long - term borrowings	5	254,973	97,667
(b) Other long - term liabilities	7	575	65
(c) Long - term provisions	8	2,146	887
		257,694	98,619
3 Current liabilities			
(a) Short - term borrowings	9	251,207	131,119
(b) Trade payables	10		
Total outstanding dues of			
- Micro enterprises and small enterprises		5	1
- Creditors other than micro enterprises and small enterprises		3,519	5,602
(c) Other current liabilities	11	35,290	23,156
(d) Short - term provisions	12	1,452	1,216
		291,473	161,094
TOTAL		652,189	314,856
B ASSETS			
I Non - current assets			
(a) Fixed assets			
(i) Tangible assets	13A	8,478	7,242
(ii) Intangible assets	13B	673	654
		9,151	7,896
(b) Non - current investments	14	699	477
(c) Deferred tax assets (net)	6	1,509	152
(d) Long - term loans and advances	15	1,326	816
(e) Long term receivable under financing activities	16	324,512	138,180
		337,197	147,521
2 Current assets			
(a) Cash and cash equivalents	17	105	1,122
(b) Short - term loans and advances	18	2,839	1,298
(c) Receivable under financing activities	19	306,943	163,216
(d) Other current assets	20	5,105	1,699
		314,992	167,335
TOTAL		652,189	314,856
See accompanying notes forming part of the financial statements	1-36		

In terms of our report attached
 For **Deloitte Haskins & Sells**
 Chartered Accountants

Jaideep Bhargava
 Partner

Pawan Munjal
 Chairman
 (DIN :- 00004223)

D. N. Davar
 Director
 (DIN :- 00002008)

Shyam Lal
 Chief Financial Officer
 PAN:AAAPL0120C

For and on behalf of Board of Directors

Renu Munjal
 Managing Director
 (DIN :- 00012870)

Amit Jain
 Company Secretary
 (Membership No. 3923)

Place: Gurgaon
 Date: 29 May, 2016

Place: New Delhi
 Date: 29 May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(Rs. in Lacs)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
1 Revenue from operations	21	77,128	29,756
2 Other income	22	106	106
3 Total revenue (1+2)		77,234	29,862
4 Expenses			
(a) Employee benefits expense	23	6,607	3,203
(b) Finance costs	24	29,335	9,859
(c) Contingent provision against standard assets	8	1,145	770
(d) Depreciation and amortization expense	13	1,780	1,461
(e) Other expenses	25	25,891	9,549
Total Expenses		64,758	24,842
5 Profit / (loss) for the year before tax		12,476	5,020
6 Tax expense			
(a) Current tax expense		5,683	1,939
(b) Deferred tax charge/(credit)		(1,357)	(234)
Total tax expense		4,326	1,705
7 Profit / (Loss) for the year (5-6)		8,150	3,315
Basic and diluted earning per share (Rs.) (Face value per share Rs. 10)		12.11	8.53
See accompanying notes forming part of the financial statements	1-36		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Pawan Munjal
Chairman
(DIN :- 00004223)

D. N. Davar
Director
(DIN :- 00002008)
Shyam Lal
Chief Financial Officer
PAN:AAAPL0120C

Renu Munjal
Managing Director
(DIN :- 00012870)
Amit Jain
Company Secretary
(Membership No. 3923)

Place: Gurgaon
Date: 29 May, 2016

Place: New Delhi
Date: 29 May, 2016

For and on behalf of Board of Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March, 2016

(Rs. in Lacs)

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before Income tax	12,476	5,020
Adjustment for:		
Finance cost	29,334	9,771
Contingent provision against standard assets	1,145	770
Depreciation and amortization expenses	1,780	1,461
Provision for non performing assets	2,405	20
Dividend income	(1)	(1)
(Profit)/loss on sale of fixed assets	36	(39)
(Profit)/Loss on sale of investments (net)	(59)	(66)
Operating profit before working capital changes	47,116	16,936
Adjustments for (increase) / decrease in operating assets:		
Long term loans and advances	(698)	(53)
Other non-current assets	(186,332)	(119,297)
Trade receivables	(146,210)	(75,327)
Short term loans and advances	(540)	(378)
Other current assets	(3,406)	(1,275)
Adjustments for increase / (decrease) in operating liabilities:		
Other long term liabilities	510	42
Long term provisions	114	67
Trade payables	(2,079)	5,022
Other current liabilities	1,744	96
Short term provisions	369	15
Cash generated from operations	(289,412)	(174,152)
Net income tax paid	(5,290)	(2,167)
Net cash flow used in operating activities (A)	(294,702)	(176,319)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,477)	(2,975)
Proceeds from sale of fixed assets	179	1,114
Profit / (Loss) on sale of investments (Net)	59	66
Dividend income	1	1
Purchase of investment	(222)	-
Net cash flow used in investing activities (B)	(3,460)	(1,794)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from right issue	40,678	31,187
Proceeds from long term borrowings (net)	165,474	89,334
Proceeds from short term borrowings (net)	119,167	68,600
Finance cost	(27,087)	(9,917)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March, 2016 Contd...

(Rs. in Lacs)

Particulars		For the year ended 31 March, 2016	For the year ended 31 March, 2015
D.	Dividend paid	(903)	(546)
	Tax on dividend	(184)	(92)
	Net cash flow from financing activities (C)	297,145	178,566
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,017)	452
	Cash and cash equivalents at the beginning of the year	1,122	670
	Cash and cash equivalents at the end of the year	105	1,122
	Reconciliation of Cash and cash equivalents with the Balance Sheet:		
	Cash and cash equivalents (Refer Note 17)	105	1,122
	Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements:		
	(i) In earmarked accounts		
- Unpaid dividend accounts	66	63	
Net Cash and Cash Equivalent at the end of the year	39	1,059	

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Pawan Munjal
Chairman
(DIN :- 00004223)

D. N. Davar
Director
(DIN :- 00002008)

Shyam Lal
Chief Financial Officer
PAN:AAAPL0120C

For and on behalf of Board of Directors

Renu Munjal
Managing Director
(DIN :- 00012870)

Amit Jain
Company Secretary
(Membership No. 3923)

Place:Gurgapn
Date:29 May, 2016

Place:New Delhi
Date: 29 May, 2016

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 registered as Non-Banking financial (Non deposit accepting) Company and is engaged in the business of financing, leasing, bill discounting and other financial services with the Reserve Bank of India (Registration No. 14.00266) with effect from September 1, 2011.

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 specified under Section 133 of the Companies Act, 2013, read with the other relevant provisions of the Companies Act, 2013 (“the 2013 Act”). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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) Interest is accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- b) Income from bill discounting is recognised as revenue on accrual basis over the period of acceptance.
- c) Lease income from operating leases is recognised in the statement of profit and loss on a systematic basis.
- d) Front end fees on processing of loans are recognised upfront as income.
- e) Dividend income is accounted for on accrual basis when a right to receive payment is established.
- f) Late payment charges and cheque bouncing charges are accounted for on receipt basis on account of uncertainty of ultimate collection.

5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

6) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

7) Fixed assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

8) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computer software 6 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

9) 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 the statement of profit and loss.

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.

10) 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.

11) 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 over the lease term.

12) Share issue expenses

Share issue expenses are adjusted against the Securities premium account as permissible under section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities premium account. Share issue expenses in excess of the balance in the Securities premium account are expensed in the Statement of Profit and Loss.

13) 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.

c) Compensated absence

Provision is made for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment. The cost of such compensated absences is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date.

14) Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average

number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

15) Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

16) 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.

17) Provisions/contingencies and reserves

- The policy of provisioning against non-performing loans and advances has been decided by the management considering norms prescribed by the RBI under Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. As per the policy adopted by Company, the provision against non-performing loans and advances are created on a conservative basis, taking into account management's perception of the higher risk associated with the business.
- For standard assets - a provision at 0.30% of total standard assets is created, as per the Reserve Bank of India circular no. RBI/2015-16/13 DNBR (PD) CC.No. 043/03.10.119/2015-16 dated July 01, 2015.
- 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 March 31, 2016		As at March 31, 2015	
	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	100,000,000	10,000	50,000,000	5,000
	100,000,000	10,000	50,000,000	5,000
(b) Issued				
Equity shares of Rs.10 each with voting rights	79,187,500	7,919	45,250,000	4,525
	79,187,500	7,919	45,250,000	4,525
(c) Subscribed and Fully Paid up				
Equity shares of Rs.10 each with voting rights				
Opening	45,250,000	4,525	18,100,000	1,810
Additions of the year	33,937,500	3,394	27,150,000	2,715
Outstanding at the end of the year	79,187,500	7,919	45,250,000	4,525

- (i) During the year, the Company has made rights issue of 33,937,500 equity shares @ Rs.120 (previous year 27,150,000 equity shares @ 115 each) each including premium of Rs.110 per share (previous year Rs. 105 per share) in the ratio of three equity shares for every four equity shares held on the record date. Purpose of the issue was to expand the financing portfolio. Funds received through the issue of Rs.40,725 lacs (previous year Rs. 31,222 lacs) have been fully utilised during the period.
- (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 March 31, 2016		As at March 31, 2015	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Equity shares with voting rights				
Hero MotoCorp Ltd.	38,343,025	48.42	21,910,300	48.42
Bahadur Chand Investment Pvt. Ltd.	17,761,914	22.43	2,523,600	5.58
Hero InvestCorp Ltd.	2,523,600	3.19	2,523,600	5.58
Pawan Munjal *	1,675,950	2.12	1,675,950	3.70
Brijmohan Lall Munjal *	1,838,325	2.32	1,838,325	4.06
Renu Munjal *	2,161,875	2.73	2,161,875	4.78
Santosh Munjal *	323,600	0.41	323,600	0.72
Suman Kant Munjal *	2,161,875	2.73	2,161,875	4.78
Sunil Kant Munjal *	2,161,875	2.73	2,161,875	4.78

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

NOTE 4 : RESERVES AND SURPLUS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Securities premium account		
Opening balance	38,177	9,705
Add: Additions during the year	37,331	28,507
Less : Writing off shares issue expenses	43	35
Closing balance	75,465	38,177
(b) Statutory reserve u/s 45-IC of RBI Act, 1934		
Opening balance	6,064	5,402
Add: Additions during the year	1,630	662
Closing balance	7,694	6,064

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(c) Reserve for bad debts		
Opening balance	348	348
Less: Transferred to surplus in statement of profit and loss	(348)	-
	-	348
(d) General reserve		
Opening balance	2,866	2,535
Add: Transferred from surplus in statement of profit and loss	815	331
Closing balance	3,681	2,866
(e) Surplus in statement of profit and loss		
Opening balance	3,163	1,947
Less: {previous year depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (net of deferred tax of Rs. 9 lacs)}	-	17
Add: Profit / (Loss) for the year	8,150	3,315
Add: Transferred from reserve for bad debts	348	
Less: Proposed dividend	792	905
Corporate dividend Tax	161	184
Transferred to:		
-Statutory reserve	1,630	662
-General reserve	815	331
Closing balance	8,263	3,163
Total	95,103	50,618

NOTE 5 : LONG-TERM BORROWINGS

Particulars	Non-current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)		Amount (Rs. in Lacs)	
Secured				
Redeemable non-convertible debentures (refer note (a) below)	41,640	10,000	10,000	5,000
Term Loans (refer note (b) below)				
-From banks	203,333	67,667	19,333	16,167
-From others	-	20,000		-
Unsecured				
Redeemable non-convertible debentures- Tier II (refer note (c) below)	10,000			
Less: Amount transferred to other current liabilities		-	29,333	21,167
Total	254,973	97,667	-	-

Note:

(a) 5,164 (previous year: 1,500) privately placed secured redeemable non-convertible debentures of Rs. 10 Lacs each aggregating Rs. 51,640 lacs (previous year Rs. 15,000 lacs) carries interest ranging from 8.65% p.a. to 10.35% p.a. (previous year 10.20% to 10.35%). The debentures have bullet repayment with varied maturities upto 10 years from the date of issuance and are secured by first pari-passu charge in favour of security trustee by way of hypothecation of book debts and receivables.

Terms of privately placed secured redeemable non convertible debentures (Rs. In Lacs)

Tenor from the date of balance sheet	Term of repayment	As at March 31	
		2016	2015
>60 months	Bullet	1,200	-
>48 < = 60 months	Bullet	4,600	-
>24 < = 36 months	Bullet	32,840	-
>12 < = 24 months	Bullet	3,000	10,000
Non-Current Portion of non convertible debentures		41,640	10,000
Up to 12 months	Bullet	10,000	5,000
Current Portion of non convertible debentures		10,000	5,000

(b) Secured term loans from banks and other parties aggregating Rs. 222,666 lacs (previous year Rs. 103,834 lacs) carries interest ranging from 9.40% p.a. to 10.30% p.a (previous year 10.05% to 10.70% p.a.) and are secured by a first pari-passu charge in favour of the security trustee by way of hypothecation of book debts and receivables.

Terms of long term loans

Tenor from the date of balance sheet	Term of repayment	As at March 31	
		2016	2015
>48 < = 60 months	Annual	5,000	-
>48 < = 60 months	Semi-Annual	47,500	7,500
>36 < = 48 months	Annual	5,000	-
>36 < = 48 months	Semi-Annual	65,000	14,168
>36 < = 48 months	Quarterly	-	5,000
>24 < = 36 months	Semi-Annual	26,667	6,666
>24 < = 36 months	Quarterly	5,000	10,000
>24 < = 36 months	Bullet	10,000	20,000
>12 < = 24 months	Semi-Annual	9,166	6,666
>12 < = 24 months	Quarterly	10,000	12,667
>12 < = 24 months	Bullet	20,000	5,000
Non-Current Portion of Long term Bank Loans		203,333	87,667
Up to 12 months	Quarterly	12,667	10,167
Up to 12 months	Semi-Annual	6,666	-
Up to 12 months	Bullet	-	6,000
Current maturities of Long term Bank Loans		19,333	16,167

(c) 1000 (previous year Nil) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 10 lacs each aggregating Rs. 10,000 lacs (previous year Nil) carries interest rate 9.35% and are subordinated in nature of claim.

Terms of privately placed unsecured Tier II Subordinated Debentures

Tenor from the date of balance sheet	Terms of Repayment	As at March 31	
		2016	2015
> 60 months	Bullet	10,000	-
Non-Current Portion of non convertible debentures		10,000	-

NOTE 6: DEFERRED TAX ASSETS/ (LIABILITIES)

Particulars	As at March 31, 2016	Charge/ (Credit) during the year	As at March 31, 2015	Charge/ (Credit) during the year	As at March 31, 2014
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Tax effect of items constituting deferred tax assets					
Provision for leave encashment and gratuity	251	166	85	30	55
Lease equalisation reserve	26	10	16	10	6
Provision for doubtful trade receivables	842	825	17	7	10
Contingent provision against standard assets	675	409	266	266	-
				-	-
Total deferred tax assets	1,794	1,410	384	313	71
Tax effect of items constituting deferred tax liabilities					
Difference between depreciation as per books of accounts and as per Income Tax Act	285	53	232	70	162
Total deferred tax liabilities	285	53	232	70	162
Deferred tax assets/ (liabilities)	1,509	1,357	152	243	(91)

NOTE 7: OTHER LONG - TERM LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
-		
(a) Security deposits received	37	18
(b) Lease equalisation reserve	77	47
(c) Margin money from customer	461	-
Total	575	65

NOTE 8 : LONG - TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Provision for employee benefits		
(i) Provision for gratuity	99	59
(ii) Provision for compensated absences	132	58
Contingent provision against standard assets (refer note below)	1,915	770
Total	2,146	887

Note: Movement in contingent provisions against standard assets during the year is as under:-

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Opening balance	770	-
Addition during the year	1,145	770
Closing balance	1,915	770

NOTE 9 : SHORT - TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Secured		
Loan from banks		
- Cash Credit	67,707	5,119
- Working Capital Loans	16,500	44,500
Total (a)	84,207	49,619
Unsecured		
Loan from banks	14,500	21,500
Commercial papers	152,500	60,000
Total (b)	167,000	81,500
Total (a) + (b)	251,207	131,119

Note: The cash credit facilities are repayable on demand and carry interest rates ranging from 9.20 % p.a. to 10.25 % p.a. Working capital demand loans are repayable on demand and carry interest rates ranging from 8.90 % p.a. to 9.30 % p.a. As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. These facilities are secured by first pari-passu charge by way of hypothecation of book debts and receivables

NOTE 10 : TRADE PAYABLES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Total outstanding dues of		
- Micro enterprises and small enterprises *	5	1
- Creditors other than micro enterprises and small enterprises	3,519	5,602
Total	3,524	5,603

* Disclosure under section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	5	1
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	5	1

* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE II : OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Current maturities of long-term borrowings (Refer Note 5)	29,333	21,167
(b) Interest accrued but not due on borrowings	2,931	684
(c) Unclaimed dividend *	66	63
(d) Other payables		
(i) Withholding and other taxes payable	352	256
(ii) Payable on purchase of fixed assets	24	26
(iii) Security deposits received	3	-
(iv) Advances from customers	371	366
(v) Pending loan disbursement	2,113	68
(vi) Others	97	526
Total	35,290	23,156

* Unclaimed dividend includes Rs. 6 lacs (previous year Nil) outstanding as on March 31, 2016 which are required to be credited to the Investor Education and Protection Fund and has been deposited subsequent to the year end.

NOTE 12 : SHORT - TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Provision for employee benefits		
(i) Provision for gratuity	271	90
(ii) Provision for compensated absences	225	37
(b) Provision for income tax (net of advance payment of tax)	3	-
(c) Others provisions:		
(i) Provision for proposed equity dividend	792	905
(ii) Provision for tax on proposed equity dividend	161	184
Total	1,452	1,216

NOTE 13: FIXED ASSETS

Tangible assets	Amount (Rs. in Lacs)						Net block		
	Balance as at 31 March, 2015	Balance as at 31 March, 2016	Disposals / Adjustment	Additions / Adjustment	Balance as at 31 March, 2015	Depreciation expense for the year		Eliminated on disposal of assets / Adjustment	Other adjustments / Transition adjustment recorded against Surplus balance in Statement of Profit and Loss
(a) Own Use:									
(i) Plant and machinery (Previous year)	120 (78)	120 (120)	-	- (42)	7 (1)	8 (6)	-	-	15 (113)
(ii) Furniture and fixtures (Previous year)	37 (31)	38 (37)	-	1 (6)	5 (2)	4 (3)	-	-	9 (5)
(iii) Vehicles (Previous year)	856 (482)	1,140 (856)	-	284 (374)	198 (98)	125 (100)	-	-	323 (198)
(iv) Data processing equipment (Previous year)	719 (292)	1,192 (719)	39 (7)	512 (434)	206 (31)	324 (179)	23 (4)	-	507 (206)
(v) Office equipments (Previous year)	41 (22)	66 (41)	-	25 (22)	6 (1)	11 (5)	-	-	17 (6)
Total (Previous year)	1,773 (905)	2,556 (1,773)	39 (10)	822 (878)	422 (133)	472 (293)	23 (4)	-	871 (422)
Leased Assets:									
(b) Given on Operating lease									
(i) Plant and machinery (Previous year)	2,869 (4,232)	2,768 (2,869)	101 (1,363)	-	1,407 (2,262)	319 (393)	99 (1,248)	-	1,627 (1,407)
(ii) Computers (Previous year)	228 (325)	104 (228)	124 (105)	-	170 (187)	32 (62)	122 (105)	-	80 (170)
(iii) Vehicles (Previous year)	5,496 (4,078)	7,446 (5,496)	298 (250)	2,248 (1,668)	1,125 (576)	797 (606)	104 (57)	-	1,818 (1,125)
Total (Previous year)	8,593 (8,635)	10,318 (8,593)	523 (1,718)	2,248 (1,676)	2,702 (3,025)	1,148 (1,061)	325 (1,410)	-	3,525 (2,702)
(c) Given on Finance lease:									
(i) Plant and machinery (Previous year)	- (6,477)	-	- (6,477)	-	- (6,477)	-	- (6,477)	-	-
(ii) Vehicles (Previous year)	- (45)	-	- (45)	-	- (45)	-	- (45)	-	-
Total (Previous year)	- (6,522)	-	- (6,522)	-	- (6,522)	-	- (6,522)	-	-
Grand Total (A) (Previous year)	10,366 (16,062)	12,874 (10,366)	562 (8,250)	3,070 (2,554)	3,124 (9,680)	1,620 (1,354)	348 (7,936)	-	4,396 (3,124)
									8,478 (7,242)

	Gross block			Accumulated amortisation					Net block
	Balance as at 31 March, 2015	Additions / Adjustment	Disposals / Adjustment	Balance as at 31 March, 2016	Balance as at 31 March, 2015	Depreciation expense for the year	Eliminated on disposal of assets / Adjustment	Other adjustments / Transition adjustment recorded against Surplus balance in Statement of Profit and Loss	Balance as at 31 March, 2016
Intangible assets									
Computer software (Previous year)	810 (569)	179 (241)	-	989 (810)	156 (49)	160 (107)	-	-	673 (654)
Total (B) (Previous year)	810 (569)	179 (241)	-	989 (810)	156 (49)	160 (107)	-	-	673 (654)
Grand Total (A+B) Grand Total (previous year)	11,176 (16,631)	3,249 (2,795)	562 (8,250)	13,863 (11,176)	3,280 (9,729)	1,780 (1,461)	348 (7,936)	(26)	9,151 (7,896)

Figures in bracket represents previous year numbers

NOTE 14 : NON - CURRENT INVESTMENTS

Particulars	As at March 31, 2016			As at March 31, 2015		
	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						
Investment in equity instruments 7,482,251 (previous year: 5,303,334) shares of Rs. 10 each fully paid up in Forum I Aviation Ltd.	-	698	698	-	476	476
B. Other investments						
1370 (previous year: 1370) shares of Rs. 2 each fully paid up in Hero MotoCorp Ltd.	1	-	1	1	-	1
Total	1	698	699	1	476	477

Particulars	As at March 31, 2016		As at March 31, 2015	
	At Cost		At Cost	
	Amount (Rs. in Lacs)		Amount (Rs. in Lacs)	
Aggregate amount of :				
Quoted Investments		1		1
Unquoted Investments		698		476
Aggregate market value of listed and quoted investments		40		36

NOTE 15 : LONG - TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount (Rs. in Lacs)		Amount (Rs. in Lacs)	
Unsecured, considered good				
(a) Capital advances		377		176
(b) Security deposits		72		59
(c) Loans and advances to employees		698		25
(d) Balances with government authorities		179		166
(e) Advance tax (net of provision for tax)		-		390
Total		1,326		816

NOTE 16 : LONG TERM RECEIVABLES UNDER FINANCING ACTIVITIES

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount (Rs. in Lacs)		Amount (Rs. in Lacs)	
Receivables under financing activities- Non Current				
Secured, considered good *		318,403		128,139
Unsecured, considered good		6,109		10,041
Total		324,512		138,180

Note:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount (Rs. in Lacs)		Amount (Rs. in Lacs)	
Secured corporate loan		258,582		99,469
Secured retail loan		59,821		28,670
		318,403		128,139
Unsecured corporate loan		6,109		10,041
Total		324,512		138,180

* Includes Rs. 50 Lacs receivables from private companies in which director is a director or a member

NOTE 17 : CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Cheques on hand	-	395
(b) Balances with banks :		
(i) in current accounts	39	664
(ii) in dividend current accounts (Earmarked accounts)	66	63
Total	105	1,122

NOTE 18 : SHORT - TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Unsecured, considered good		
(a) Security deposits	53	31
(b) Balances with government authorities	75	1
(c) Loan and advances to employees	115	33
(d) Prepaid expense **	2,396	1,073
(e) Others	200	160
Total	2,839	1,298

** Includes unexpired discount of Rs.1,654 lacs (previous year Rs. 732 lacs) on commercial paper

NOTE 19 : RECEIVABLES UNDER FINANCING ACTIVITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Receivables under financing activities- Current		
Secured, considered good *	193,592	69,544
Unsecured, considered good **	113,351	93,672
Doubtful	2,455	50
	309,398	163,266
Less: Provision for non performing assets	2,455	50
Total	306,943	163,216

Note:

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Secured corporate loan	71,398	17,203
Secured retail loan	122,194	52,341
	193,592	69,544
Unsecured corporate loan	15,125	17,482
Unsecured bill discounting	85,805	75,547
Unsecured Inventory funding	12,069	525
Unsecured others	352	118
	113,351	93,672
Total	306,943	163,216

* Includes Rs. 26 lacs receivables from private companies in which director is a director or a member

** Includes Rs. 7,000 lacs receivables from private companies in which director is a director or a member

NOTE 20 : OTHER CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Interest accrued but not due	5,105	1,699
Total	5,105	1,699

NOTE 21 : REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Interest income		
(i) Deferred credit	-	3
(ii) Corporate finance	29,484	7,718
(iii) Retail financing	25,238	8,251
(iv) Inventory funding	435	27
(b) Other financial services		
(i) Lease rentals -operating lease	2,145	1,913
(ii) Income on bills discounting	5,778	5,382
(c) Processing fees	11,664	5,437
(d) Commission income	363	420
(e) Arrangement Fees	83	74
(f) Fleet management income	32	28
(g) Subvention income	584	310
(h) Penal charges income	1,154	139
(i) Others	168	54
Total	77,128	29,756

NOTE 22 : OTHER INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Dividend income		
(i) from long term investments-equity shares	1	1
(b) Profit on sale of:		
(i) current investment	59	66
(ii) fixed assets (net)	-	39
(c) Liabilities no longer required written back	46	-
Total	106	106

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Salaries and wages	5,890	2,895
Contribution to provident and other funds	305	153
Gratuity expense	221	66
Staff welfare expenses	191	89
Total	6,607	3,203

NOTE 24 : FINANCE COSTS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
(a) Interest expense on		
(i) Term loan	12,923	2,847
(ii) Working capital/inter corporate deposit and others	5,391	4,295
(iii) Non-convertible debentures	3,837	1,545
(iv) Commercial paper discounting charges	6,697	1,066
(v) Late payment of statutory dues	3	3
(b) Other borrowing costs	484	103
Total	29,335	9,859

NOTE 25 : OTHER EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Rent including lease rentals	464	288
Repairs and maintenance		
- Building	69	193
- Vehicle	82	43
Recruitment and training expenses	166	126
Learning & development charges	468	177
Insurance	148	90
Rates and taxes	1,215	640
Legal and professional	201	116
Auditor's remuneration (refer note 34)	35	15
Travelling and conveyance	1,252	673

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Expense on retail financing :		
-Contractual staff	3,687	1,825
-Verification charges	1,797	861
-Collection charges	4,559	1,393
-Others	1,058	358
Provision for non performing assets	2,405	20
Loss on sale of loan assets	428	33
Advertisement and marketing expenses	1,389	271
Loss on sale of fixed assets (net)	36	-
Data processing charges	660	390
Commission to direct selling agents	606	-
Expenditure on corporate social responsibility	50	5
Donation	8	2
Postage and telephone	424	162
Printing and stationery	463	165
Payout/incentive to dealers	3,413	1,310
Miscellaneous expenses	808	393
Total	25,891	9,549

NOTE 26 : CAPITAL COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Capital commitment		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to Rs.377 lacs (previous year Rs.176 lacs))	142	180
Other commitments (Refer note below)		-
Total	142	180

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

(a) The Company has entered into operating lease agreement for leased premises. This lease arrangement is non-cancellable in nature. Future lease payments under operating leases are as follows:

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Payable not later than one year	-	108
Payable later than one year and not later than five years	-	-
Total	-	108

*The aggregate lease rentals under the arrangement amounting to Rs. 464 lacs (previous year Rs. 288 lacs) have been charged in Statement of Profit and loss.

(b) Asset given on lease

Future minimum lease receipts	As at March 31, 2016	As at March 31, 2015
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Upto 1 year	1,876	1,916
More than 1 year but less than 5 years	4,916	3,975
Later than 5 years	-	-

NOTE : 29**DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 15 (REVISED 2005):-**

a) Defined contribution and other plan

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Employer's contribution to provident fund	267	138
Employer's contribution to superannuation fund	28	15
Employer's contribution to national pension scheme	10	-

b) Defined benefits plans (gratuity) and compensated absences

(Amount Rs. in lacs)

S No.	Particulars	Gratuity (Unfunded) as at March 31, 2016	Gratuity (Unfunded) as at March 31, 2015	Compensated absences (Unfunded) as at March 31, 2016	Compensated absences (Unfunded) as at March 31, 2015
I	<u>Reconciliation of opening and closing balance of the present value of defined benefit obligations (PVO):-</u>				
a.	PVO at the beginning of the period	149	83	95	79
b.	Current service cost	64	32	97	42
c.	Interest cost	11	7	8	7
d.	Actuarial (gain)/ loss	146	27	165	(31)
e.	Benefits paid	-	-	(8)	(2)
	Past service cost	-	-	-	-
f.	PVO at the end of the period	370	149	357	95
II	<u>Amount recognized in the Statement of Profit and Loss :-</u>				
a.	Current service cost	64	32	97	42
b.	Interest cost	11	7	8	7

S No.	Particulars	Gratuity (Unfunded) as at March 31, 2016	Gratuity (Unfunded) as at March 31, 2015	Compensated absences (Unfunded) as at March 31, 2016	Compensated absences (Unfunded) as at March 31, 2015
c.	Actuarial (gain) / losses	146	27	165	(31)
d.	Past service cost	-	-	-	-
	Net cost	221	66	270	18
III	Amount recognized in the Balance Sheet:-				
a.	PVO at the end of the period	370	149	357	95
b.	Funded status	-	-	-	-
c.	Net liability recognized in the Balance Sheet	370	149	357	95
	Non current portion	99	59	132	58
	Current portion	271	90	225	37
IV	Assumptions used in accounting for the benefit plan :-				
a.	Discount rate (%)	8.00%	7.75%	8.00%	7.75%
b.	Salary escalation rate (%)	5.50%	5.25%	5.50%	5.25%
c.	Expected average remaining working life of employees (period in years)	23.31	22.98	23.31	22.98

- 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.
- Since the liability is not funded, therefore information with regard to the plan assets has not been furnished.

The table below shows a summary of the key results including past results as applicable.

A) Assets/Liabilities

(Amount Rs. in lacs)

As on	31/03/2012	31/03/2013	31/03/2014	31/03/2015	31/03/2016
PBO	55	66	83	149	370
Plan assets	-	-	-	-	-
Net assets/ (liability)	(55)	(66)	(83)	(149)	(370)

B) Experience on actuarial gain/ (loss) for PBO and plan assets

(Amount Rs. in lacs)

As on	31/03/2012	31/03/2013	31/03/2014	31/03/2015	31/03/2016
On plan PBO	(3)	(2)	1	(27)	(146)
On plan assets	-	-	-	-	-

NOTE 30 : RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD 18

- Parties in respect of which the Company is an associate
Hero MotoCorp Limited
Bahadur Chand Investment Pvt. Ltd. (w.e.f August 7, 2015)
- Key management personnel and their relatives
Renu Munjal - Managing Director
Abhimanyu Munjal- CEO & relative of Renu Munjal
Rahul Munjal - relative of Renu Munjal
- Enterprises over which key management personnel and their relatives are able to exercise significant influence:-

Hero Future Energies Limited, Hero Investcorp Private Limited, Hero Wind Energy Private Limited, Hero Solar Energy Private Limited

Transactions with related parties during the year

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

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Hero MotoCorp Limited		
Inter corporate deposit received	-	29,500
Inter corporate deposit repaid	-	51,500
Interest on inter corporate deposit accrued and paid	-	185
Dividend received	1	1
Lease rental received	2,115	1,887
Dividend paid	438	219
Proceeds from right issue (incl. security premium)	19,719	16,790
Rent paid	6	1
Security deposit paid	-	1
Subvention income	543	308
Reimbursement of cost sharing under insurance scheme	1012	-
Sale of fixed assets	175	214
Amount receivable (including interest accrued) as at the year end	56	546
Bahadur Chand Investments Private Limited		
Proceeds from rights issue (incl. security premium)	18,286	-

(b) Key management personnel and their relatives

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Renu Munjal*		
Remuneration	476	210
Loan given	620	-
Loan repayment	620	-
Interest received/accrued	3	-
Proceeds from rights issue (incl. security premium)	123	80
Payable (including commission)	125	60
Abhimanyu Munjal		
Remuneration	375	277
Proceeds from rights issue (incl. security premium)	142	78
Payable (including commission)	192	160
Rahul Munjal		
Proceeds from rights issue (incl. security premium)	122	78

*Does not include provisions for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuations for the Company as a whole

(c) Enterprises over which key management personnel and their relatives are able to exercise significant influence

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Hero Wind Energy Private Limited		
Loan Given	900	7,000
Loan repayment	7,900	-
Interest received/accrued	621	96
Processing fees received	3	11
Loan outstanding at the year end (receivable)	-	7,000
Hero Future Energies Private Limited		
Loan given	7,000	-
Interest received/accrued	278	-
Processing fees received	11	-
Loan outstanding at the year end (receivable)	7,000	-
Hero Solar Energy Private Limited		
Loan given	1,600	-
Loan repayment	1,600	-
Interest received/ accrued	15	-
Processing fees received	7	-

NOTE 31 Information pursuant to clause 3 (vii) (c) of the Companies (Auditors Report) Order, 2016 in respect of disputed dues, not deposited as at 31 March, 2016, pending with various authorities.

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs)	Amount unpaid (Rs. in lacs)
Income tax Act, 1961	Income tax	Commissioner (Appeals)	2012-13	108	108
Delhi Value Added tax Act	Value added tax	Objection hearing authority (Trade & Tax department)	2012-13, 2013-14	47	15

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	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs)	Amount unpaid (Rs. in lacs)
Income-tax Act, 1961	Income-Tax	High Court	2006-07, 2009-10	33	33

NOTE 32 : EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Travel and other accounts	54	58
Total	54	58

NOTE 33 : EARNINGS PER SHARE

Particulars	2015-16	2014-15
Profit/ (Loss) for the year (Rs. in lacs)	8,150	3,315
Weighted average number of equity shares (Nos.)	67,318,648	38,853,014
Nominal value per equity share (Rs. per share)	10	10
Basic and diluted earnings per share (Rs.)	12.11	8.53

NOTE 34:PROVISIONAND/ORPAYMENTINRESPECT OFAUDITORS' REMUNERATION

Particulars	2015-16	2014-15
	(Amount Rs. in lacs)	(Amount Rs. in lacs)
Audit fee	32*	13*
Tax audit fee	2	2
Out of pocket expenses	1	-
Total	35	15

*Inclusive of service tax

NOTE 35 Following information is disclosed in terms of the RBI circular (Ref No. DNBR (PD) CC No. 002 /03.10.001 / 2014-15 dated November 10, 2014):

(a) Capital to risk assets ratio (CRAR)

Particulars		As at March 31, 2016	As at March 31, 2015
(i)	CRAR %	17.37	16.66
(ii)	CRAR – Tier I capital (%)	15.53	16.41
(iii)	CRAR – Tier II capital (%)	1.84	0.25
(iv)	Amount of subordinated debts raised as Tier-II instruments(in lacs)	10,000	-
(v)	Amount raised by issue of perpetual instruments	-	-

Investments

Particulars		As at March 31, 2016	As at March 31, 2015
		Amount Rs.in lacs)	Amount Rs.in lacs)
(1)	Value of investments		
(i)	Gross value of investments		
	(a) In India	699	477
	(b) Outside India,	-	-
(ii)	Provisions for depreciation		
	(a) In India	-	-
	(b) Outside India,	-	-
(iii)	Net value of investments		
	(a) In India	-	-
	(b) Outside India,	-	-
(2)	Movement of provisions held towards depreciation on investments.		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less :Write-off / write-back of excessprovisions during the year	-	-
	(iv) Closing balance	-	-

Disclosure on Un-hedged Foreign Currency Exposure**(Amount Rs. in Lacs)**

Particulars		As at March 31, 2016	As at March 31, 2015
1	Foreign Currency Exposure (FCE)	Nil	Nil
2	FCE having maturity or having cash flows over the period of next five years (Out of 1 above)	Nil	Nil
3	Amount covered by Financial Hedge (Out of 2 above)	Nil	Nil
4	Amount covered by Natural Hedge (Out of 2 above)	Nil	Nil
5	Un-hedged Foreign Currency Exposure (2-3-4)	Nil	Nil
6	Annual Earnings Before Interest Depreciation (EBID)	39,265	14,635
7	Total credit exposure from Banking System	321,373	154,953

Disclosure on Derivatives (Forward Rate Agreement / Interest Rate Swap/Exchange Traded Interest Rate (IR) Derivatives)**(Amount Rs. in Lacs)**

Particulars		March 31, 2016	March 31, 2015
1	The notional principal amount of agreement / derivative	Nil	Nil
2	Losses (if counterparties failed to fulfil their obligations)	Nil	Nil
3	Collateral required upon entering into agreement	Nil	Nil
4	Concentration of credit risk arising from the agreement	Nil	Nil
5	The fair value	Nil	Nil

Securitisation

There is no securitisation/assignment transaction entered by the company during the year.

Detail of non-performing financial assets purchased / restructured / sold

There are no non-performing financial assets purchased/restructured/ sold during the year

Maturity pattern of certain items of assets and liabilities**(Amount Rs.in lacs)**

	Upto 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	13,000	6,750	14,667	6,750	76,873	80,833	122,500	-	321,373
Market borrowings	35,000	89,500	15,000	13,000	10,000	35,840	4,600	11,200	214,140
Assets									
Advances*	45,854	78,423	37,416	53,413	91,837	168,916	68,663	86,933	631,455
Investment	-	-	-	-	-	-	-	699	699

Previous year

(Amount Rs. in lacs)

	Upto 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	23,621	16,000	14,166	15,166	18,333	40,999	26,668	-	1,54,953
Market borrowings	10,000	30,000	20,000	-	5,000	30,000	-	-	95,000
Assets									
Advances*	68,782	18,221	13,273	18,925	44,015	81,124	34,889	22,167	3,01,396
Investment	-	-	-	-	-	-	-	477	477

* It includes receivable under financing activities as per note 16 and 19.

Exposures: Exposures to real estate sector

Direct Exposure		As at March 31, 2016	As at March 31, 2015
		(Amount Rs. in lacs)	(Amount Rs. in lacs)
(i)	Residential Mortgages	725	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	725	-
(ii)	Commercial Real Estate -	137,083	34,182
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family, Residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fundbased limits	137,083	34,182
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
	(a) Residential	-	-
	(b) Commercial Real Estate	-	-
Total Exposure to Real Estate Sector		137,808	34,182

Exposure to capital market

Direct Exposure		As at March 31, 2016	As at March 31, 2015
		(Amount Rs. in lacs)	(Amount Rs. in lacs)
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	699	477
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		699	477

No Registration has been obtained from other financial regulators during the year.
No penalties have been imposed by RBI and other regulators during the year.
Ratings assigned by credit rating agencies and migration of ratings during the year

Sr. No.	Instrument/ Agency	CRISIL		ICRA	
		March 31,2016	March 31,2015	March 31,2016	March 31,2015
1	Secured NCDs	CRISIL AA+/Stable	CRISIL AA+/Stable	ICRA AA+/Stable	ICRA AA+/Stable
2	Unsecured Sub-ordinated Tier-II NCDs	CRISIL AA+/Stable	-	ICRA AA+/Stable	-
3	Long Term Bank facilities	CRISIL AA+/Stable	CRISIL AA+/Stable	ICRA AA+/Stable	ICRA AA+/Stable
4	Short Term Bank facilities	CRISIL A1+	CRISIL A1+	ICRA A1+	ICRA A1+
5	Commercial Papers	CRISIL A1+	CRISIL A1+	ICRA A1+	ICRA A1+

Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	March 31,2016	March 31,2015
	(Amount in Rs. lacs)	(Amount in Rs. lacs)
Provisions for depreciation on investment	-	-
Provision towards NPA	2,405	20
Provision made towards Income tax (including deferred tax)	4,326	1,705
Provision for leave encashment	270	18
Provision for gratuity	221	66
Other Provision and Contingencies (with details)	-	-
Provision for standard assets	1,145	770

Concentration of advances

Particulars	As at March 31, 2016	As at March 31, 2015
Total advances to twenty largest borrowers (Amount Rs. in lacs)	115,512	89,716
Percentage of advances to twenty largest borrowers/ customers to total advances of the NBFC on borrowers/ customers	18.29%	29.77%

Concentration of exposure

Particulars	As at March 31, 2016	As at March 31, 2015
Total exposure to twenty largest borrowers/ customer (Amount Rs. in lacs)	115,512	89,716
Percentage of exposure to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/ customers	18.29%	29.77%

Concentration of NPAs

Particular	As at March 31, 2016	As at March 31, 2015
	(Amount in Rs. lacs)	(Amount in Rs. lacs)
Total exposure to top four NPA accounts	3,094	3

Sector-wise NPAs

S. No.	Sector	Percentage of NPAs to total advances in that sector	
		As at March 31, 2016	As at March 31, 2015
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	0.75%	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans (two wheeler)	1.37%	0.61%
7	Other personal loans	-	-

Movement of NPAs

Particulars		2015-16	2014-15
		(Amount in Rs. Lacs)	(Amount in Rs. Lacs)
(i)	Net NPAs to net advances (%)	0.54	0.14
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	491	48
	(b) Additions during the year	5,527	443
	(c) Reductions during the year	117	-
	(d) Closing balance	5,901	491
(iii)	Movement of Net NPAs		
	(a) Opening balance	441	18
	(b) Additions during the year	3,110	423
	(c) Reductions during the year	105	-
	(d) Closing balance	3,446	441
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	50	30
	(b) Provisions made during the year	2,417	20
	(c) Write-off / write-back of excess provisions	12	-
	(d) Closing balance	2,455	50

Customer complaints

Particular	2015-16	2014-15
(a) No. of complaints pending at the beginning of the year	4	1
(b) No. of complaints received during the year	219	101
(c) No. of complaints redressed during the year	217	98
(d) No. of complaints pending at the end of the year (resolved subsequent to the year end)	6	4

Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial company (as required in terms of Annex I of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015)

S. No.	Particulars	As at March 31, 2016	
		(Amount Rs. in lacs)	
	Liabilities side:	Amount outstanding	Amount Overdue
1			
	(a) Debentures :		
	Secured	51,640	-
	Unsecured	10,000	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred credits	-	-
	(c) Term loans	222,666	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial paper	152,500	-
	(f) Public deposits	-	-
	(g) Others :		
	Secured and Cash Credit from bank	67,707	-
	Other loan from banks		
	Secured- working capital demand loan	16,500	-
	Unsecured – short term loan from banks	14,500	-
	Assets side:		
2	Break-up of loans and advances including bills receivables [other than those included in (4) below]	As at March 31, 2016	
		(Amount Rs. in lacs)	
	(a) Secured	511,995	
	(b) Unsecured	119,460	
3	Break up of leased assets and stock on hire and hypothecation loans counting towards Asset Finance Company (AFC) activities	As at March 31, 2016	
		(Amount Rs. in lacs)	
	(i) Lease assets including lease rentals under sundry debtors :		

3	Break up of leased assets and stock on hire and hypothecation loans counting towards Asset Finance Company (AFC) activities	As at March 31, 2016
		(Amount Rs. in lacs)
	(a) Financial lease	-
	(b) Operating lease	-
	(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	-

4.	Break-up of Investments :	As at March 31, 2016
		(Amount Rs. in lacs)
	Current Investments :	
	I. 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 :	
	I. Quoted :	-
	(i) Shares :	
	(a) Equity	1
	(b) Preference	-
	(ii) Debentures and Bonds	-

4.	Break-up of Investments :	As at March 31, 2016
		(Amount Rs. in lacs)
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
	2. Unquoted :	-
	(i) Shares :	-
	(a) Equity	698
	(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:	As at March 31, 2016		
		Amount Rs. in lacs (net of provisions)		
		Secured	Unsecured	Total
	I. Related Parties	-	-	-
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	7,076	1,235	8,311
	(c) Other related parties	-	-	-
	2. Other than related parties	504,919	118,225	623,144
	Total	511,995	119,460	631,455

6	Investor group-wise classification of all investments (current and long term) in shares and securities both (quoted and unquoted):	As at March 31, 2016	
		Market value / break up or fair value or NAV	Book value (net of provisions)
	I. Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same Group	40	1
	(c) Other related parties	-	-
	2. Other than related parties	698	698
	Total	738	699

7	Other Information Particulars	As at March 31, 2016
		(Amount Rs. in lacs)
	(i) Gross non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	5,901
	(ii) Net non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	3,446
	(iii) Assets acquired in satisfaction of debt	-

NOTE 36 : PREVIOUS YEAR'S FIGURES HAVE BEEN RECAST /REGROUPED WHEREVER NECESSARY.

For and on behalf of Board of Directors

Pawan Munjal
Chairman
(DIN :- 00004223)

D.N. Davar
Director
(DIN :- 00002008)

Renu Munjal
Managing Director
(DIN :- 00012870)

Shyam Lal
Chief Financial Officer
PAN:AAAPL0120C

Amit Jain
Company Secretary
(Membership No. 3923)

Place: New Delhi
Date: 29 May, 2016

JB/2016/119

**Auditor's Additional Report
As required by "Non-Banking Financial Companies
Auditor's Report (Reserve Bank) Directions, 2008"**

To

The Board of Directors, Hero FinCorp Limited, 34, Community Centre,
Basant Lok, Vasant Vihar, New Delhi- 110057

1. We have audited the Balance Sheet of **Hero FinCorp Limited** ("the Company") as at March 31, 2016 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and issued our report dated May 29, 2016 thereon.

Management's Responsibility for the Financial Statements

2. 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 Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. 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

3. Pursuant to the requirements of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 (the "Directions") dated July 1, 2015, it is our responsibility to examine the books of account and other records of the Company and report on the matters specified in the Directions to the extent applicable to the Company.
4. We conducted our examination in accordance with the Guidance Note on Special Purpose Audit Reports and Certificates issued by the Institute of Chartered Accountants of India.

Conclusion

5. Based on our examination of the books of account and other records of the Company as produced for our examination and the information and explanations given to us, we report that:
 - 5.1 The Company is engaged in the business of Non-Banking Financial Institutions as defined in clause (a) of Section 45 I of the Reserve Bank of India Act, 1934 ("RBI Act"), and obtained a Certificate of Registration (CoR) bearing no. 14.00266 dated March 4, 1998 which was revised on September 1, 2011 by the Reserve Bank of India ("the RBI") in terms of section 45 IA of the RBI Act, 1934.
 - 5.2 The Company is entitled to continue to hold the CoR granted by the RBI to carry on the business of Non-Banking Financial Institution based on its asset/ income pattern as on March 31, 2016, which have been computed in the manner laid down in the RBI Circular No. DNBS (PD) C.C. NO. 81 / 03.05.002 / 2006-07 dated October 19, 2006, for which we have issued a separate certificate dated June 16, 2016 as required in terms of para 15 of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated July 1, 2015.
 - 5.3 The Board of Directors of the Company has passed a resolution in its meeting held on March 21, 2016 for non-acceptance of public deposits.
 - 5.4 The Company has not accepted any public deposits during the year ended March 31, 2016.
 - 5.5 The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated July 1, 2015.
 - 5.6 The annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS - 7) has been furnished by the Company to the RBI on June 16, 2016 within the stipulated period.
 - 5.7 Company had correctly arrived at and disclosed the capital adequacy ratio (CRAR), based on the return submitted to the RBI in Form NBS - 7 for which we have issued a separate certificate dated June 16, 2016 and such ratio is in compliance with the minimum CRAR prescribed by the RBI.

Restriction on Use

1. This report is issued pursuant to our obligations under Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 dated July 1, 2015 and should not be used by any other person or for any other purpose.

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

Jaideep Bhargava
Partner
(Membership No. 090295)

GURGAON, June 16, 2016

Hero FinCorp Limited

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