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**(This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus). This is only an information brochure intended for private use and should not be construed to be a prospectus and/or an invitation to the public for subscription to debentures under any law for the time being in force.**

**This Disclosure Document is as per Schedule I of SEBI (Issue and Listing of Debt Securities) Regulations 2008, and any amendments thereto and private placement offer letter, pursuant to section 42 and rule 14(i) of Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2018 for Private Placement**



**Hero FinCorp Limited**

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**Corporate Office:** 9, Community Centre, Basant Lok, Vasant Vihar, Delhi 110 057

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**Web site - [www.herofincorp.com](http://www.herofincorp.com); CIN:** U74899DL1991PLC046774

Disclosure Document for issue by way of Private Placement by Hero FinCorp Ltd. (“HFCL” or the “Company” or the “Issuer”) of 250 Secured, Rated, Redeemable Non-Convertible Debentures (“Debentures”) of the face value of ₹10,00,000/- each, with marketable lot of one, for cash aggregating ₹25 Crore (the “Issue”) with an option to retain additional subscription up to ₹200 Crore, aggregating ₹225 Crore.

**GENERAL RISKS**

Investment in debt and debt related securities involve a degree of risk and investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Debentures have not been recommended or approved by Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this document.

**CREDIT RATING**

The Debentures have a long-term rating of “CRISIL AA+/Stable” (“Pronounced CRISIL double A plus”) by CRISIL and “ICRA AA+/Stable” (“Pronounced ICRA double A plus”) by ICRA. This indicates “high degree of safety with regard to timely servicing of financial obligations” with respect to timely payment of interest and principal on the instrument.

*The rating is not a recommendation to buy, sell or hold Debentures and investors should take their own decision. The rating may be subject to suspension, revision or withdrawal at any time by the assigning Credit Rating Agency on the basis of factors such as new information or unavailability of information or other circumstances which the Credit Rating Agency believes may have an impact on its rating.*

**LISTING**

The Debentures are proposed to be listed on the wholesale debt market segment (WDM) of the National Stock Exchange of India Ltd. (“NSE” or the “Stock Exchange”). The Debentures to be issued will be listed on the WDM of NSE within 4 exchange working days of the closure of the issue.

**DEBENTURE TRUSTEE**

**Vistra ITCL (India) Limited**  
The IL&FS Financial Centre,  
Plot C- 22, G Block,  
Bandra Kurla Complex, Bandra(E),  
Mumbai 400051  
Phone: +91-22-2659 3535

**REGISTRAR AND TRANSFER AGENT**

**KFin Technologies Private Limited.**  
Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032  
Phone: 040 -67162222, Fax: 040- 23001153

**WILFUL DEFAULTER**

Neither our Company, nor any of our director/promoter has been declared as a wilful defaulter.

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**TABLE OF CONTENTS**

|   |    |
|---|----|
| DISCLAIMER OF THE ISSUER.....   | 3  |
| 1) DEFINITIONS / ABBREVIATIONS.....   | 5  |
| 2) DISCLOSURES AS REQUIRED UNDER SEBI REGULATIONS .....   | 7  |
| 3) RISK FACTORS.....  | 8  |
| 4) ISSUER INFORMATION.....  | 15 |
| a. About the Issuer.....  | 15 |
| b. Brief summary of Business/Activities of the Issuer and its line of Business.....   | 16 |
| c. Brief history of the Issuer .....  | 18 |
| e. Details regarding the directors of the Company:- .....   | 22 |
| f. Following details regarding the Auditors of the Company:- .....  | 24 |
| g. Details of borrowings of the Company as on quarter ending 31.03.2021 (Standalone):- .....  | 25 |
| h. Details of Promoters of the Company as on 31.03.2021:-.....  | 30 |
| i. Profits for the 3 financial years preceding the date of circulation of offer letter .....  | 31 |
| j. Dividend declared and interest coverage ratio (Cash profit after tax plus interest paid / interest paid) for the said financial years; ..... | 31 |
| k. Abridged version of latest Audited financial information including Auditors Qualification for the last three years:-.....                    | 31 |
| l. Material Developments at the time of issue .....   | 33 |
| m. Debenture Trustee.....   | 34 |
| o. Credit Rating of Debentures .....  | 35 |
| p. Guarantee or comfort for the Debentures .....  | 35 |
| q. Consent from Debenture Trustee .....   | 35 |
| r. Listing of Debentures.....   | 35 |
| s. Other Details.....   | 35 |
| 5) MATERIAL CONTRACTS, AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS .....   | 39 |
| 6) BASIC TERMS OF THE PRESENT OFFER .....   | 40 |
| 7) FORM NO PAS-4 PRIVATE PLACEMENT OFFER LETTER .....   | 46 |
| 8) WILFUL DEFAULTER.....  | 51 |
| ISSUE DETAILS / TERM SHEET .....  | 52 |
| ANNEXURE 1 – COPY OF BOARD RESOLUTION .....   | 58 |
| ANNEXURE 2 – COPY OF SHAREHOLDERS RESOLUTION .....  | 61 |
| ANNEXURE 3 – CREDIT RATING LETTER .....   | 62 |
| ANNEXURE 4 – RTA CONSENT LETTER .....   | 66 |
| ANNEXURE 5 – DEBENTURE TRUSTEE CONSENT LETTER .....   | 67 |
| ANNEXURE 6 – AUDITED FINANCIALS FOR THE YEAR ENDED MARCH 31, 2021.....  | 68 |
| ANNEXURE 7 – APPLICATION FORM .....   | 75 |
| ANNEXURE 8 –DUE DILIGENCE CERTIFICATE FROM DEBENTURE TRUSTEE.....   | 77 |

## **DISCLAIMER OF THE ISSUER**

This Disclosure Document is neither a prospectus nor a statement in lieu of prospectus. The issue of Debentures to be listed on the Stock Exchange is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the Debentures to the public in general. This Disclosure Document should not be construed to be a prospectus or a statement in lieu of prospectus under the Companies Act, 2013.

This Disclosure Document has been prepared in conformity with the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and its amendment from time to time. Therefore, as per the applicable provisions, copy of this Disclosure Document has not been filed or submitted to the SEBI for its review and/or approval. Further, since the Issue is being made on a private placement basis, as per the applicable provisions of the Companies Act, 2013, a copy of this Disclosure Document is required to be filed with the Registrar of Companies.

This Disclosure Document has been prepared to provide general information about the Issuer and the Debentures to potential investors to whom it is addressed and who are willing and eligible to subscribe to the Issue. This Disclosure Document does not purport to contain all the information that any potential investor may require. Neither this Disclosure Document nor any other information supplied in connection with the Issue is intended to provide the basis of any credit or other evaluation and any recipient of this Disclosure Document should not consider such receipt a recommendation to subscribe to the Issue or purchase any Debentures. Each investor contemplating subscribing to the Issue or purchasing any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Disclosure Document (including the documents incorporated by reference herein, if any) contains all information that is material in the context of the Issue of the Debentures, and is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein not misleading, in the light of the circumstances under which they are made. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Disclosure Document or in any material made available by the Issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

**This Disclosure Document and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by or on behalf of the Issuer and only such recipients are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Disclosure Document are intended to be used only by those investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.**

No invitation is being made to any persons other than those to whom Application Forms along with this Disclosure Document being issued have been sent by or on behalf of the Issuer. Any application by a person to whom the Disclosure Document has not been sent by or on behalf of the Issuer shall be rejected without assigning any reason.

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The person who is in receipt of this Disclosure Document shall maintain utmost confidentiality regarding the contents of this Disclosure Document and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents without the consent of the Issuer.

#### **Each person receiving this Disclosure Document acknowledges that:**

Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein; and such person has not relied on any intermediary that may be associated with issuance of Debentures in connection with its investigation of the accuracy of such information or its investment decision;

The Issuer does not undertake to update the Disclosure Document to reflect subsequent events after the date of the Disclosure Document and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer;

Neither the delivery of this Disclosure Document nor any issue of Debentures made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof;

This Information Memorandum/Disclosure Document does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Disclosure Document in any jurisdiction where such action is required. The distribution of this Disclosure Document and the offering of the Debentures may be restricted by law in certain jurisdictions. Persons into whose possession this Disclosure Document comes are required to inform themselves about and to observe any such restrictions. The Disclosure Document is made available to investors in the Issue on the strict understanding that the contents hereof are strictly confidential.

#### **DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Disclosure Document has been submitted to the Stock Exchange for hosting the same on its website. It is to be distinctly understood that such submission of the Disclosure Document with Stock Exchange or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor does it warrant that this Issuer's Debentures will be listed or continue to be listed on the Stock Exchange; nor does it take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any Debentures of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **DISCLAIMER OF THE RESERVE BANK OF INDIA**

The Company has a valid certificate of registration dated [September 1, 2011] bearing registration No. [14.00266] issued by Reserve Bank of India (RBI) under Section 45 IA of the Reserve Bank of India Act. 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits / discharges of liabilities by the company.

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**1) DEFINITIONS / ABBREVIATIONS**

|                             |  |
|-----------------------------|--|
| Company / Issuer            | Hero FinCorp Limited ("HFCL" / "the Issuer" / "Company")   |
| BM Munjal Family            | Shall mean BM Munjal, his spouse, and his lineal descendants including their children with their spouses and grand children with their spouses   |
| Applicable Law              | Includes all applicable statute, enactments or act of any legislative body in India, laws, ordinances, rules, by-laws, regulations, notifications, guidelines, policies, directions, directives and order of any Governmental Authority and any modifications or re-enactments thereof   |
| Board/ Board of Director(s) | Board of Directors of Hero FinCorp Ltd.  |
| Business Day                | A day which is not a Saturday, Sunday or a public holiday and on which clearing of cheque and RTGS facilities are available in Delhi.  |
| Date of Subscription        | Date of realisation of proceeds of subscription money in the bank account of the Company   |
| Debenture holder(s)         | Person (s) holding Debentures(s) and whose name is recorded as beneficial owner with the Depository (if the Debentures are in dematerialized form) as defined under Section 2 of the Depositories Act, 1996) or the person (s) whose name appears as holder of Debentures in the Register of Debentures (if the Debentures are in physical form)   |
| Debenture Trustee           | Vistra ITCL (India) Limited, as trustee for the benefit of the Debenture holders   |
| Depository                  | A Depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996 as amended from time to time  |
| Depository Participant / DP | A Depository participant as defined under Depositories Act, 1996, as amended from time to time   |
| Financial Year / FY         | Financial year of the Company i.e. a period commencing from 1 <sup>st</sup> April and ending on 31 <sup>st</sup> March of the next calendar year   |
| Issue                       | Private placement of Secured, Redeemable, Non-Convertible Debentures (NCD) of face value of Rs.10,00,000/- each, aggregating Rs.25,00,00,000/- (Rupees Twenty-Five crore) with a Green Shoe option of up to Rs.200,00,00,000/- (Rupees Two Hundred crore only). The Company has completed the process of allotment of NCD's with respect to earlier offer(s) or invitation(s) and has complied with the provisions of Sections 42(3) of the Companies Act, 2013, The SEBI Regulations and NHB Directions and such other laws, as may be applicable from time to time.            |
| Management Control          | "Management Control" or "Control" shall mean -<br>a) holding by any person of more than 50% of the voting share capital of the Company and ability of that person to direct or cause direction of the management and policies of the Company, whether by operation of law or by contract or otherwise; or<br>b) the ability of that person to appoint more than 50% of the directors on the Board of the Company and ability of that person to direct or cause direction of the management and policies of the Company, whether by operation of law or by contract or otherwise; |
| RBI                         | The Reserve Bank of India  |
| SEBI Regulations            | Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued by SEBI and as amended by the SEBI from time to time and any other relevant notifications issued by SEBI and including SEBI Circular dated January 5, 2018 for electronic book mechanism for issuance of the Debentures and as amended from time to time  |

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| Stock Exchange / Designated Stock Exchange / NSE | National Stock Exchange of India Ltd.   |
| Security Trustee Agreement                       | For the purposes of monitoring and enforcement of all securities, that have been provided by HFCL to the Lenders on pari-passu basis to secure the Facilities, Vistra ITCL (India) Limited (erstwhile IL&FS Trust Company Limited) (“Security Trustee”) was appointed as security trustee vide security trustee agreement dated September 9, 2015 (“Security Trustee Agreement”). |
| Trading day                                      | Trading day means the day on which Automated Trading System (ATS) of stock exchange shall be available for trading in securities.   |
| CDSL   | Central Depository Services (India) Limited   |
| DD   | Demand Draft  |
| DRR  | Debenture Redemption Reserve  |
| EBP  | Electronic Bidding Platform of National Stock Exchange  |
| NOC  | No Objection Certificate(s)   |
| NEFT   | National Electronic Fund Transfer   |
| NSDL   | National Securities Depository Limited  |
| PAN  | Permanent Account Number  |
| ₹  | Rupees  |
| RTGS   | Real Time Gross Settlement  |
| SEBI   | Securities and Exchange Board of India  |
| TDS  | Tax Deduction at Source   |
| WDM  | Wholesale Debt Market   |
| ISIN   | International Securities Identification Number  |
| NSCCL  | National Securities Clearing Corporation Limited  |

All other Capitalised Terms not defined above shall have the meaning assigned to them in “Issuer Information” and “Issue Details” of this Disclosure Document.

## **2) DISCLOSURES AS REQUIRED UNDER SEBI REGULATIONS**

### Documents Submitted

1. The following documents have been/ shall be submitted to the NSE:
  - A. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
  - B. Copy of last 3 years audited Annual Reports;
  - C. Statement containing particulars of dates of and parties to all material contracts and agreements;
  - D. Copy of the Board/Committee Resolution authorizing the borrowing and list of authorized signatories
  - E. An undertaking from the Issuer stating that the necessary documents for the creation of the charge, wherever applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the Designated Stock Exchange, where the Debentures would be listed, within five working days of execution of the same
  - F. Any other particulars or documents that the recognized stock exchange may call for as it deems fit
  
2. The following documents have been/ shall be submitted to the Debenture Trustee:
  - A. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
  - B. Copy of last 3 years audited Annual Reports;
  - C. Statement containing particulars of dates of and parties to all material contracts and agreements;
  - D. Latest half yearly standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.
  - E. An undertaking to the effect that the Issuer would, till the redemption of the debt securities, submit the details mentioned in point D above to the Trustee within the timelines as mentioned in the Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within two working days of their specific request.
  - F. Pursuant to the Debenture Trustee Agreement dated May 3, 2021, the Company will submit the required details along with the necessary documents mentioned in the checklist of the listing application, for the purpose of listing the Debentures on the Wholesale Debt Markets segment of the Bombay Stock Exchange Limited and/or National Stock Exchange ("Stock Exchange"), after the allotment of the Debentures, and will apply to obtain the listing approval from the Stock Exchange. A copy of the listing approval received from the Stock Exchange will be forwarded to the Debenture Trustee.
  - G. An undertaking to the effect that the charge shall be created in favour of Debenture Trustee and we shall execute the Debenture Trust deed and Deed of Hypothecation before listing and the charge shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository etc., as applicable, within 30 days of creation of charge.

### **3) RISK FACTORS**

The following are some of the risks envisaged by the management. Investors should consider the same carefully for evaluating the Company and its business before making any investment decision. Unless the context requires otherwise, the risk factors described below apply to Hero FinCorp Limited only. If any one of the risks occurs, the Company's business, financial conditions and results of operations could suffer and therefore the value of the Company's debt securities could decline.

The Issuer believes that the factors described below represent the principal risks inherent in investing in NCDs issued under this Disclosure Document, but the inability of the Issuer, as the case may be, to pay coupon, principal or other amounts on or in connection with any NCDs may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any NCDs are exhaustive.

Prior to making an investment decision, potential investors should carefully consider, along with the other matters set out in this Disclosure Document, the following risk factors that may affect investment considerations.

**Note:** Unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below:

#### **Internal Risk Factors**

**a) As an NBFC, one of the most important risks affecting our profitability is the risk of non-payment by the borrowers and other counterparties.**

Since our Company's borrowers inter alia comprise of individuals and small and medium size companies, our Company's credit risk could be higher due to their potential inability to adapt to changes in the economic and industrial scenario as also changes in the Indian regulatory and political environment. This may lead to an increase in the number and value of our Company's NPAs. Our Company is exposed to the risk that third parties which owe us money, securities or other assets may not perform their obligations. These parties may default on their obligations to us due to various reasons including bankruptcy, lack of liquidity, operational failure, and other reasons. Further, any delay in enforcing the collateral due to delays in enforcement proceedings before Indian courts or otherwise could expose our Company to potential losses. Although our Company regularly reviews credit exposures to clients and counterparties and to industries and geographical regions that our Company believes may present credit concerns, defaults may arise from events or circumstances that are difficult to detect or foresee.

**b) The Company may be exposed to the potential loss of less recovery of value of collaterals due to market conditions or delays in their enforcement on defaults by the Company's borrowers**

The value of collaterals especially real estate may decline due to adverse market conditions. Delays in bankruptcy and foreclosure proceedings, defects in title, documentation of collateral and the necessity of obtaining regulatory approvals for the enforcement of such collaterals may affect the valuation of the collateral and the Company may not be able to recover the estimated value of the collateral, thus exposing the Company to potential losses.

**c) We have and are in the process of venturing into new lines of business and there can be no assurance that our ventures will be profitable in future**

As a part of our growth strategy, we have or otherwise are in the process of venturing into new areas of business. Although, we have recruited experienced management teams which consist of people who have experience in financial services, there are inherent risks in entering a market for the first time. These



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businesses consequently are to a larger extent susceptible to competition, economical, political and regulatory conditions than established businesses. This may affect our operations and cash flow positions.

**d) System failures, infrastructure bottlenecks and security breaches in computer systems may adversely affect our business**

Our businesses are highly dependent on our ability to process, on a daily basis, a large number of increasingly complex transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services. If any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code that could compromise data integrity and security.

**e) The Company's lending and investment activities are vulnerable to interest rate risks, market risks and asset liability mismatch risks which may have great impact on our financial performance**

Interest income forms a substantial part of the total income of our Company. The Company extends loans at fixed as well as floating interest rates. The Company's borrowings are also a mix of fixed and floating rates. A mismatch between assets and liabilities may cause our gross spreads to decline and adversely affect our profitability. The Company endeavours to match interest rate positions to minimize interest rate risk but may not be able to do so. Interest rates are highly sensitive to many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Sharp increase in interest rates charged on floating rate basis, may also result in extension of loan maturities and higher instalments due from borrowers, which could result in higher degree of defaults from this segment.

**f) We face asset-liability mismatches in the short term, which could affect our liquidity position. A portion of our funding requirement is through short-term funding sources and in the event, lenders decide to withdraw the existing or committed credit facilities or do not roll over the existing credit facilities, our business could be adversely affected**

The difference between the value of assets and liabilities maturing, in any time period category provides the measure to which we are exposed to the liquidity risk. As is typical for several NBFCs, a portion of our funding requirements is met through short-term funding sources, i.e. bank loans, working capital demand loans, cash credit, short term loans and commercial papers. In the event that the existing and committed credit facilities are withdrawn or are not available to the Company, funding mismatches may be created and it could have an adverse effect on our business and our future financial performance.

**g) Our indebtedness and restrictive covenants imposed by our financing agreements could restrict our ability to conduct our business and operations**

Our financing agreements require us to maintain certain security margins. Should we breach any financial or other covenants contained in any of our financing agreements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Under the terms of some of the loan agreements, our Company is required to obtain the prior written consent of the concerned lender prior to our Company entering into any scheme of expansion, merger, amalgamation, compromise or reconstruction, or making any change in ownership or control or constitution of our Company, or in the shareholding or management or majority of directors, or in the nature of business of our Company; or

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making amendments in the Company's Memorandum and Articles of Association. This may restrict/ delay some of the actions / initiatives that our Company may like to take from time to time.

**h) We are exposed to various operational risks including the risk of fraud and other misconduct by employees or outsiders**

Like other financial intermediaries, we also run the risk of various operational risks which include the risk of fraud or misconduct by our employees or even an outsider, unauthorized transactions by employees or third parties, misreporting and non-compliance of various statutory and legal requirements and operational errors. It may not be always possible to deter employees from the misconduct or the precautions we take to detect and prevent these activities may not be effective in all cases. Any such instances of employee misconduct or fraud, the improper use or disclosure of confidential information, could result in regulatory and legal proceedings and may harm our reputation and also our operations.

**i) We may not be able to attract or retain talented professionals required for our business**

The complexity of our business operations requires highly skilled and experienced manpower. Such highly skilled personnel give us a competitive edge. Further the successful implementation of our growth plans would largely depend on the availability of such skilled manpower and our ability to attract such qualified manpower. We may lose many business opportunities and our business would suffer if such required manpower is not available on time. Though we have appropriate human resource policies in place, we may face the risk of losing our key management personnel due to reasons beyond our control and we may not be able to replace them in a satisfactory and timely manner which may adversely affect our business and our future financial performance.

**j) We may not be able to access funds at competitive rates and higher cost of borrowings could have significant impact on the scale of our operations and also profit margins**

Our growing business needs would require us to raise funds through commercial borrowings. Our ability to raise funds at competitive rates would depend on our credit rating, regulatory environment in the country and the liquidity scenario in the economy. The developments in the international markets affect the Indian economy including the financial liquidity position. Our Company is exposed to the risk of liquidity in the financial markets. Changes in economic and financial conditions could make it difficult for the Company to access funds at competitive rates. Being an NBFC, we also face certain restrictions to raise money from international markets which are relatively cheaper sources of money and this further constrains our ability to raise cheaper funds.

**k) The Company faces increasing competition from other established banks and NBFCs. The successful implementation of our growth plans depends on our ability to face the competition**

The Company's main competitors are established commercial banks and NBFCs. Over the past few years, the retail financing area has seen the entry of banks, both nationalized as well as foreign. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low-cost deposits, a factor which can render them less competitive.

**l) Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition**

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside

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of our control. For example, our credit ratings may depend on the financial performance and business prospects of Hero MotoCorp Ltd. and its majority shareholding in our Company. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future.

#### **Risks Relating to the Utilization of Issue Proceeds**

**m) Our management will have significant flexibility in applying proceeds of the Issue**

The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various activities, including but not restricted to, lending and investments, to repay our existing loans, our business operations including capital expenditure and working capital requirements. The Main Objects clause of the Memorandum of Association of the Company permits the Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which the Company has been carrying on till date. Further as per the provisions of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

#### **Risks Relating to the Debentures**

**n) Changes in general interest rates in the economy may affect the price of our NCDs**

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our Debentures.

**o) We are not required to maintain any Debenture Redemption Reserve (DRR) for the Debentures issued under this Disclosure Document**

No Debenture Redemption Reserve is being created for the issue of NCDs in pursuance of this Disclosure Document since creation of Debenture Redemption Reserve is not required for the proposed issue of Debentures. In accordance with rule (18)(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014 clarifies that the Company need not create a Debenture Redemption Reserve for privately placed debentures.

**p) Any downgrading in credit rating of our Debentures may affect the value of Debentures and thus our ability to raise further debts**

The Issuer cannot guarantee that the Company's ratings will not be downgraded. Such a downgrade in the credit ratings may lower the value of the NCDs and may also affect the Issuer's ability to raise further debt.

**q) The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.**

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot

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assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all.

**r) There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.**

In accordance with applicable law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the stock exchanges. There could be a failure or delay in listing the NCDs on the Stock Exchanges for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the stock exchanges, our Company will forthwith repay, with interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Offer Document. There is no assurance that the NCDs issued pursuant to this Issue will be listed on stock exchanges in a timely manner, or at all.

**s) The Debentures may be illiquid**

The Company does not provide any guarantee or assurance that the Debentures will be frequently traded on the Stock Exchange and that there would be any market for the Debentures. It is not possible to predict if and to what extent a secondary market may develop for the Debentures or at what price the Debentures will trade in the secondary market or whether such market will be liquid or illiquid. The fact that the Debentures may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading. The Company may, but is not obliged to, purchase the Debentures at any price on the Stock Exchange or by tender, or private agreement, at any time. Any Debentures so purchased may be resold or surrendered for cancellation. The more limited the secondary market is, the more difficult it may be for holders of the Debentures to realise value for the Debentures prior to settlement of the Debentures. Further, the Company may not be able to issue any further Debentures in case of any disruptions in the securities market.

**t) Early Termination for Extraordinary Reasons, Illegality and Force Majeure :**

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Debentures has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Debentures for any reason, the Issuer may at its discretion and without obligation terminate early the Debentures. If the Issuer terminates early the Debentures, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Debenture an amount determined by the Issuer.

**u) Security may be insufficient to redeem the Debentures**

In the event that the Company is unable to meet its obligations towards the Investors under the terms of the Debenture Trust Deed and the other Transaction Documents, the Trustee may enforce the Security as per the terms of the Debenture Trust Deed and other related documents. However, such enforcement of Security will be subject to the obligations of the Company in terms of extant provisions of applicable law. The Investors' recovery in relation to the Debentures will be subject to sufficient security available for redemption.

## **External Risk Factors**

### **v) We are subject to regulatory and legal risk which may adversely affect our business**

The operations of an NBFC are subject to regulations framed by the RBI and other authorities including regulations relating to foreign investment in India. Compliance with many of the regulations applicable to the Company across jurisdictions including any restrictions on activities currently being carried out by the Company involve a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of the Company could be adversely affected. We are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance.

### **w) Increasing competition from banks, financial institutions and NBFCs**

The successful implementation of Issuers growth plans depends on its ability to face the competition. The main competitors of the Issuer are other NBFCs, financial institutions and banks. The Issuer does not have access to low cost deposits because of which it may become less competitive to those NBFCs or banks which accept deposits.

Many of its competitors have significantly greater financial, technical, marketing and other resources. Many of them also offer a wider range of services and financial products than the Issuer does and have greater brand recognition and a larger client base. As the Issuer ventures into offering newer products, it is likely to face additional competition from those who may be better capitalised, have longer operating history and better management. If the Issuer is unable to manage its business and compete effectively with current or future competitors it might impede its competitive position and profitability.

### **x) Our growth depends on the sustained growth of the Indian economy. An economic slowdown in India and abroad could have direct impact on our operations and profitability**

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The quantum of our disbursements is driven by the growth in demand for vehicles, loans to corporates, mortgages, etc. A slowdown in the economy as a whole can increase the level of defaults thereby adversely impacting the Company's growth plans and the quality of its portfolio.

### **y) Civil unrest, terrorist attacks and war would affect our business**

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India or the major economies of the world may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. This, in turn, could have a material adverse effect on the market for securities including the Debentures. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business and the price and yield of our NCDs.

### **z) Our business may be adversely impacted by natural calamities or unfavourable climatic changes**

India, Bangladesh, Pakistan, Indonesia and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of avian flu/ swine flu. The extent and severity of these natural disasters and pandemics determines their impact on these economies and in turn affects the financial services sector of which our Company is a part. Prolonged spells of abnormal rainfall and other

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natural calamities could have an adverse impact on the economies in which we have operations, which could adversely affect our business and the price of our NCDs.

**aa) Conditions in the Indian Debt market may affect the coupon on the Debentures.**

Even though the Government securities market is more liquid compared to other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. The Central and State Governments are the issuers of the local currency debt. The Government raises money to meet its capital and revenue expenditure by issuing debt or discounted securities. Since these securities carry minimal risks, they may command lower yields. The performance may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems. The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies.

**bb) Any downgrading of India's sovereign rating by an international rating agency(ies) may affect our business and our liquidity to a great extent**

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial performance and our ability to obtain financing to fund our growth on favourable terms, or at all.

**Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:**

- i) **Statutory dues** : No Default
- ii) **Debentures and interest thereon** : No Default
- iii) **Deposits and interest thereon** : No Default
- iv) **Loan from any bank or financial institution and interest thereon** : No Default

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#### 4) ISSUER INFORMATION

**a. About the Issuer**

Hero FinCorp Limited (HFCL), formerly known as Hero Honda Finlease Limited, was incorporated under the provisions of the Companies Act, 1956 as a public company on December 16, 1991. The certificate of commencement of business of the Company was issued on January 13, 1992. Subsequently, the name was changed from Hero Honda Finlease Limited to Hero FinCorp Limited after passing the necessary Special Resolution under Section 21 of the Companies Act, 1956 and a fresh Certificate of Incorporation bearing no. U74899DL1991PLC046774 was issued by the office of Registrar of Companies, NCT of Delhi and Haryana on July 26, 2011.

|   |   |
|---|---|
| <b>Name</b>                                     | <b>Hero FinCorp Ltd.</b>  |
| <b>Company Registration No.</b>                 | U74899DL1991PLC046774   |
| <b>RBI Registration No.</b>                     | 14.00266  |
| <b>Date of Incorporation</b>                    | December 16, 1991   |
| <b>Registered office</b>                        | 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi 110 057   |
| <b>Corporate Office</b>                         | 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi 110 057  |
| <b>Company's Website</b>                        | <a href="http://www.herofincorp.com">www.herofincorp.com</a>  |
| <b>Company Secretary and Compliance Officer</b> | Mr. Shivendra Suman, Head - Compliance & Company Secretary<br>Address: 09, Community Centre, Basant Lok, Vasant Vihar, New Delhi 110 057.<br>E-mail: <a href="mailto:shivendra.suman@herofincorp.com">shivendra.suman@herofincorp.com</a><br>Phone No.: +91 11 49487150 |
| <b>CFO of the Issuer</b>                        | Mr. Jayesh Jain, Chief Financial Officer<br>E-Mail: <a href="mailto:jayesh.jain@herofincorp.com">jayesh.jain@herofincorp.com</a>  |
| <b>Arranger to issue</b>                        | -   |
| <b>Debenture Trustee</b>                        | <b>Vistra ITCL (India) Ltd.</b><br>The IL&FS Financial Centre, Plot C- 22, G Block, Bandra Kurla Complex, Bandra(E), Mumbai – 400051  |
| <b>Registrar and Transfer Agents</b>            | <b>KFin Technologies Private Limited</b><br>Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032; Phone: 040 -6716 2222, Fax: 040-2300 1153  |
| <b>Credit Rating Agency/ies for the Issuer</b>  | <b>CRISIL Limited</b><br>Registered Office: Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076<br><br><b>ICRA Limited</b><br>Registered Office: 1105, Kailash Building, 11th Floor, 26, Kasturbha Gandhi Marg, New Delhi - 110001.                       |
| <b>Auditors of the Issuer</b>                   | <b>B S R &amp; Co LLP</b><br>(Firm Registration No. 101248W/W100022)<br>DLF Building No. 10, 12th Floor, Tower C, DLF Cyber City, Phase -II, Gurugram 122002, Haryana.  |

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### b. Brief summary of Business/Activities of the Issuer and its line of Business

#### i. Overview of the Company and Business

Hero FinCorp Limited (HFCL) is registered as Non-Deposit accepting Non-Banking Finance Company as per RBI Regulations with Registration No. 14.00266. The company primarily deals in financing retail and corporate customers through products including two-wheeler financing, term loans, working capital loans, loan against property, bill discounting, leasing, etc. The company is building a strong market presence in the products it is offering.

**Retail Business** - On the retail side, the Company primarily deals with financing of two-wheelers of Hero MotoCorp Ltd. through the dealerships and customer touch points of Hero MotoCorp Ltd. The customers are both salaried and self-employed. Further, other products are offered under retail loans are unsecured personal loans and Used Car Loans.

**Corporate Business** - The Company offers various products to its corporate customers such as working capital loans, term loans, bill discounting, leasing, loan against property, unsecured business loans and inventory financing. The target entities are small to mid-market players having various financing needs.

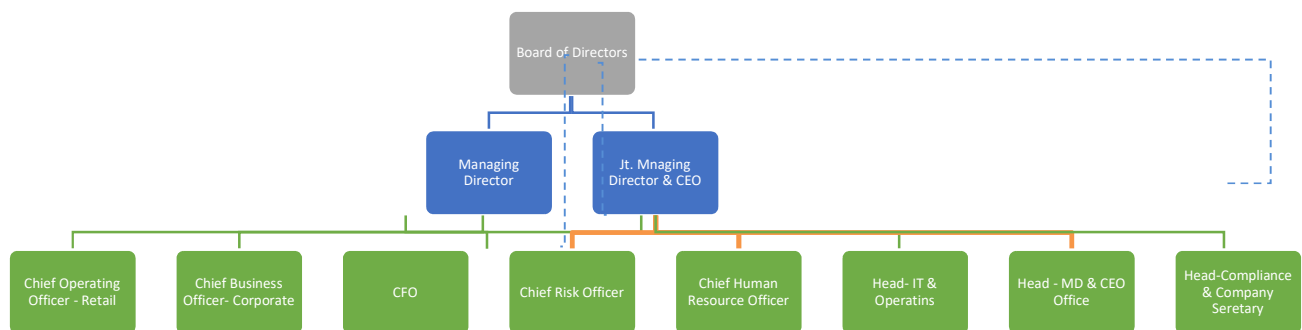
#### Branch details as on March 31, 2021:

| S. No. | Branch Name       | Branch Address   | City      |
|--------|-------------------|--|-----------|
| 1.     | Registered Office | 34, COMMUNITY CENTRE, BASANT LOK,VASANT VIHAR  | New Delhi |
| 2.     | Corporate Office  | 9, COMMUNITY CENTRE, BASANT LOK,VASANT VIHAR   | New Delhi |
| 3.     | Corporate Office  | A-44, MOHAN CO-OPERATIVE INDUSTRIAL ESTATE NEAR MOHAN ESTATE METRO STATION, MATHURA ROAD, NEW DELHI , 110044 – INDIA | New Delhi |

#### Major Events

None

#### ii. Corporate Structure as on March 31, 2021





**For Private Circulation Only**

**Senior Management Team as on March 31, 2021:**

| Name                      | Age | Designation                                  | Qualification                           | Years in HFCL | Total work Experience |
|---------------------------|-----|--|---|---------------|-----------------------|
| Mr. Jayesh Jain           | 43  | Chief Financial Officer (CFO)                | C.A, CISM,CISA and B.Com                | 4             | 21                    |
| Mr. Ajay Sahasrabuddhe    | 50  | Chief Operating Officer – Retail             | PGDBA                                   | 9             | 27                    |
| Mr. Mahesh Kumar Sanghavi | 47  | Chief Business Officer – Corporate           | ICWA                                    | 6             | 22                    |
| Ms. Srishti Sethi         | 51  | Chief Risk Officer                           | Diploma in Business Management from IMS | 1             | 23                    |
| Ms. Priya Kashyap         | 43  | Head - CEO Office                            | B.Com                                   | 4             | 24                    |
| Mr. Sajin Mangalathu      | 48  | Head - Information Technology and Operations | B. Tech-IIT, MBA-IIM                    | 5             | 23                    |
| Ms. Preemita Singh        | 43  | Chief Human Resource Officer                 | Master in HR, Labour Law & Welfare      | 3             | 23                    |
| Mr. Shivendra Suman       | 45  | Head- Compliance & Company Secretary         | CS, LLB                                 | 3             | 16                    |

**List of subsidiaries:** One wholly subsidiary company viz. Hero Housing Finance Limited (“HHFL”). HHFL is registered as housing finance company under the provisions of Section 29A of the NHB Act, 1987 vide certificate dated August 21, 2017. HHFL is engaged in the business of providing housing loans.

**iii. Key Operational and Financial Parameters**

(₹ in Crore)

| Consolidated                                      | 31-03-2021 | 31-03-2020 | 31-03-2019 |
|---|------------|------------|------------|
|   | (IND AS)^  | (IND AS)^  | (IND AS)^  |
| <b>Parameters</b>                                 |            |            |            |
| <b>For Financial Entities</b>                     |            |            |            |
| <b>Financial Assets</b>                           |            |            |            |
| Cash and cash equivalents                         | 1,106.87   | 2,343.94   | 106.68     |
| Bank balance other than cash and cash equivalents | 116.13     | 0.52       | 0.55       |
| Trade receivables                                 | 7.98       | 7.87       | 4.34       |
| Loans (Net of ECL Provisions) **                  | 26,194.70  | 24,263.09  | 19,771.20  |
| Investments                                       | 1,917.23   | 78.84      | 811.98     |
| Other financial assets                            | 113.10     | 32.74      | 51.62      |
| <b>Non-Financial Assets</b>                       |            |            |            |
| Current tax assets (net)                          | 42.43      | 40.84      | 16.39      |
| Deferred tax assets (net)                         | 341.07     | 254.55     | 176.63     |
| Property, plant and equipment                     | 53.05      | 72.27      | 82.08      |
| Right-of-use assets                               | 40.14      | 56.90      | 0          |
| Capital work-in-progress                          | 0.00       | 0.04       | 0          |
| Other intangible assets                           | 22.54      | 19.32      | 21.69      |
| Intangible assets under development               | 0.61       | 0.61       | 0.16       |

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|   |           |           |          |
|---|-----------|-----------|----------|
| Other non-financial assets              | 40.19     | 27.60     | 25.41    |
| <b>Financial Liabilities</b>            |           |           |          |
| Trade payables                          | 257.68    | 168.66    | 72.85    |
| Debt securities                         | 4,235.94  | 5,253.94  | 5,672.09 |
| Borrowings (other than debt securities) | 19,156.51 | 16,130.76 | 4,813.65 |
| Subordinated liabilities                | 642.91    | 573.06    | 300      |
| Lease liabilities                       | 44.37     | 59.02     | 0        |
| Other financial liabilities             | 595.59    | 405.62    | 359.51   |
| <b>Non-financial liabilities</b>        |           |           |          |
| Current tax liabilities (net)           | 8.60      | 60.14     | 14.87    |
| Provisions                              | 41.68     | 34.31     | 14.9     |
| Other non-financial liabilities         | 45.00     | 42.28     | 26.23    |
| <b>Equity</b>                           | 0.00      | 0.00      |          |
| Equity share capital                    | 127.31    | 121.54    | 98.45    |
| Other equity                            | 4,840.45  | 4,349.80  | 2,150.00 |
|   |           |           |          |
| Interest Income/Total Income            | 4,333.52  | 3,855.18  | 2,518.47 |
| Interest Expenses                       | 1,710.31  | 1629.2214 | 1,124.71 |
| Impairment allowance on loans           | 1,417.74  | 649.86    | 138.13   |
| PAT                                     | 51.63     | 278.03    | 245.75   |
| Gross Stage 3 (%)                       | 6.96%     | 6.06%     | 4.34%    |
| Net Stage 3 (%)                         | 4.30%     | 3.82%     | 2.91%    |
| Tier I Capital Adequacy (Standalone)    | 16.9%     | 16.6%     | 16.3%    |
| Tier II Capital Adequacy (Standalone)   | 2.8%      | 2.9%      | 3.0%     |

\*\* Gross Loan book as Mar 31, 2021, Mar 31, 2020 & Mar 31, 2019 are stood at Rs.27,474.93 Crore, Rs. 25,156.50 Crore and Rs. 20,253.80 Crore respectively.

^All the above numbers are on IND-AS basis and presented as per relevant accounting standards and policies.

**Gross Debt/Equity Ratio of the Company (Standalone basis) :-**

|  |            |
|--|------------|
| Debt Outstanding as on 31.03.2021 (₹ In Crore)   | 21,816.43  |
| Net Worth as on 31.03.2021 (₹ In Crore)          | 5,041.54   |
| Debt Equity Ratio before the issue of Debentures | 4.33 Times |
| Debt Equity Ratio after the issue of Debentures* | 4.37 Times |

\*Assuming the entire offer will be subscribed including the green shoe

**c. Brief history of the Issuer**

Hero FinCorp Limited (HFCL), formerly Hero Honda Finlease Limited, was incorporated by Hero MotoCorp Ltd. (formerly known as Hero Honda Motors Limited). The Company was initially started with a paid-up capital of ₹1 Crore. Later in the year 1992-93, the paid up capital was enhanced to ₹4.40 Crore. Further in the year 1993-94, the paid up capital was enhanced to ₹4.99 Crore. The paid up capital was increased to ₹9.05 Crore after due conversion of FCD issued on rights basis on March 31, 1996. It was further enhanced to ₹18.10 Crore in view of the allotment of equity shares in the ratio of 1:1 via the Rights Issue. The paid up capital was further increased to ₹45.25 Crore in year 2014 and ₹79.18 Crore in year 2015. During the year 2016, the paid up share capital was increased to ₹87.99 Crores, and thereafter increased to ₹92.68 crore, after the conversion of partly paid up equity shares into fully paid up. The paid up capital has been further enhanced to ₹98.45 Crore, after conversion of partly paid up share warrants during the FY 2018. In August, 2018, the Company has allotted 1,57,51,300 partly paid equity shares of Rs. 10 each for cash at a price of Rs.750 each (Rs. 375 per equity shares being called at the time of application) on rights basis in the ratio of 4:25. In February, 2019, the Company has called

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first & final call money of Rs. 375 per equity share from the eligible shareholders under rights issue. Post receipt of First and Final Call money, the paid up capital of the Company has increased to Rs. 114.15 Crore. During the quarter ended March 31, 2020, the Company on preferential basis through private placement has issued and allotted 1,31,09,753 partly paid equity shares of face value of ₹10 each having paid up value of ₹ 5.6 each. Post receipt of that, the paid-up capital of the Company has increased to Rs. 121.54 crore. Upon receipt of balance call money, , the Company on December 24, 2020, had converted 989 partly paid equity shares of face value of Rs. 10 each into fully paid which were issued via Rights Issue. Further on February 18, 2021, the Company had converted 1,31,09,753 partly paid equity shares of face value of ₹10 into fully paid up which were issued via preferential basis through private placement. As on March 31, 2021, the paid-up share capital stands increased to Rs. 127.31crore.

The company has an uninterrupted dividend paying record since inception.

**i. Details of Share Capital as on 31.03.2021:-**

| Share Capital   | Aggregate Nominal Value (in ₹) |
|---|--------------------------------|
| <b>Authorized Share Capital</b>   |                                |
| 15,00,00,000 Equity Shares of face value of ₹ 10 each                                     | 150,00,00,000                  |
| <b>Issued and Subscribed Capital</b>  |                                |
| 12,73,06,674 Equity Shares of face value of ₹ 10 each                                     | 1,27,30,66,740                 |
| <b>Paid-up Capital</b>  |                                |
| 12,73,05,868 Equity Shares of face value of ₹ 10 each                                     | 1,27,30,58,680                 |
| 806 partly paid equity shares of face value of ₹ 10 each having paid up value of ₹ 5 each | 4,030                          |
| <b>Total</b>  | <b>1,27,30,62,710</b>          |

**ii. Changes in capital structure as on 31.03.2021 (for last five years):-**

| Date of Allotment                | Increase in share capital (₹) | Share capital post issue(₹) | Particulars   |
|----------------------------------|-------------------------------|-----------------------------|---|
| 05 <sup>th</sup> February, 2013  | 9,05,00,000                   | 18,10,00,000                | Rights Issue in the ratio of 1:1                                      |
| 26 <sup>th</sup> June, 2014      | 27,15,00,000                  | 45,25,00,000                | Rights Issue in the ratio of 3:2                                      |
| 7 <sup>th</sup> August, 2015     | 33,93,75,000                  | 79,18,75,000                | Rights Issue in the ratio of 4:3                                      |
| 15 <sup>th</sup> September, 2016 | 13,49,22,160                  | 92,67,97,160                | Private Placement   |
| 22 <sup>nd</sup> February, 2018  | 5,76,59,050                   | 98,44,56,210                | Private Placement   |
| 23 <sup>rd</sup> August, 2018    | 7,87,56,500                   | 106,32,12,710               | Rights Issue in the ratio of 4:25                                     |
| 28 <sup>th</sup> March, 2019     | 7,82,62,805                   | 114,14,75,515               | First & Final Call money of Rights Issue                              |
| 20 <sup>th</sup> June, 2019      | 4,69,020                      | 114,19,44,535               | Second tranche under Rights Issue                                     |
| 20 <sup>th</sup> December, 2019  | 15,700                        | 114,19,60,235               | Second tranche under Rights Issue (First & Final Call money Reminder) |
| 20 <sup>th</sup> February, 2020  | 1,22,72,794                   | 1,21,06,87,881.40           | Preferential Allotment  |
| 18 <sup>th</sup> March, 2020     | 8,36,959                      | 1,21,53,74,851.80           | Preferential Allotment  |
| 24 <sup>th</sup> December, 2020  | 989                           | 1,21,53,79,796.80           | Second tranche under Rights Issue (First & Final Call money           |

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|                                 |             |                   |  |
|---------------------------------|-------------|-------------------|--|
|                                 |             |                   | Reminder -Conversion from Partly paid to fully paid) |
| 18 <sup>th</sup> February, 2021 | 1,31,09,753 | 1,27,30,62,710.00 | First & Final Call on Preferential Allotment         |

**iii. Equity Share Capital history of the Company as on 31.03.2021**

| Date of allotment | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature of Payment | Nature of Allotment                | Cumulative           |                     |                    |
|-------------------|----------------------|----------------|-----------------|-------------------|------------------------------------|----------------------|---------------------|--------------------|
|                   |                      |                |                 |                   |                                    | No. Of equity shares | Paid-up Capital (₹) | Share Premium (₹)  |
| 20-12-1991        | 70                   | 10             | 10              | Cash              | Issue to Subscribers of Memorandum | 70                   | 700                 | -                  |
| 30-03-1992        | 10,00,000            | 10             | 10              | Cash              | Private Placement                  | 10,00,070            | 1,00,00,700         | -                  |
| 19-05-1992        | 10,00,000            | 10             | 10              | Cash              | Private Placement                  | 20,00,070            | 2,00,00,700         | -                  |
| 22-05-1992        | 13,16,800            | 10             | 10              | Cash              | Private Placement                  | 33,16,870            | 3,31,68,700         | -                  |
| 10-06-1992        | 4,40,800             | 10             | 10              | Cash              | Private Placement                  | 37,57,670            | 3,75,76,700         | -                  |
| 22-12-1992        | 4,58,400             | 10             | 10              | Cash              | Private Placement                  | 42,16,070            | 4,21,60,700         | -                  |
| 26-02-1993        | 46,200               | 10             | 10              | Cash              | Private Placement                  | 42,62,270            | 4,26,22,700         | -                  |
| 29-03-1993        | 1,36,400             | 10             | 10              | Cash              | Private Placement                  | 43,98,670            | 4,39,86,700         | -                  |
| 29-09-1994        | 6,01,300             | 10             | 10              | Cash              | Private Placement                  | 49,99,970            | 4,99,99,700         | -                  |
| 31-03-1996        | 40,50,030            | 10             | 15              | Cash              | Rights Issue                       | 90,50,000            | 9,05,00,000         | 2,02,50,150        |
| 05-02-2013        | 90,50,000            | 10             | 115             | Cash              | Rights Issue                       | 1,81,00,000          | 18,10,00,000        | 97,05,00,150       |
| 26-06-2014        | 2,71,50,000          | 10             | 115             | Cash              | Rights Issue                       | 4,52,50,000          | 45,25,00,000        | 3,82,12,50,150     |
| 07-08-2015        | 3,39,37,500          | 10             | 120             | Cash              | Rights Issue                       | 7,91,87,500          | 79,18,75,000        | 7,55,43,75,150     |
| 15-09-2016        | 1,34,92,216          | 10             | 520.3           | Cash              | Private Placement                  | 9,26,79,716          | 92,67,97,160        | 1443,94,52,974.80  |
| 22-02-2018        | 57,65,905            | 10             | 520.3           | Cash              | Private Placement                  | 9,84,45,621          | 98,44,56,210        | 1738,17,94,296.30  |
| 23-08-2018        |                      |                |                 |                   |                                    |                      | 106,32,12,710       | 2320,97,75,296.30  |
| 28-03-2019        |                      |                |                 |                   |                                    |                      | 114,14,75,515       | 2900,12,22,866.30  |
| 20-06-2019        | 1,57,51,300          | 10             | 750             | Cash              | Rights Issue                       | 11,41,96,921         | 114,19,44,535       | 2903,63,99,366.30  |
| 20-12-2019        |                      |                |                 |                   |                                    |                      | 114,19,60,235       | 29,03,75,61,166.30 |
| 24-12-2020        |                      |                |                 |                   |                                    |                      | 114,19,65,180       | 29,03,93,90,816.30 |
| 20-02-2020        | 1,31,09,753*         | 10             | 820*            | Cash              | Private Placement                  | 12,73,06,674         | 1,21,06,87,881.40   | 34,61,43,18,759.90 |
| 18-03-2020        |                      |                |                 |                   |                                    |                      | 1,21,53,74,851.80   | 34,99,46,32,929.50 |
| 18-02-2021        | 1,31,09,753*         | 10             | 820             | Cash              | Private Placement                  | 12,73,06,674         | 1,27,30,62,710.00   | 39,66,09,12,696.90 |

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\* Rs. 820 (Rupees Eight Hundred Twenty) which includes face value of Rs. 10 (Rupees Ten) per equity share, which was paid-up in the following two tranches:

(i) Rs. 460 (Rupees Four Hundred Sixty) including face value of Rs. 5.60 (Rupees Five and Sixty Paise) and premium of Rs. 454.40 (Rupees Four Hundred Fifty-Four and Forty Paise) per equity share was paid at application and allotment; and

(ii) Rs. 360 (Rupees Three Hundred Sixty) including face value of Rs. 4.40 (Rupees Four and Forty Paise) and premium of Rs. 355.60 (Rupees Three Hundred Fifty-Five and Sixty Paise) per equity share was paid within 12 (Twelve) months of allotment i.e. on 18<sup>th</sup> February, 2021

**iv. Details of any Acquisition or Amalgamation in the last 1 year.**

The Company has not made any acquisition or amalgamation during last one year.

**v. Details of Re-organization or Reconstruction in last 1 year.**

No reorganization or reconstruction was done during the last one year.

**vi. Details of shareholding of the Company as at 31.03.2021**

| Hero FinCorp Limited |                                       |                     |                             |              |                     |                             |              |
|----------------------|---------------------------------------|---------------------|-----------------------------|--------------|---------------------|-----------------------------|--------------|
| Sr. No.              | Name & Address                        | Pre Issue           |                             |              | Post Issue          |                             |              |
|                      |                                       | Total No. of Shares | No. of shares in demat form | %            | Total No. of Shares | No. of shares in demat form | %            |
| <b>A.</b>            | Promoters' holding                    |                     |                             |              |                     |                             |              |
| 1.                   | Indian                                |                     |                             |              |                     |                             |              |
|                      | Individual/HUF                        | 1,57,48,106         | 1,57,48,106                 | 12.37        | 1,57,48,106         | 1,57,48,106                 | 12.37        |
|                      | Body Corporate                        | 8,36,83,633         | 8,36,83,633                 | 65.74        | 8,36,83,633         | 8,36,83,633                 | 65.74        |
|                      | Trust                                 | 18,24,693           | 18,24,693                   | 1.43         | 18,24,693           | 18,24,693                   | 1.43         |
|                      | <b>Sub-total</b>                      | <b>10,12,56,432</b> | <b>10,12,56,432</b>         | <b>79.54</b> | <b>10,12,56,432</b> | <b>10,12,56,432</b>         | <b>79.54</b> |
| 2.                   | Foreign promoters                     | -                   | -                           | -            | -                   | -                           | -            |
|                      | <b>Sub-total (A)</b>                  | <b>10,12,56,432</b> | <b>10,12,56,432</b>         | <b>79.54</b> | <b>10,12,56,432</b> | <b>10,12,56,432</b>         | <b>79.54</b> |
| <b>B.</b>            | Non-Promoters' holding                |                     |                             |              |                     |                             |              |
| 1                    | Institutional Investor                | -                   | -                           | -            | -                   | -                           | -            |
| 2.                   | Non-institutional Investors           |                     |                             |              |                     |                             |              |
|                      | Private corporate bodies              | -                   | -                           | -            | -                   | -                           | -            |
|                      | Directors and Relatives               | -                   | -                           | -            | -                   | -                           | -            |
|                      | Indian public^(including partly paid) | 78,56,424           | 57,66,910                   | 6.17         | 78,56,424           | 57,66,910                   | 6.17         |

**For Private Circulation Only**

|  |                     |                     |               |                     |                     |               |
|--|---------------------|---------------------|---------------|---------------------|---------------------|---------------|
| Others<br>[including Non-<br>resident Indians<br>(NRIs)] | 1,81,93,818         | 1,81,83,818         | 14.29         | 1,81,93,818         | 1,81,83,818         | 14.29         |
| Sub-total<br>(B)(including<br>partly paid)               | 2,60,50,242         | 2,39,50,728         | <b>20.46</b>  | 2,60,50,242         | 2,39,50,728         | <b>20.46</b>  |
| <b>Grand<br/>Total</b> (including<br>partly paid)        | <b>12,73,06,674</b> | <b>12,52,07,160</b> | <b>100.00</b> | <b>12,73,06,674</b> | <b>12,52,07,160</b> | <b>100.00</b> |

Number of Equity' Shares pledged or encumbered by the promoters – Nil

^includes shares held by IEPF,HUF etc

**vii. List of top ten equity shares holders of the Company as on 31.03.2021:-**

| S. No | Name of shareholder                           | Category of shareholder | Total no. of equity shares | No. of shares in Demat form | Total shareholding as % of total no. of equity shares |
|-------|---|-------------------------|----------------------------|-----------------------------|---|
| 1.    | Hero MotoCorp Limited                         | Promoter                | 5,24,31,893                | 5,24,31,893                 | 41.19   |
| 2.    | Bahadur Chand Investments Private Limited     | Promoter                | 2,58,96,764                | 2,58,96,764                 | 20.34   |
| 3.    | Otter Limited                                 | Foreign Investor        | 1,28,82,170                | 1,28,82,170                 | 10.12   |
| 4.    | Suman Kant Munjal*                            | Promoter                | 4,094,737                  | 4,094,737                   | 3.22  |
| 5.    | Renu Munjal*                                  | Promoter                | 4,094,737                  | 4,094,737                   | 3.22  |
| 6.    | Pawan Munjal*                                 | Promoter                | 3,608,812                  | 3,608,812                   | 2.83  |
| 7.    | Hero Investcorp Private Limited               | Promoter                | 34,33,008                  | 34,33,008                   | 2.70  |
| 8.    | Credit Suisse (Singapore) Limited             | Foreign Investor        | 29,30,985                  | 29,30,985                   | 2.30  |
| 9.    | Apis Growth II (Hibiscus) Pte Ltd             | Foreign Investor        | 20,48,781                  | 20,48,781                   | 1.61  |
| 10.   | Munjal Acme Packaging Systems Private Limited | Promoter                | 1,921,968                  | 1,921,968                   | 1.51  |

\*The shares are held in the individual name of partners, on behalf of BrijMohan Lall Om Parkash, Partnership Firm

**e. Details regarding the directors of the Company:-**

**i. Details of current Directors of the Company**

| S.No. | Name, Designation and DIN              | Age (Years) | Address                           | Director of the Company since | Other Directorships as 31.03.2021*                  |
|-------|--|-------------|-----------------------------------|-------------------------------|---|
| 1     | Mr. Pawan Munjal<br>(Chairman and Non- | 66          | B-109, Greater Kailash, Part - 1, | 01-04-1986<br>29-05-2010      | Hero MotoCorp Limited<br>Rockman Industries Limited |

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|   |   |    |  |  |  |
|---|---|----|--|--|--|
|   | <i>Executive Director</i><br>DIN: 00004223<br>Occupation: Business<br>Director since:<br>16-12-1991   |    | New Delhi - 110<br>048   | 20-05-2010<br><br>20-05-2010<br>25-08-2008<br><br>16-08-2016<br><br>31-01-2017   | Bahadur Chand Investments Private Limited<br>Hero InvestCorp Private Limited<br>Indian School of Business<br><br>Munjal Acme Packaging Systems Private Limited<br>PAN Mining Private Limited   |
| 2 | Mrs. Renu Munjal<br><i>(Managing Director)</i><br>DIN: 00012870<br>Occupation: Business<br>Director since:<br>11-07-1992  | 66 | B-109, Greater<br>Kailash, Part - 1,<br>New Delhi - 110<br>048   | 20-05-2010<br>20-05-2010<br>20-05-2010<br><br>20-05-2010<br><br>04-06-2015<br>27-01-2016<br>16-06-2016<br>15-03-2018<br><br>07-08-2018 | Rockman Auto Private Limited<br>Hero InvestCorp Private Limited<br>Bahadur Chand Investments Private Limited<br>Munjal Acme Packaging Systems Private Limited<br>Hero Electronix Private Limited<br>BM Munjal Energies Private Limited<br>Hero Housing Finance Limited<br>Hero Future Energies Private Limited<br>(Formerly Clean Solar Power (Hiriyur)<br>Private Limited)<br>RKMFT Private Limited |
| 3 | Mr. Abhimanyu<br>Munjal<br><i>(Joint Managing<br/>Director &amp; CEO)</i><br>DIN: 02822641<br>Occupation: Business<br>Director since:<br>01-06-2016               | 37 | B-109, Greater<br>Kailash, Part - 1,<br>New Delhi - 110<br>048   | 02-07-2012<br>19-05-2015<br><br>16-06-2016<br>15-03-2018<br><br>07-08-2018<br>19-09-2018<br>20-01-2020                                 | Foodcraft India Private Limited<br>Advantedge Technology Partners Private Limited<br>Hero Housing Finance Limited<br>Hero Future Energies Private Limited<br>(Formerly Clean Solar Power (Hiriyur)<br>Private Limited)<br>RKMFT Private Limited<br>AMFT Private Limited<br>Advantedge Investment Advisors LLP  |
| 4 | Mr. Pradeep Dinodia<br><i>(Non-Executive &amp;<br/>Independent<br/>Director)</i><br>DIN: 00027995<br>Occupation:<br>Professional<br>Director since:<br>29-05-2016 | 67 | 9-A, Maharani<br>Bagh,<br>Srinivaspuri,<br>New Delhi –<br>110065   | 18-07-1994<br>31-03-2001<br>16-05-2003<br>05-09-2013   | DCM Shriram Limited<br>Hero MotoCorp Limited<br>Shriram Pistons and Rings Limited<br>S R Dinodia & Co. LLP   |
| 5 | Mr. Sanjay Kukreja<br><i>(Non-Executive<br/>Director)</i><br>DIN: 00175427<br>Occupation: Service<br>Director since:<br>15-09-2016                                | 43 | A - 362, Defence<br>Colony, Lajpat<br>Nagar, New<br>Delhi - 110024   | 21-05-2012<br>03-12-2018<br><br>29-02-2016<br>21-05-2020   | Nuvo Chryscapital Advisors Private Limited<br>GEBBS Healthcare Solutions Private Limited<br>Chryscapital Advisors LLP<br>Intas Pharmaceuticals Limited   |
| 6 | Mr. Vivek Chaand<br>Sehgal<br><i>(Non-Executive &amp;<br/>Independent<br/>Director)</i><br>DIN: 00291126<br>Occupation: Business<br>Director since:<br>06-12-2019 | 64 | Villa No. 40,<br>Dubai Creek<br>Villas Dubai<br>Creek Golf and<br>Yacht Club, Port<br>Saeed, Deira,<br>Deira NA AE | 22-11-1983<br>19-12-1986<br>20-07-1992<br>09-10-1997<br><br>09-12-2004<br><br>23-04-2007<br><br>16-04-2008                             | Motherson Auto Limited<br>Motherson Sumi Systems Limited<br>Motherson Techno Tools Limited<br>Kyungshin Industrial Motherson Private Limited<br>Samvardhana Motherson International Limited<br>Fritzmeier Motherson Cabin Engineering Private Limited<br>Marelli Motherson Automotive Lighting India Private Limited   |

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|  |  |  |  |            |   |
|--|--|--|--|------------|---|
|  |  |  |  | 14-11-2017 | Sun Pharmaceutical Industries Limited         |
|  |  |  |  | 05-02-2018 | Renu Farms Private Limited                    |
|  |  |  |  | 24-04-2019 | Shri Sehgal's Trustee Company Private Limited |
|  |  |  |  | 02-07-2020 | Motherson Sumi Wiring India Limited           |

Note: None of the directors' name appear in the RBI defaulter list and/or ECGC default list

\* only Indian Companies/LLPs

**ii. Details of the change in Directors since last three years :-**

| S. No. | Name                    | Designation                   | DIN      | Date of Appointment | Date of Cessation |
|--------|-------------------------|-------------------------------|----------|---------------------|-------------------|
| 1      | Mr. Abhimanyu Munjal    | Joint Managing Director & CEO | 02822641 | 01-Jun-16           | -                 |
| 2      | Mr. Pradeep Dinodia     | Independent Director          | 00027995 | 29-May-16           | -                 |
| 3      | Mr. Sanjay Kukreja      | Director                      | 00175427 | 15-Sep-16           | -                 |
| 4      | Mr. D. N. Davar         | Independent Director          | 00002008 | 30-Aug-95           | 06-Sep-19         |
| 5      | Mr. Vivek Chaand Sehgal | Independent Director          | 00291126 | 06-Dec-19           | -                 |

**f. Following details regarding the Auditors of the Company:-**

**i. Details of the Auditors of the Company:-**

| Name   | Address  | Auditor since                          |
|--|--|--|
| B S R & Co. LLP<br>(Firm Registration No. 101248W/W100022) | DLF Building No. 10, 12 <sup>th</sup> Floor, Tower C, DLF Cyber City, Phase - II, Gurugram 122002, Haryana | w.e.f 21 <sup>st</sup> September, 2018 |

**ii. Details of change in Auditors since last 3 years:-**

| Name  | Address  | Date of Appointment/Resignation                       | Auditor of the Company since (in case of Resignation) | Remarks |
|---|--|---|---|---------|
| B S R & Co. LLP (Firm Registration No.101248W/W100022)                          | DLF Building No. 10, 12 <sup>th</sup> Floor, Tower C, DLF Cyber City, Phase II, Gurugram 122002, Haryana | Date of Appointment: 21 <sup>st</sup> September, 2018 | N.A.  |         |
| Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 015125N) | 7th Floor, Building 10, Tower B, DLF Cyber City Complex, DLF City Phase II, Gurgaon, Haryana – 122002    | Date of Resignation: 21 <sup>st</sup> September, 2018 | Date of Appointment: 19 <sup>th</sup> July 2013       |         |



**For Private Circulation Only**

**g. Details of borrowings of the Company as on quarter ending 31.03.2021 (Standalone):-**

**i. Details of Secured Loan Facilities: -**

| <b>Lender</b>                          | <b>Type of Facility</b> | <b>Sanctioned Amount (₹ Crore)</b> | <b>Outstanding Amount (₹ Crore)</b> | <b>Repayment Terms / Date</b>   |
|--|-------------------------|------------------------------------|-------------------------------------|---|
| Axis Bank                              | WCL                     | 200.00                             | 164.98                              | On Demand/Bullet as applicable  |
| BNP Paribas                            | WCL                     | 35.00                              | 0.00                                | On Demand/Bullet as applicable  |
| Bank of Baroda                         | WCL                     | 100.00                             | 60.00                               | On Demand/Bullet as applicable  |
| MUFG Bank Limited                      | WCL                     | 200.00                             | 200.00                              | On Demand/Bullet as applicable  |
| Citi Bank                              | WCL                     | 320.00                             | 304.03                              | On Demand/Bullet as applicable  |
| CTBC Bank                              | WCL                     | 45.00                              | 40.00                               | On Demand/Bullet as applicable  |
| DCB Bank                               | WCL                     | 50.00                              | 0.00                                | On Demand/Bullet as applicable  |
| HDFC Bank                              | WCL                     | 120.00                             | 0.00                                | On Demand/Bullet as applicable  |
| HSBC                                   | WCL                     | 50.00                              | 0.00                                | On Demand/Bullet as applicable  |
| Federal Bank                           | WCL                     | 50.00                              | 0.00                                | On Demand/Bullet as applicable  |
| ICICI Bank                             | WCL                     | 200.00                             | 123.16                              | On Demand/Bullet as applicable  |
| Indian Bank                            | WCL                     | 200.00                             | 180.27                              | On Demand/Bullet as applicable  |
| Punjab National Bank                   | WCL                     | 700.00                             | 312.00                              | On Demand/Bullet as applicable  |
| RBL Bank                               | WCL                     | 25.00                              | 0.00                                | On Demand/Bullet as applicable  |
| Standard Chartered Bank                | WCL                     | 100.00                             | 0.00                                | On Demand/Bullet as applicable  |
| State Bank of India                    | WCL                     | 100.00                             | 0.00                                | On Demand/Bullet as applicable  |
| Union Bank of India                    | WCL                     | 250.00                             | 115.00                              | On Demand/Bullet as applicable  |
| Axis Bank                              | Term Loan               | 300.00                             | 150.00                              | Repayment in 4 semi-annual instalments after a moratorium of 36 months  |
| Axis Bank                              | Term Loan               | 125.00                             | 93.75                               | Repayment in 8 equal half yearly instalments at the end of 18th, 24th, 30th, 36th, 40th, 48th, 54th and 60th month from the date of first disbursement. |
| Axis Bank                              | Term Loan               | 275.00                             | 275.00                              | Repayment in 6 semi-annual instalments after a moratorium of 12 months  |
| Axis Bank                              | Term Loan               | 250.00                             | 250.00                              | Moratorium of 1 year and repayment in 7 half yearly instalments with first five instalments of Rs.30 cr each and balance two instalments of Rs.50 cr.   |
| Bank of America N.A. (Hong Kong)       | ECB                     | 200.00                             | 200.00                              | Bullet Repayment at the end of 3 years  |
| Bank of Baroda                         | Term Loan               | 1,000.00                           | 875.00                              | Repayable in 20 quarterly instalments.  |
| Bank of Baroda (Erstwhile Vijaya Bank) | Term Loan               | 200.00                             | 160.00                              | Repayable in 10 equal half yearly instalments after a moratorium of 1 year from date of disbursement  |
| Bank of India                          | Term Loan               | 500.00                             | 200.00                              | Tenor of 5 Years to be repaid in 5 annual installments  |

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|  |           |          |          |   |
|--|-----------|----------|----------|---|
| Bank of Maharashtra                    | Term Loan | 200.00   | 177.78   | Repayment in 18 quarterly instalments after a moratorium of 6 months  |
| Canara Bank                            | Term Loan | 2,000.00 | 1,500.00 | Repayment in 20 equal quarterly instalments   |
| Catholic Syrian Bank                   | Term Loan | 50.00    | 30.00    | Repayment in 5 equal annual instalments   |
| Central Bank of India                  | Term Loan | 500.00   | 500.00   | Repayable in 4 equal annual instalments after a moratorium of 1 year.   |
| Central Bank of India                  | Term Loan | 250.00   | 250.00   | Repayable in 9 equal semi-annual instalments after a moratorium of 6 months.  |
| Deutsche Bank                          | Term Loan | 150.00   | 150.00   | Bullet repayment at the end 25 month  |
| Deutsche Bank                          | Term Loan | 250.00   | 233.30   | Repayable in 15 equal quarterly instalments.  |
| Federal Bank                           | Term Loan | 100.00   | 100.00   | Bullet Repayment on due date 36 months from the drawdown  |
| Federal Bank                           | Term Loan | 200.00   | 150.00   | Repayment in 2 half yearly instalments and 2 yearly instalments after a moratorium of 2 years   |
| Federal Bank                           | Term Loan | 25.00    | 25.00    | Two half yearly instalments after moratorium period of 24 months  |
| HDFC Bank                              | Term Loan | 3,000    | 2,250    | Repayment in 12 equal quarterly instalments   |
| HSBC                                   | Term Loan | 200.00   | 200.00   | Repayable in 11 quarterly installments  |
| ICICI Bank                             | Term Loan | 450.00   | 450.00   | Repay each drawdown amount in equal instalments at the end of 36 <sup>th</sup> month, 42 <sup>nd</sup> month, 48 <sup>th</sup> month, 54 <sup>th</sup> month and 60 <sup>th</sup> month |
| ICICI Bank                             | Term Loan | 1,000.00 | 583.33   | Equal instalments at the end of 5th to 16th quarter from date of first drawdown.  |
| Indian Bank                            | Term Loan | 750.00   | 750.00   | Repayment in 4 half yearly instalments after a moratorium of 36 months  |
| Indian Bank (Erstwhile Allahabad Bank) | Term Loan | 500.00   | 400.00   | Repayment in 10 semi-annual instalments   |
| Indian Bank                            | Term Loan | 1,500.00 | 1,412.28 | Repayable in 57 months after 3 months of holiday period   |
| Indian Overseas Bank                   | Term Loan | 200.00   | 200.00   | Repayment in 4 annual instalments after a moratorium of 1 year.   |
| Karnataka Bank                         | Term Loan | 200.00   | 200.00   | Bullet payment after initial holiday period of 33 months  |
| Punjab and Sind Bank                   | Term Loan | 200.00   | 150.00   | Repayable in 12 equal quarterly instalments after a moratorium of 6 months  |

**For Private Circulation Only**

|  |           |          |          |  |
|--|-----------|----------|----------|--|
| Punjab National Bank                                       | Term Loan | 1,850.00 | 1,675.00 | Repayable in 4 equal semi-annual instalments after a moratorium of 36 months   |
| Punjab National Bank                                       | Term Loan | 500.00   | 500.00   | Each tranche shall be repayable in 6 equal semi-annual installments at the end of 30 th , 36 th , 42 nd , 48 th , 54 th and 60 th month. |
| Punjab National Bank (Erstwhile Oriental Bank of Commerce) | Term Loan | 150.00   | 150.00   | Repayable in 4 equal semi-annual instalments after a moratorium of 36 months   |
| Punjab National Bank (Erstwhile United Bank of India)      | Term Loan | 250.00   | 250.00   | Repayment in 6 half yearly instalments after a moratorium of 30 months   |
| RBL Bank Limited   | Term Loan | 200.00   | 116.67   | Repayable in 12 equal quarterly instalments  |
| SIDBI  | Term Loan | 350.00   | 87.50    | Repayable in 4 equal quarterly instalments   |
| The South Indian Bank Limited                              | Term Loan | 50.00    | 37.50    | Repayable in 4 equal semi quarterly instalments at the end of 27th, 30th, 33rd and 36th month after a moratorium of 24 months            |
| Union Bank of India (Erstwhile Corporation Bank)           | Term Loan | 150.00   | 75.00    | Repayment in 4 half yearly instalments after a moratorium of 3 years   |
| Union Bank of India (Erstwhile Corporation Bank)           | Term Loan | 200.00   | 160.00   | Repayment in 5 equal annual instalments  |
| Union Bank of India  | Term Loan | 400.00   | 162.50   | Repayment in 4 half yearly instalments after a moratorium of 36 months   |
| Union Bank of India  | Term Loan | 100.00   | 75.00    | Repayment in 8 half yearly instalments after a moratorium of 12 months   |
| Union Bank of India  | Term Loan | 500.00   | 444.44   | Repayment in 9 half yearly instalments after a moratorium of 6 months  |

**@WCL – Working Capital Lines**

**Note:** Above loans are secured by *pari-passu* charge on receivables. Interest is being serviced monthly basis except Interest on ECB from Bank of America NA Hong Kong, which is being serviced quarterly.

**ii. Details of outstanding Unsecured Loan Facilities as on 31.03.2021-**

| Lender      | Type of Facility | Sanctioned Amount (₹ Crore) | Outstanding Amount (₹ Crore) | Repayment Terms / Date         |
|-------------|------------------|-----------------------------|------------------------------|--------------------------------|
| BNP Paribas | WCL              | 215.00                      | 0.00                         | On Demand/Bullet as applicable |
| Mizuho Bank | WCL              | 300.00                      | 0.00                         | On Demand/Bullet as applicable |

**iii. Details of Secured Non-Convertible Debentures (NCD) as on 31.03.2021:-**

| Debenture Series No. | Rate of interest on NCD | Amount (₹ Crore) | Date of Allotment | Redemption Date | Credit Rating |
|----------------------|-------------------------|------------------|-------------------|-----------------|---------------|
|----------------------|-------------------------|------------------|-------------------|-----------------|---------------|

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|              |   |        |            |            |                      |
|--------------|---|--------|------------|------------|----------------------|
| HFCL/NCD/009 | Zero percent (8.76% on XIRR Basis)        | 12.00  | 06/01/2016 | 10/06/2021 | AA+/Stable by ICRA   |
| HFCL/NCD/024 | 7.70% p.a.                                | 85.00  | 18/08/2017 | 18/08/2022 | AA+/Stable by ICRA   |
| HFCL/NCD/025 | Zero percent (8.10% on Compounding Basis) | 115.00 | 08/01/2018 | 08/04/2021 | AA+/Stable by ICRA   |
| HFCL/NCD/025 | 8.10% p.a.                                | 80.00  | 08/01/2018 | 08/07/2021 | AA+/Stable by ICRA   |
| HFCL/NCD/031 | 9.25% p.a.                                | 25.00  | 21/12/2018 | 07/05/2021 | AA+/Stable by CRISIL |
| HFCL/NCD/032 | 9.55% p.a.                                | 150.00 | 27/12/2018 | 27/12/2028 | AA+/Stable by CRISIL |
| HFCL/NCD/033 | 9.23% p.a.                                | 30.00  | 03/01/2019 | 03/01/2022 | AA+/Stable by CRISIL |
| HFCL/NCD/034 | 8.41% p.a.                                | 110.00 | 20/06/2019 | 20/06/2022 | AA+/Stable by ICRA   |
| HFCL/NCD/035 | 7.75% p.a.                                | 100.00 | 20/12/2019 | 20/12/2022 | AA+/Stable by ICRA   |
| HFCL/NCD/038 | 7.85% p.a.                                | 350.00 | 27/04/2020 | 27/04/2023 | AA+/Stable by ICRA   |
| HFCL/NCD/039 | Zero percent (7.55% on Compounding Basis) | 25.00  | 24/07/2020 | 24/07/2025 | AA+/Stable by CRISIL |
| HFCL/NCD/040 | 7.30%                                     | 150.00 | 10/09/2020 | 10/09/2024 | AA+/Stable by CRISIL |
| HFCL/NCD/041 | Zero percent (6.38% on XIRR Basis)        | 25.00  | 03/11/2020 | 21/05/2024 | AA+/Stable by CRISIL |
|              | 6.95% p.a.                                | 100.00 | 03/11/2020 | 03/11/2025 |                      |
| HFCL/NCD/043 | Zero percent (6.90% on XIRR Basis)        | 25.00  | 19/01/2021 | 19/01/2026 | AA+/Stable by CRISIL |
| HFCL/NCD/044 | 6.50% p.a.                                | 100.00 | 19/03/2021 | 15/03/2024 | AA+/Stable by CRISIL |

**Note:** The above loans are secured by *Pari- Passu* charge on Receivables of company

**iv. Details of Unsecured (Tier – II Capital) NCDs as on 31.03.2021**

| Debenture Series | Rate of interest on NCD | Amount (₹ Crore) | Date of Allotment | Redemption Date | Credit Rating               |
|------------------|-------------------------|------------------|-------------------|-----------------|-----------------------------|
| HFCL/NCD/005     | 9.35% p.a.              | 100.00           | 15/09/2015        | 15/09/2025      | AA+/Stable by CRISIL & ICRA |
| HFCL/NCD/014     | 8.98% p.a.              | 100.00           | 03/08/2016        | 03/08/2026      | AA+/Stable by CRISIL & ICRA |
| HFCL/NCD/023     | 8.52% p.a.              | 100.00           | 20/06/2017        | 18/06/2027      | AA+/Stable by CRISIL & ICRA |
| HFCL/NCD/030     | 9.81% p.a.              | 125.00           | 06/12/2018        | 24/11/2028      | AA+/Stable by CRISIL & ICRA |
| HFCL/NCD/036     | 8.85% p.a.              | 100.00           | 05/02/2020        | 05/02/2030      | AA+/Stable by CRISIL & ICRA |

**For Private Circulation Only**

|              |            |       |            |            |                             |
|--------------|------------|-------|------------|------------|-----------------------------|
| HFCL/NCD/037 | 8.49% p.a. | 25.00 | 04/03/2020 | 04/03/2030 | AA+/Stable by CRISIL & ICRA |
| HFCL/NCD/042 | 7.65% p.a. | 45.00 | 11/12/2020 | 11/12/2030 | AA+/Stable by CRISIL & ICRA |

**v. List of Top 10 Debenture holders as on 31.03.2021**

| Name of Investor                | Amount outstanding<br>(₹ in Crore) |
|---------------------------------|------------------------------------|
| Bnp Paribas                     | 200                                |
| L&T Limited                     | 152                                |
| ICICI Prudential life insurance | 150                                |
| Union Bank Of India             | 150                                |
| Central Bank of India           | 150                                |
| SBI MF                          | 115                                |
| Kotak Mahindra Bank             | 100                                |
| Graphite India Ltd.             | 75                                 |
| HDFC Ergo General Insurance     | 60                                 |
| National Insurance Company Ltd  | 60                                 |

**vi. Corporate Guarantee issued by the Issuer:**

None

**vii. Details of Commercial Papers outstanding as on 31.03.2021 (On Face Value Basis):-**

| Date of Maturity | Amount outstanding<br>(₹ in Crore) |
|------------------|------------------------------------|
| 30-04-2021       | 250.00                             |
| 10-05-2021       | 100.00                             |
| 11-05-2021       | 200.00                             |
| 17-05-2021       | 200.00                             |
| 18-06-2021       | 150.00                             |
| 25-06-2021       | 50.00                              |
| 16-07-2021       | 60.00                              |
| 07-09-2021       | 300.00                             |
| 22-09-2021       | 50.00                              |
| 11-10-2021       | 150.00                             |
| 18-11-2021       | 300.00                             |
| 09-02-2022       | 200.00                             |
| 18-02-2022       | 200.00                             |
| 11-03-2022       | 100.00                             |
| 17-03-2022       | 200.00                             |
| 25-03-2022       | 150.00                             |
| <b>Total</b>     | <b>2,660</b>                       |

**viii. Details of rest of the borrowings (if any including hybrid debt like FCCV, Optionally Convertible Debentures / Preference Shares) outstanding: -**

**For Private Circulation Only**

NIL

- ix. **Details of all default/s and/or delay in payment of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantees issued by the Company, in the past 5 years :-**

NIL

- x. **Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:-**

NIL

- xi. **Particulars of debt securities issued**

(i) for consideration other than cash, whether in whole or part, - Nil

(ii) at premium and discount – ₹ 202.00 Crore

(iii) in pursuance of an option – Nil

**h. Details of Promoters of the Company as on 31.03.2021:-**

| Sr. No. | Name of the Shareholders                  | Total No. of Equity Shares | No. of Shares in Dematerialized Form | Total Shareholding as % of total no of Equity Shares | No. of Equity Shares Pledged | % of Shares pledged with respect to shares owned |
|---------|---|----------------------------|--------------------------------------|--|------------------------------|--|
| 1       | Hero MotoCorp Limited                     | 5,24,31,893                | 5,24,31,893                          | 41.19  | Nil                          | Nil  |
| 2       | Bahadur Chand Investments Private Limited | 2,58,96,764                | 2,58,96,764                          | 20.34  | Nil                          | Nil  |
| 3       | Hero Investcorp Private Limited           | 34,33,008                  | 3433008                              | 2.70   | Nil                          | Nil  |
| 4       | BrijMohan Lal Om Parkash*                 | 1,21,21,886                | 1,21,21,886                          | 9.52   | Nil                          | Nil  |
| 5       | Munjal Acme Packaging Systems Pvt. Ltd.   | 19,21,968                  | 19,21,968                            | 1.51   | Nil                          | Nil  |
| 6       | Abhimanyu Munjal                          | 3,01,363                   | 3,01,363                             | 0.24   | Nil                          | Nil  |
| 7       | Akshay Munjal                             | 1,87,324                   | 1,87,324                             | 0.15   | Nil                          | Nil  |
| 8       | Aniesha Munjal                            | 91,704                     | 91,704                               | 0.07   | Nil                          | Nil  |
| 9       | Annuvrat Munjal                           | 3,42,945                   | 3,42,945                             | 0.27   | Nil                          | Nil  |
| 10      | Geeta Anand                               | 99,423                     | 99,423                               | 0.08   | Nil                          | Nil  |
| 11      | Mukta Munjal                              | 4,500                      | 4500                                 | 0.00   | Nil                          | Nil  |
| 12      | Pawan Munjal                              | 2,77,259                   | 2,77,259                             | 0.22   | Nil                          | Nil  |
| 13      | Radhika Uppal                             | 1,04,805                   | 1,04,805                             | 0.08   | Nil                          | Nil  |
| 14      | Rahul Munjal                              | 2,24,166                   | 2,24,166                             | 0.18   | Nil                          | Nil  |
| 15      | Renu Munjal                               | 4,10,740                   | 4,10,740                             | 0.32   | Nil                          | Nil  |
| 16      | Renuka Munjal                             | 16,373                     | 16,373                               | 0.01   | Nil                          | Nil  |
| 17      | Santosh Munjal                            | 3,15,000                   | 3,15,000                             | 0.25   | Nil                          | Nil  |
| 18      | Shefali Munjal                            | 45,675                     | 45675                                | 0.04   | Nil                          | Nil  |
| 19      | Suman Kant Munjal                         | 1,84,534                   | 1,84,534                             | 0.14   | Nil                          | Nil  |
| 20      | Sunil Kant Munjal                         | 3,14,502                   | 3,14,502                             | 0.25   | Nil                          | Nil  |
| 21      | Supriya Munjal                            | 1,90,978                   | 1,90,978                             | 0.15   | Nil                          | Nil  |
| 22      | Ujjwal Munjal                             | 2,24,420                   | 2,24,420                             | 0.18   | Nil                          | Nil  |
| 23      | Vasudha Dinodia                           | 1,90,978                   | 1,90,978                             | 0.15   | Nil                          | Nil  |
| 24      | Vidur Munjal                              | 99,531                     | 99,531                               | 0.08   | Nil                          | Nil  |

**For Private Circulation Only**

|    |  |          |          |      |     |     |
|----|--|----------|----------|------|-----|-----|
| 25 | Pawan Munjal Family Trust (represented by Pawan Munjal as a beneficiary) | 7,90,394 | 7,90,394 | 0.62 | Nil | Nil |
| 26 | RK Munjal and Sons Trust (represented by Renu Munjal as a trustee)       | 7,90,394 | 7,90,394 | 0.62 | Nil | Nil |
| 27 | Survam Trust (represented by Renuka Munjal as a trustee)                 | 2,43,905 | 2,43,905 | 0.19 | Nil | Nil |

*\*The shares are held in the individual name of partners, on behalf of BrijMohan Lall Om Prakash, Partnership Firm*

**i. Profits for the 3 financial years preceding the date of circulation of offer letter**

*(₹ in Crore)*

| Year                  | Profit Before Tax | Provision for Tax | Profit After Tax |
|-----------------------|-------------------|-------------------|------------------|
| F.Y. 2020-21 (IND-AS) | 90.23             | 19.49             | 70.74            |
| F.Y. 2019-20 (IND-AS) | 479.66            | 170.44            | 309.22           |
| F.Y. 2018-19 (IND-AS) | 411.58            | 144.56            | 267.02           |

**Note:** All the figures in the above table are on standalone basis and inclusive of other comprehensive income/loss.

**j. Dividend declared and interest coverage ratio (Cash profit after tax plus interest paid / interest paid) for the said financial years;**

| Year          | Payment Year | Dividend        | Interest Coverage Ratio |
|---------------|--------------|-----------------|-------------------------|
| F.Y. 2020-21* | F.Y. 2021-22 | ₹1.00 per share | 1.08                    |
| F.Y. 2019-20  | F.Y. 2020-21 | ₹2.55 per share | 1.31                    |
| F.Y. 2018-19  | F.Y. 2019-20 | ₹4.25 per share | 1.37                    |
| F.Y. 2017-18  | F.Y. 2018-19 | ₹ 2.8 per share | 1.28                    |

**Note:1.** All the figures in the above table are on standalone basis.

\*The Board of Directors in their meeting held on April 29, 2021 have recommended the Dividend which will be subject to approval of members in the ensuing Annual General Meeting.

**k. Abridged version of latest Audited financial information including Auditors Qualification for the last three years:-**

**Consolidated:**

| Particular                          | 2021             | 2020             | 2019             | 2018*            |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | (IND-AS)         | (IND-AS)         | (IND-AS)         | (IND-AS)         |
| <b>A. BALANCE SHEET</b>             |                  |                  |                  |                  |
| <b>1 Assets</b>                     |                  |                  |                  |                  |
| 1 Financial assets                  | 29,456.00        | 26,727.00        | 20,746.37        | 13,259.93        |
| 1 Non-financial Assets              | 540.03           | 472.12           | 322.36           | 262.62           |
| <b>Total assets</b>                 | <b>29,996.03</b> | <b>27,199.13</b> | <b>21,068.73</b> | <b>13,522.55</b> |
| <b>Liabilities and equity</b>       |                  |                  |                  |                  |
| <b>2 Liabilities</b>                |                  |                  |                  |                  |
| 2 Financial liabilities             | 24,933.00        | 22,591.06        | 17,335.44        | 11,218.10        |
| 2 Non-financial liabilities         | 95.28            | 136.72           | 91.44            | 56.00            |
| <b>Total liabilities</b>            | <b>25,028.28</b> | <b>22,727.79</b> | <b>17,426.87</b> | <b>11,274.11</b> |
| <b>3 Equity</b>                     | <b>4,967.76</b>  | <b>4,471.34</b>  | <b>3,641.86</b>  | <b>2,248.45</b>  |
| <b>Total liabilities and equity</b> | <b>29,996.03</b> | <b>27,199.13</b> | <b>21,068.73</b> | <b>13,522.55</b> |

**For Private Circulation Only**

| <b>B.</b> | <b>PROFIT AND LOSS ACCOUNT</b>   |                 |                 |                 |                 |
|-----------|--|-----------------|-----------------|-----------------|-----------------|
| 1         | <b>Income</b>  |                 |                 |                 |                 |
| 1         | Revenue from Operations  | 4,278.08        | 3,799.86        | 2,518.47        | 1,694.51        |
| 1         | Other Income   | 55.44           | 55.32           | -               | -               |
|           | <b>Total Revenue</b>   | <b>4,333.52</b> | <b>3,855.18</b> | <b>2,518.47</b> | <b>1,694.51</b> |
| 2         | Expenditure  | 2,516.93        | 1,740.84        | 977.84          | <b>771.97</b>   |
| 3         | <b>Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) – Includes exceptional items and other comprehensive income</b> | <b>1,816.59</b> | <b>2,114.34</b> | <b>1,540.63</b> | <b>922.54</b>   |
| 4         | Depreciation and Amortization  | 35.20           | 36.33           | 24.88           | 26.52           |
| 5         | Finance Costs  | 1,710.31        | 1,629.22        | 1,124.71        | 683.66          |
| 6         | <b>Profit before Tax (PBT)</b>   | <b>71.08</b>    | <b>448.79</b>   | <b>391.05</b>   | <b>212.36</b>   |
| 7         | Tax  | 19.45           | 170.76          | 145.29          | 69.43           |
| 8         | <b>Profit after Tax (PAT)</b>  | <b>51.63</b>    | <b>278.03</b>   | <b>245.76</b>   | <b>142.93</b>   |
| 9         | <b>Other Comprehensive Income/(loss) Net of taxes</b>  | <b>-0.16</b>    | <b>-0.73</b>    | <b>-1.36</b>    | <b>-0.48</b>    |
| 10        | <b>Total Comprehensive Income for the year</b>   | <b>51.47</b>    | <b>277.3</b>    | <b>244.39</b>   | <b>142.45</b>   |

| <b>C.</b> | <b>CASH FLOW STATEMENT*</b>                                   | <b>2021**</b>    | <b>2020</b>     | <b>2019</b>   | <b>2018</b>   |
|-----------|---|------------------|-----------------|---------------|---------------|
|           |   | <b>IND-AS</b>    | <b>IND-AS</b>   | <b>IND-AS</b> | <b>IND-AS</b> |
| 1         | Net Cash from Operating Activities                            | -1,837.06        | -4,100.37       | -5,862.50     | -<br>3,121.34 |
| 2         | Net Cash from / (used in) Investing Activities                | -1,756.02        | 767.78          | -726.13       | -31.16        |
| 3         | Net Cash from / (used in) Financing Activities                | 2,356.03         | 5,569.85        | 6,694.62      | 3,150.43      |
| 4         | <b>Net increase / (decrease) in Cash and Cash Equivalents</b> | <b>-1,237.05</b> | <b>2,237.26</b> | <b>105.99</b> | <b>-2.07</b>  |
| 5         | Opening balance of Cash and Cash Equivalents                  | 2,343.94         | 106.68          | 0.69          | 2.76          |
| 6         | Transferred pursuant to Scheme of Arrangement                 |                  | -               | -             | -             |
| 7         | <b>Closing balance of Cash and Cash Equivalents</b>           | <b>1,106.87</b>  | <b>2,343.94</b> | <b>106.68</b> | <b>0.69</b>   |

\* Previous year figures have been regrouped and rearranged wherever necessary.

\*\*Nos. are provisional

**Standalone:**

(₹ in Crore)

|           | <b>Particular</b>                   | <b>2021</b>      | <b>2020*</b>     | <b>2019*</b>     | <b>2018*</b>     |
|-----------|-------------------------------------|------------------|------------------|------------------|------------------|
|           |                                     | <b>(IND-AS)</b>  | <b>(IND-AS)</b>  | <b>(IND-AS)</b>  | <b>(IND-AS)</b>  |
| <b>A.</b> | <b>BALANCE SHEET</b>                |                  |                  |                  |                  |
| 1         | <b>Assets</b>                       |                  |                  |                  | 13,263.25        |
| 1         | Financial assets                    | 27,183.37        | 25,186.42        | 20,340.54        | 260.86           |
| 1         | Non-financial Assets                | 515.80           | 449.99           | 311.31           | <b>13,524.11</b> |
|           | <b>Total assets</b>                 | <b>27,699.17</b> | <b>25,636.41</b> | <b>20,651.85</b> |                  |
|           | <b>Liabilities and equity</b>       |                  |                  |                  |                  |
| 2         | <b>Liabilities</b>                  |                  |                  |                  | 11,216.78        |
| 2         | Financial liabilities               | 22,577.71        | 20,980.58        | 16,896.89        | 55.45            |
| 2         | Non-financial liabilities           | 79.93            | 128.37           | 88.46            | <b>11,272.33</b> |
|           | <b>Total liabilities</b>            | <b>22,657.64</b> | <b>21,108.94</b> | <b>16,985.34</b> | 2,251.89         |
| 3         | <b>Equity</b>                       | <b>5,041.54</b>  | <b>4,527.47</b>  | <b>3,666.51</b>  | <b>13,524.12</b> |
|           | <b>Total liabilities and equity</b> | <b>27,699.19</b> | <b>25,636.41</b> | <b>20,651.85</b> |                  |



**For Private Circulation Only**

| <b>B.</b> | <b>PROFIT AND LOSS ACCOUNT</b>   |                 |                 |                 |                 |
|-----------|--|-----------------|-----------------|-----------------|-----------------|
| 1         | <b>Income</b>  |                 |                 |                 | 1,691.00        |
| 1         | Revenue from Operations  | 4,045.93        | 3,663.20        | 2492.52         | -               |
| 1         | Other Income   | 45.71           | 39.42           | -               | <b>1,691.00</b> |
|           | <b>Total Revenue</b>   | <b>4,091.64</b> | <b>3,702.62</b> | <b>2,492.52</b> | <b>765.62</b>   |
| 2         | Expenditure  | 2,420.41        | 1,648.83        | 934.85          | <b>925.38</b>   |
| 3         | <b>Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) – Includes exceptional items and other comprehensive income</b> | <b>1,671.23</b> | <b>2,53.79</b>  | <b>1,557.66</b> | 26.50           |
| 4         | Depreciation and Amortization  | 30.67           | 33.02           | 24.05           | 683.66          |
| 5         | Finance Costs  | 1,550.49        | 1,539.84        | 1,119.96        | <b>215.22</b>   |
| 6         | <b>Profit before Tax (PBT)</b>   | <b>90.07</b>    | <b>480.93</b>   | <b>413.66</b>   | 69.39           |
| 7         | Tax  | 19.45           | 170.76          | 145.29          | <b>145.83</b>   |
| 8         | <b>Profit after Tax (PAT)</b>  | <b>70.62</b>    | <b>310.17</b>   | <b>268.37</b>   | <b>(0.48)</b>   |
| 9         | <b>Other Comprehensive Income/(loss) Net of taxes</b>  | <b>0.11</b>     | <b>-0.95</b>    | <b>-1.35</b>    | <b>145.35</b>   |
| 10        | <b>Total Comprehensive Income for the year</b>   | <b>70.73</b>    | <b>309.22</b>   | <b>267.02</b>   |                 |

| <b>C.</b> | <b>CASH FLOW STATEMENT*</b>                                   | <b>2021**</b>     | <b>2020</b>       | <b>2019*</b>      | <b>2018*</b>      |
|-----------|---|-------------------|-------------------|-------------------|-------------------|
|           |   | <b>IND-AS</b>     | <b>IND-AS</b>     | <b>IND-AS</b>     | <b>IND-AS</b>     |
| 1         | <b>Net Cash from Operating Activities</b>                     | <b>(1,356.17)</b> | <b>(2,764.69)</b> | <b>(5,392.43)</b> | <b>(4,037.37)</b> |
| 2         | <b>Net Cash from / (used in) Investing Activities</b>         | <b>(1,682.79)</b> | <b>544.07</b>     | <b>-872.01</b>    | <b>(36.34)</b>    |
| 3         | <b>Net Cash from / (used in) Financing Activities</b>         | <b>1,706.09</b>   | <b>4,327.20</b>   | <b>6,370.84</b>   | <b>3,150.43</b>   |
| 4         | <b>Net increase / (decrease) in Cash and Cash Equivalents</b> | <b>(1,332.87)</b> | <b>2,106.57</b>   | <b>106.49</b>     | <b>(2.38)</b>     |
| 5         | <b>Opening balance of Cash and Cash Equivalents</b>           | <b>2,213.23</b>   | <b>106.66</b>     | <b>0.26</b>       | <b>2.64</b>       |
| 6         | <b>Transferred pursuant to Scheme of Arrangement</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| 7         | <b>Closing balance of Cash and Cash Equivalents</b>           | <b>880.34</b>     | <b>2,213.23</b>   | <b>106.66</b>     | <b>0.26</b>       |

\* Previous year figures have been regrouped and rearranged wherever necessary.

\*\*Nos. are provisional

Detailed financials (Part of Annual Report) are available at below URL:

For current year auditor's report: Please refer Annexure 6

<https://www.herofincorp.com/investor-relations/financial-performance>

**Qualification by Auditors:** No qualification has been reported by auditors in last 3 years.

Audit reports (Part of Annual Report) are available at below URL:

<https://www.herofincorp.com/investor-relations/financial-performance>

**I. Material Developments at the time of issue**

**Any Material events / developments or change having implications on the financials / credit quality (e.g. any material regulatory proceedings against the Issuer / Promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue which may affect the issue or the investors decision to invest / continue to invest in the debt securities.**

No material event/ development or change has occurred between the date of latest year end and the date of Issue which may affect the Issue or the Debenture holders' decision to invest / continue to invest in the debt securities.

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**m. Debenture Trustee**

Vistra ITCL (India) Limited has been appointed as Debenture Trustee for the proposed Issue. The Debenture Trustee has given their consent to the Issuer for its appointment and a copy of the consent letter is enclosed as *annexed* to this Disclosure Document. The Company will enter into a Trusteeship Agreement / Debenture Trust Deed, *inter-alia*, specifying the powers, authorities and obligations of the Company and the Debenture Trustee in respect of the Debentures.

The Debenture holders shall, by signing the Application Form and without any further act or deed, be deemed to have irrevocably given their consent to and authorised the Debenture Trustee or any of their Agents or authorised officials to do, *inter alia*, all such acts, deeds and things necessary in respect of or relating to the security to be created for securing the Debentures being offered in terms of this Disclosure Document. All rights and remedies under the Debenture Trust Deed / Trusteeship Agreement and/or other security documents shall rest in and be exercised by the Debenture Trustee without having it referred to the Debenture holders. Any payment made by the Company to the Debenture Trustee on behalf of the Debenture holder(s) shall discharge the Company pro tan to the Debenture holder(s). No Debenture holder shall be entitled to proceed directly against the Company unless the Debenture Trustee, having become so bound to proceed, fails to do so.

Company reserves the right to appoint any other SEBI registered Trustee.

**n. Due diligence**

The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets (on which the charge is proposed to be created) and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Disclosure Document, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets (on which the charge is proposed to be created) inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets on which the charge is proposed to be created and/or encumbrances in relation to such assets or any third party security provider are registered / disclosed.

Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Relevant Laws.

The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant

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firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

|  |  |
|--|--|
| <b>Fees</b>  | As per the Debenture Trustee Agreement dated May 3, 2021 and Debenture Trustee Consent Letter dated May 04, 2021 |
| Details of security created  | As per Security clause   |
| Due diligence certificate as per the format specified in Annexure A as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 | Attached as Annexure 8   |

**o. Credit Rating of Debentures**

The Debentures are rated as “[CRISIL AA+ (stable)]” Pronounced CRISIL double A Plus and [ICRA AA+ (stable)] Pronounced ICRA double A plus. This indicates “Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk”.

The rating letter(s) as released by Credit Rating Agency is attached as *annexed* at the end of this document.

**p. Guarantee or comfort for the Debentures**

The Debentures are not backed by any guarantee or letter of comfort or any other document / letter with similar intent by any party.

**q. Consent from Debenture Trustee**

Copy of consent letter from the Debenture Trustee is attached as *annexed*.

**r. Listing of Debentures**

The Debentures are proposed to be listed on National Stock Exchange of India Ltd. (‘NSE’), being the Designated Stock Exchange. The Debentures to be issued under the Offer Document will be applied to get listed on the WDM segment of NSE within 4 trading days from the issue closing date.

**s. Other Details**

1) **DRR creation** – According to rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014, no Debenture Redemption Reserve is required to be created in the case of privately placed debentures by the company which is a NBFC registered with the RBI under Section 45-IA of the RBI (Amendments) Act,1997.

The Company maintains a reserve fund under section 45–IC of the Reserve Bank of India Act, 1934 by transferring 20% of its profits as per the provisions of the RBI Act, 1934.

2) **Issue/ instrument specific regulations** – Relevant section/s of Companies Act, 2013, including Section 179, 180(1)(c), Section 180(1)(a) and Section 77. The Debentures shall also be subject to the applicable provisions of the Depositories Act, 1996 and the laws as applicable, guidelines, notifications and regulations relating to the allotment and issue of capital and listing of securities issued from time to time by Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), concerned Stock Exchange or any other authorities and other documents that may be executed in respect of the Debentures.

## **APPLICATION PROCESS**

### **Who can bid / invest / apply?**

All QIBs, non-QIB Investors, and arrangers/brokers/intermediaries etc. (as per the defined limit of SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018. issued and updated from time to time) specifically mapped by the Issuer on the NSE–EBP Platform, are eligible to bid / invest / apply for this Issue.

All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue.

### **How to bid?**

All Eligible Investors are required to bid through NSE – EBP Platform, if not registered with NSE – EBP Platform, then will have to register themselves as investor on the said platform (this is one-time exercise. Eligible Investors will also have to complete the mandatory KYC verification process. Investors should refer to the Operational Guidelines of NSE for EBP platform.

### **(a) Modification of Bid:**

In line with the operational guidelines issued / modified from time to time by NSE and SEBI circular no. NSE/DS/39017; dated September 28, 2018 and subsequent modification vide SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018.

### **(b) Cancellation of Bid**

In line with the operational guidelines issued / modified from time to time by NSE and SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 and subsequent modification vide SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018.

### **(c) Multiple Bids**

In line with the operational guidelines issued / modified from time to time by NSE and SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 and subsequent modification vide SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018.

### **(d) Withdrawal of Issue**

In line with the operational guidelines issued / modified from time to time by NSE and SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 and subsequent modification vide SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018.

### **Payment Mechanism**

Subscription should be as per the final allocation made to the successful bidder(s) as notified by the Issuer.

### **How to apply?**

All Application Forms, duly completed, must be in the prescribed form (enclosed) and completed in BLOCK CAPITAL LETTERS in English and as per the instructions contained therein. Investors shall remit their subscription money by way of RTGS/NEFT/ Account Transfer, the credit has to come in the bank accounts of NSCCL on the PAYIN date on or before 10:30 AM. In case, the credit is not received in the account the application would be liable to be rejected. Company assumes no responsibility for non-receipt of application money due to any technical reasons.

### **Documents to be provided by Investors / applicants**

Investors need to submit the following documents, along with the Application Form, as applicable

- Memorandum and Articles of Association along with Certificate of Incorporation/Documents Governing Constitution
- Board Resolution / letter authorizing the investment and containing operating instructions

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- Certified true copy of the Power of Attorney
- PAN card
- Form 15AA for investors seeking exemption from Tax Deduction at Source (TDS) – both on Interest on Application Money as well as annual interest payments
- Specimen signature of the authorised signatories, duly certified by an appropriate authority
- SEBI Registration Certificate (for Mutual Funds)
- IRDA Registration Certificate (for Insurance Companies)

### **Applications under Power of Attorney**

In case of applications made under a Power of Attorney or by a Limited Company or a Body Corporate etc., the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form at the Company's branch where the application has been submitted failing which the applications are liable to be rejected.

### **Interest on Application Money**

Interest on Application Money will be paid at the applicable coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of Income Tax Act, 1961 or any statutory modification or reenactment thereof) and will be paid on the entire application money on all valid applications.

Such interest shall be paid for the period commencing from the date of credit by way of funds transfer / Real time gross settlement up to one day prior to the date of allotment.

No interest on application money would be payable in cases of invalid applications.

### **Tax Deduction at Source**

Income tax will be deducted as applicable as per the provisions of Income –tax Act, 1961.

Where any deduction of Income Tax is made at source, the Company shall send to the Debenture holder a Certificate of Tax Deduction at Source.

### **PAN/GIR Number**

All Applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle / Ward / District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

### **Signatures**

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorised official of a Bank or by a Magistrate/Notary Public under his/her official seal.

### **Date of Subscription**

Date of Subscription shall be the date of realization of proceeds of subscription money in the bank account of the NSCCL.

### **Settlement Process**

In line with the operating guidelines for NSE EBP issued vide circular ref. no. NSE/DS/39017; dated September 28, 2018.

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**Post-Allocation Disclosures by the EBP**

In line with the operational guidelines and SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 and subsequent modification vide SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018.

## **5) MATERIAL CONTRACTS, AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS**

**Material Contracts** - By very nature and volume of its business, the Company is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Company. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day until the Issue Closing Date.

- (i) Memorandum and Articles of Association of the Company.
- (ii) Certificate of Registration issued by Reserve Bank of India under Section 45IA of Reserve Bank of India Act 1934.
- (iii) Shareholders' Resolution under section 180(1)(c) of the Companies Act, 2013 dated September 06, 2019 authorizing the board to borrow within the overall borrowing limits of the Company i.e. upto Rs. 40,000 crore and Board Resolution dated April 29, 2021 authorising issue of Debentures offered under terms of this Disclosure Document.
- (iv) Consent letter from Vistra ITCL (India) Limited for acting as Debenture Trustee for and on behalf of the Debenture holders.
- (v) Consent letter from Kfin Technologies Pvt. Ltd. for acting as Registrars and Transfer Agents to the Issue.
- (vi) Letter from ICRA Rating conveying the credit rating for the Debentures of the Company.
- (vii) Tripartite Agreement between the Company, National Securities Depository Limited ("NSDL") and the Registrar for the Issue of Debentures in dematerialised form.
- (viii) Tripartite Agreement between the Company, Central Depository Services (India) Limited ("CDSL") and the Registrar for the Issue of Debentures in dematerialised form.
- (ix) Annual Reports of the Company for last three years.

## **6) BASIC TERMS OF THE PRESENT OFFER**

Refer Issue Details / Term sheet for issue specific details.

### **Minimum Subscription**

Minimum subscription, for overall issue level, is not applicable for privately placed debentures. However, minimum subscription (minimum application) per investor shall be as per the provisions of the RBI Directions and the same is being separately given in the Term Sheet.

### **Deemed Date of Allotment**

All benefits related to the Debentures will be available to the allottees from the Deemed Date of Allotment. The actual allotment of the Debentures may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/Deemed date(s) of Allotment at its sole and absolute discretion without any notice to the Debenture holders. In case the Issue Closing Date is revised, the Deemed Date of Allotment may also be revised by the Company at its sole and absolute discretion.

### **Market Lot**

Market lot will be one debenture

### **Contributions being made by the promoters or directors either as part of the offer or separately in furtherance of such objects**

None

### **Security**

The Debentures are proposed to be secured by first pari-passu charge on standard business receivables (day past due below 90 days) of Company to the extent of 1.00 time of issue size at all times until maturity (except, receivables, if any, given on exclusive charge to any lenders), (Hereinafter called as "Primary Security"). Further, the Debentures will also be proposed to be secured by additional interim security in the form of current assets which may include cash & cash equivalent, including current investments of the Company in the form of Fixed Deposit or Mutual Funds or any short-term treasury investments ("Interim Security"). It is hereby clarified that this Interim Security will be maintained by the Company only till the period the Receivables are not 100% as the Primary Security and not at all times until maturity. The Interim Security will be only for the interim period of the issue size."

In the event the Company seeks release of Interim Security, the Debenture Trustee shall intimate for such release to the debenture holders and issue the No-objection certificate, on non-receipt of any objection from the majority debenture holder for release of such Interim Security, after the expiry of the 3 days (including non business days) from the date of intimation. The Company shall provide a security cover certificate (prior to such release of such Interim Security), providing details of the receivables to the extent of 1x cover for securing the Debentures. At any time if the security cover falls below 1x cover, the Company shall immediately and no later than 7 working days create such Interim Security for maintaining the due security cover.

The Debenture repayment, interest thereon, Trustees' remuneration and all other monies relating thereto shall be secured by way of first pari-passu charge on Receivables to the extent of security cover. The above mentioned security will be created in favour of the Trustees in terms of RBI Circular No. DNBD (PD) CC No. 330 /03.10.001/2012-13 dated June 27, 2013 and clarification bearing No. DNBS(PD) CC No.349/03.10.001/2013-14 dated July 2, 2013.

We undertake that we shall obtain the NOC for ceding pari-passu charge from Security Trustee on behalf of the Existing Lenders (covered under security trustee agreement dated September 09, 2015 and any amendment thereof), before creating pari-passu security, if any.



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Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee

Further, pursuant to “Further Borrowing” and/or “Future Borrowing” clause of erstwhile transaction documents which allows the Company to issue secured Debentures and raise secured borrowings. In this regard, an intimation has been sent by Debenture Trustee to all the existing Debenture holders informing them about this issuance and creation of pari-passu charge on the subscribed amount.

### **Debentures in Dematerialized Form**

The Company is issuing the Debentures only in dematerialized form and hence no Debentures are being issued in physical form in terms of the Disclosure Document. The Company has entered in to Depository Arrangements with NSDL and CDSL for dematerialization of the Securities.

Applicants have to mention their Depository Participant’s name, DP-ID and Beneficiary Account Number/Client ID in the appropriate place in the Application Form. Debentures of successful allottee(s) having Depository Account shall be credited to their Depository Account.

### **Undertaking- Common Form of Transfer**

The Company hereby undertakes that it shall use a common form of transfer for all NCDs issued by the Issuer

### **Joint-Holders**

Where two or more persons are holders of any Debenture(s), they shall be deemed to hold the same as joint holders with benefits of survivorship in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the existing equity shares of the Company, subject to other provisions contained in the Articles of Association of the Company.

### **Mode of Transfer**

The Debentures shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the existing equity shares of the Company. The provisions relating to transfer and transmission, nomination and other related matters in respect of equity shares of the Company, contained in the Articles of Association of the Company, shall apply mutatis mutandis to the transfer and transmission of the Debentures and nomination in this respect.

### **Succession**

In the event of demise of the sole holder of the Debentures, the Company will recognize the executor or administrator of the deceased Debenture holder, or the holder of succession certificate or other legal representative as having title to the Debentures. The Company shall not be bound to recognize such executor, administrator or holder of the succession certificate, unless such executor or administrator obtains probate or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Directors of the Company may, in their absolute discretion, where they think fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures standing in the name of the deceased Debenture holder on production of sufficient documentary proof and / or indemnity.

### **Governing law**

The Debentures shall be construed to be governed in accordance with Indian Law. The competent Courts at Delhi alone shall have jurisdiction in connection with any matter arising out of or under these precincts. Over and above the aforesaid Terms and Conditions, the said Debentures shall be subject to the Terms

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and Conditions to be incorporated in the Debentures to be issued to the allottees and the Debenture Trust Deed / Trustee Agreement.

### **Record Date**

The Record Date for the Debentures shall be 15 calendar days prior to the date of each of the Coupon Payment Date and/or the Redemption Date, as the case may be. In case the Record Date falls on non-Business Day, the day prior to the said non-Business Day will be considered as the Record Date.

Interest and/or Redemption Amount shall be paid to the person whose name appears as sole / first in the register of Debenture holders at the close of the Record Date. In the event of the Company not receiving any notice of transfer at least 15 days before the respective due date of payment of interest and at least 15 days prior to the Redemption Date, as the case may be, the transferees of the Debentures shall not have any claim against the Company in respect of interest and/or Redemption Amount so paid to the registered Debenture holders.

In case of those Debentures for which the beneficial owner is not identified by the Depository at the close of the Record Date, the Company would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to the Company, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days from the date of such notification by the Depository.

### **List of Debenture holders / Beneficiaries**

The Company shall request the Depository to provide a list of Debenture holders at the close of the Record Date. This shall be the list, which shall be considered for payment of interest or Redemption Amount, as the case may be.

### **Effect of Holidays**

Payment convention to be followed as per SEBI circular CIR/IMD.DF/18/2013 dated 29 October 2013 and clarification issued by SEBI vide circular No. CIR/IMD/DF-1/122/2016; dated 11 November, 2016.

### **Deduction of Tax at Source (TDS)**

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source on payment of interest or any other sums payable in respect of the Debentures. For seeking TDS exemption/lower rate of TDS, relevant certificate(s)/ document(s) must be lodged at least 15 days before the Coupon Payment Date (s) with the Registrar or to such other person(s) at such other address(es) as the Company may specify from time to time through suitable communication.

Tax exemption certificate/ declaration of non-deduction of TDS on Interest on Application Money, should be submitted along with the Application Form. Where any deduction of Income Tax is made at source, the Company shall send to the Debenture holder(s) a Certificate of Tax Deduction at Source.

Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

### **Payment on Redemption**

The Debentures shall be redeemed at the end of the Tenor ("Redemption Date"), as mentioned in the Issue Details.

The Debentures will not carry any obligation, for interest or otherwise, after the Redemption Date. The Debentures held in the dematerialized form shall be taken as discharged on payment of the Redemption Amount on Redemption Date to the registered Debenture holders whose name appear in the list given by the Depository to the Company at the close of the Record Date. Such payment will be a legal discharge of the liability of the Company towards the Debenture holders.

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Payment of Redemption Amount will be made by way of Cheque / DD / RTGS / NEFT / Electronic mode and any other prevailing mode of payment in the name of Debenture Holder(s) whose name appears on the list given by the Depository to the Company at the close of the Record Date. Cheque / DD will be dispatched to the Debenture holder(s) by Courier / Registered Post / Hand Delivery, in accordance with the existing rules / laws at the sole risk of the Debenture holder(s) to the sole holder(s) / first named holder(s) at the address registered with the Company.

**Events of Default**

The whole of the principal moneys shall be deemed forthwith to have become due and payable and the security hereby constituted shall become enforceable in each and every one of the following events and the Trustees may in their discretion and / or shall upon request in writing of the holders of the Debentures of an amount representing not less than three-fourths in value of the nominal amount of the Debentures for the time being outstanding or by a Special Resolution duly passed at the meeting of the Debenture holders by three-fourth majority of votes and by a notice in writing to the Company declare the principal amount of the Debenture and all accrued interest thereon to be due and payable forthwith and the security created hereunder shall become enforceable.

- a) If the Company makes default in the payment of principal moneys and accrued interest which ought to be paid in accordance with the schedule to these presents.
- b) If the company makes two consecutive defaults in the payment of any interest hereby secured on the date when such interest is by these presents made payable
- c) If the company without the consent of the debenture holders ceases or threatens to cease to carry on its business or gives notice of its intention to do so of if it appears to the Trustee that the Company is carrying on business at such a loss, the further continuation by the Company of its business will endanger the security of the debenture holders.
- d) If an order shall be made or an effective resolution passed for winding up the Company.
- e) If the Company commits a breach of any of the covenants, conditions or provisions herein contained and / or financial covenants and conditions on its part to be observed and performed.
- f) If the Company shall make any alteration in the provision of its Memorandum & Articles of Association which in the opinion of the Trustee is likely detrimental or affect the interest of the debenture holders and shall upon demand by the Trustees refuse or neglect or be unable to rescind such alteration.
- g) If, there is reasonable apprehension that the Company is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily may be or have been commenced.
- h) If the mortgaged property has not been kept insured or has depreciated in value to such extent that in the opinion of the Trustees, further security should be given and on advising the Company to that effect such security has not been given to the Trustees to their satisfaction.
- i) The Company is unable or has admitted in writing its inability to pay its debts as they mature.
- j) When there is default in payment of interest and / or principal to the debenture-holders, if the Company creates or purports or attempts to create any charge, sale or mortgage on the premises hereby charged, without the consent, in writing, of the Trustees.

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k) If at any time it appears from the Balance Sheet of the Company or the Trustee shall certify in writing, that in their opinion the liabilities of the Company exceed its assets including its uncalled capital or that the Company is carrying on its business at a loss.

l) If in the opinion of the Trustees and the Debenture holders, the Security of the Debentures is in jeopardy.

m) When an order has been made by the Tribunal or a special resolution has been passed by the members of the Company for winding up of the company.

### **Manner of Voting/ Conditions of joining Inter Creditor Agreement:**

As per applicable law and Inter Creditor agreement entered by the Lenders/Creditors.

### **Future Borrowings**

The Issuer can avail further secured and unsecured borrowing and can create security for its future borrowings on exclusive/pari passu or second / subservient basis without obtaining consent / no objection certificates (NOCs) from Debenture holders or Debenture Trustee as long as Issuer is maintaining stipulated security cover ratio (Security Coverage Ratio can be reckoned from management certified book debt statement) and there is no event of default. The Issuer shall produce certificate from chartered accountant confirming security cover ratio to Debenture Trustee at the end of each quarter.

### **Purchase/ Sale of Debentures**

The Company may, at any time and from time to time, purchase Debentures at discount, at par or at premium in the open market or otherwise in accordance with the applicable laws. Such Debentures, at the option of the Company, may be cancelled, held or resold at such price and on such terms and conditions as the Company may deem fit and as permitted by law.

### **Right to Re-Issue of Debentures**

Where the Company has redeemed any Debentures, subject to provisions of the Companies Act, 2013 and other applicable provisions, the Company shall have and shall be deemed always to have had the right to keep such Debentures alive for the purpose of re-issue and in exercising such right, the Company shall have and shall be deemed always to have had the power to re-issue such Debentures as per the provisions of law either by reissuing the same Debentures or by issuing other debentures in their place in either case, at such price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

### **Right of Consolidation and Reissuance**

The Company may, at any point of time, make further issuance under the same ISIN. The Board of Directors/Committee of Directors shall have the power to consolidate and reissue its debt securities, including the Debentures, on such terms and conditions as they may deem fit.

### **Tax Benefits to the Debenture holders**

The holder(s) of the Debentures are advised to consider in their own case, the tax implications in respect of subscription to the Debentures after consulting their own tax advisor/ counsel.

### **Consents**

The consents in writing of Registrar to the Issue and the Debenture Trustee to act in their respective capacities have been obtained.

### **Sharing of Information**

The Company may, at its option, use on its own, as well as exchange, share or part with any financial or other information about the Debenture holders available with the Company, with its subsidiaries and

### ***For Private Circulation Only***

affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Company nor its subsidiaries and affiliates or their agents shall be liable for use of the aforesaid information.

#### **Debenture holder not a Shareholder**

The Debenture holders will not be entitled to any of the rights and privileges available to the Shareholders of the Company.

#### **Modification of Rights**

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated by the Company, with the consent, in writing, of those Debenture holders who hold at least three fourth of the outstanding amount of the Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the Debenture holders as may be prescribed in the Trusteeship Agreement / Debenture Trust Deed, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Debentures, if the same are not acceptable to the Company.

#### **Notice(s)**

All notices to the Debenture holder(s) required to be given by the Company or the Debenture Trustee from time to time, shall be deemed to have been given if sent by registered post / by courier to the sole / first allottee or the sole / first Debenture holder of the Debentures, as the case may be, or if published in one English newspaper.

All notice(s) to be given by the Debenture holder(s) shall be sent by registered post, courier or by hand delivery to the Company or to such persons at such address as may be notified by the Company from time to time through suitable communication.

#### **Disputes and Governing Law**

The Debentures are governed by and shall be construed in accordance with the existing Laws of India. Any dispute arising thereof will be subject to the exclusive jurisdiction of the Courts at Delhi in India.

#### **Right to Accept or Reject Applications**

The Company reserves full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The applicants will be intimated about such rejection along with the refund warrant. The Application Forms that are not complete in all respects are liable to be rejected and such applicant would not be paid any Interest on Application Money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a. Bank account details not given;
- b. Details for issue of debentures in electronic/ dematerialized form not given;
- c. PAN not mentioned in appropriate place.
- d. In case of applications under Power of Attorney by limited companies, corporate bodies, etc. relevant documents not submitted;

In the event of number of Debentures applied for are not allotted in full, the excess application money of such applicant will be refunded, as may be permitted.

## 7) FORM NO PAS-4 PRIVATE PLACEMENT OFFER LETTER

### [PURSUANT TO SECTION 42 AND RULE 14(1) OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) SECOND AMENDMENT RULES, 2018]

#### 1. GENERAL INFORMATION

- (i) **Name, address, website, if any, and other contact details of the company indicating both registered office and corporate office:** Please refer page no. 15
- (ii) **Date of incorporation of the company:** Please refer page no. 15
- (iii) **Business carried on by the company and its subsidiaries with the details of branches or units, if any:** Please refer page no. 16
- (iv) **Brief particulars of the management of the company:**

|                           |                                |
|---------------------------|--------------------------------|
| <b>Board of Directors</b> | Please refer page no. 22 to 24 |
| <b>Senior Management</b>  | Please refer page no. 16 & 17  |

- (v) **Names, addresses, Director Identification Number (DIN) and occupations of the directors:** Please refer page no. 22 to 24.
- (vi) **Management's perception of risk factors:** Please refer page no. 8 to 14.
- (vii) **Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of – (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; (d) loan from any bank or financial institution and interest thereon:** Please refer page no. 14.
- (viii) **Name, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process:** Please refer page no. 15.
- (ix) **Any Default in Annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:** NIL

#### 2. PARTICULARS OF OFFER

- (i) **Financial position of the Company for the last 3 financial years:** Please refer page no. 17, 18 and 31 to 33.
- (ii) **Date of passing of Board resolution:** Board Resolution dated April 29, 2021.
- (iii) **Date of passing of resolution in the general meeting, authorising the offer of securities:** Not applicable as Shareholders' resolution is not required under Section 42 of the Companies Act, 2013.
- (iv) **Kind of Securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued:** Please refer term sheet on page no. 52 to 57.
- (v) **Price at which the security is being offered including the premium, if any, along-with justification of the price:** Please refer term sheet on page no. 52 to 57.
- (vi) **Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer:** Not Applicable
- (vii) **Relevant date with reference to which the price has been arrived at:** Not Applicable
- (viii) **The class or classes of persons to whom the allotment is proposed to be made:** Please refer term sheet on page no. 52 to 57.
- (ix) **The proposed time within which the allotment shall be completed:** Please refer term sheet on page no. 52 to 57.

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- (x) **The change in control, if any, in the company that would occur consequent to the private placement:** Nil
- (xi) **The number of persons to whom allotment on preferential basis/private placement/rights issue has already been made during the year, in terms of number of securities as well as price:** Not applicable to the Company as per Rule 14(7) of the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2018 as amended read with Guidelines on Private Placement of NCDs (maturity more than 1 year) by NBFCs issued by Reserve Bank of India
- (xii) **The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:** Not Applicable
- (xiii) **Amount which the company intends to raise by way of proposed offer of securities:** Please refer term sheet on page no. 52 to 57.
- (xiv) **Terms of raising of securities- Duration, if applicable, rate of dividend or rate of interest, mode of payment and repayment:** Please refer term sheet on page no. 52 to 57.
- (xv) **Proposed time schedule for which the private placement offer cum application letter is valid:** Please refer term sheet on page no. 52 to 57.
- (xvi) **Purposes and objects of the offer:** Please refer term sheet on page no. 52 to 57.
- (xvii) **Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects:** Not Applicable
- (xviii) **Principle terms of assets charged as security, if applicable:** Please refer term sheet on page no. 52 to 57.
- (xix) **The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the company and its future operations:** Nil
- (xx) **The pre-issue and post-issue shareholding pattern of the company in the following format:**

|  |                                |
|--|--------------------------------|
| <b>Pre-issue shareholding pattern</b>  | Please refer page no. 21 to 22 |
| <b>Post-issue shareholding pattern</b> | Please refer page no. 21 to 22 |

**3. MODE OF PAYMENT OF SUBSCRIPTION:** Please refer term sheet on page no. 52 to 57.

**4. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**

- (i) **Any Financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.**

Nil

- (ii) **Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the issue of the private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed:**

Nil

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**(iii) Remuneration of directors (during the current year and last three financial years)**

|              |  |
|--------------|--|
| FY 2019-20   | Please refer to page 66 and 67 of the section on “Corporate Governance Report” in the Annual report of FY 2019-20 of the Company attached. |
| FY 2018-19   | Please refer to page 62 of the section on “Corporate Governance Report” in the Annual report of FY 2018-19 of the Company attached.        |
| F.Y. 2017-18 | Please refer to page 71 of the section on “Corporate Governance Report” in the Annual report of FY 2017-18 of the Company attached.        |

**Note:** Please note that all the annual reports are uploaded on the website of the Company and accessible through the following URL:

<https://www.herofincorp.com/investor-relations/financial-performance>

**(iv) Related party transactions entered during the last three financial years immediately preceding the year of issue of the private placement offer cum application letter including with regard to loans made or, guarantee given or securities provided**

| Financial Year | Standalone  | Consolidated  |
|----------------|---|---|
| 2019-20        | Please refer Note no. 37 to the financial statements as appearing on page 162 of the Annual report of FY 2019-20 of the Company attached. | Please refer Note no. 38 to the financial statements as appearing on page 255 of the Annual report of FY 2019-20 of the Company attached. |
| 2018-19        | Please refer Note no. 35 to the financial statements as appearing on page 160 of the Annual report of FY 2018-19 of the Company attached. | Please refer Note no. 36 to the financial statements as appearing on page 259 of the Annual report of FY 2018-19 of the Company attached. |
| 2017-18        | Please refer Note no. 32 to the financial statements as appearing on page 132 of the Annual report of FY 2017-18 of the Company attached. | Please refer Note no. 32 to the financial statements as appearing on page 178 of the Annual report of FY 2017-18 of the Company attached. |

**Note:** Please note that all the annual reports are uploaded on the website of the Company and accessible through the following URL:

<https://www.herofincorp.com/investor-relations/financial-performance>

**(v) Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of issue of Private Placement offer cum application letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark: Nil**

**(vi) Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of issue of private placement offer cum application letter in the case of company and all of its subsidiaries, and if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the private placement offer cum application letter and if so, section-wise details thereof for the company and all of its subsidiaries:**

**Hero Housing Finance Limited (Wholly owned subsidiary)**

| Type | Sections of the Companies Act | Brief Description | Details of Penalty/ Punishment/ | Authority (RD/NCLT/Court) |
|------|-------------------------------|-------------------|---------------------------------|---------------------------|
|------|-------------------------------|-------------------|---------------------------------|---------------------------|



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|             |                               |   |                          |                          |
|-------------|-------------------------------|---|--------------------------|--------------------------|
|             |                               |   | Compounding Fees imposed |                          |
| Company     |                               |   |                          |                          |
| Compounding | Section 56(4) and Section 441 | Delay in issuance of share certificates | Rs. 25,000               | Regional Director, North |
| Directors   |                               |   |                          |                          |
| Compounding | Section 56(4) and Section 441 | Delay in issuance of share certificates | Rs. 30,000               | Regional Director, North |

(vii) Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company: Nil

**FINANCIAL POSITION OF THE COMPANY:**

- (a) **Capital Structure:** Please refer page no. 19 to 21.
- (b) **Size of the present offer:** Please refer term sheet on page no. 52 to 57.
- (c) **Paid up capital**
  - I. **After the Offer-** No change as the company is issuing Non-Convertible Debentures
  - II. **after conversion of convertible instruments-** Not applicable
- (d) **Share Premium Account (before and after the offer):**

|   |  |
|---|--|
| <b>Pre-issue Share Premium Account</b>  | Please refer page no. 19 & 21                                  |
| <b>Post-issue Share Premium Account</b> | No change as the company is issuing Non-convertible debentures |

- (a) The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration: Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the private placement offer cum application letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case: Please refer page no. 19 & 21.
- (b) **Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of private placement offer cum application letter:** Please refer page no. 31 & 33.
- (c) **Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid):** Please refer page no. 31.
- (d) **A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of private placement offer cum application letter:** Please refer page no. 31 to 33.
- (e) **Audited Cash Flow Statement for the three years immediately preceding the date of issue of private placement offer cum application letter:** Please refer page no. 31 to 33.
- (f) **Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company:**

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The financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from April 1, 2018 with effective transition date of April 1, 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

The transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act read with Rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by the RBI and other generally accepted accounting principles in India (collectively referred to as 'the previous GAAP'). Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding adjustments pertaining to comparative as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

These financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at March 31, 2019 based on the Press Release issued by the Ministry of Corporate Affairs on January 18, 2016. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

| <b>Particulars</b>  | <b>Year ended<br/>March 31, 2018</b> |
|---|--------------------------------------|
| <b>Net profit after tax as per previous GAAP</b>  | <b>162.45</b>                        |
| <b>Add/(less):</b>  |                                      |
| Decrease in interest income pursuant to application of effective interest rate method         | (18.90)                              |
| Income recognition on stage III assets  | 13.54                                |
| Impact of provision as per expected credit loss   | (28.29)                              |
| Actuarial gain/(loss) on defined benefit obligation transferred to other comprehensive income | 0.74                                 |
| Others  | 0.18                                 |
| Deferred tax on above (to the extent applicable)  | 16.13                                |
| <b>Profit after tax as per Ind AS</b>   | <b>145.85</b>                        |
| Other comprehensive income/(loss) (net of tax)  | (0.48)                               |
| <b>Total comprehensive income (after tax) under Ind AS</b>                                    | <b>145.37</b>                        |

**8) WILFUL DEFAULTER**

Neither our Company, nor any of its promoters or directors have been declared as a wilful defaulter.

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**ISSUE DETAILS / TERM SHEET**

|  |  |
|--|--|
| <b>Security Name</b>   | <b>Hero FinCorp Ltd. Secured Redeemable Non-Convertible Debenture (NCD) – (Issue Series No. HFCL/NCD/045)</b>  |
| <b>Issuer</b>  | Hero FinCorp Limited   |
| <b>Type of Instrument</b>  | Secured Listed Redeemable Non-Convertible Debenture  |
| <b>Rating</b>  | AA+ Stable by CRISIL and ICRA. This rating indicates [high degree of safety regarding timely payment of financial obligations].  |
| <b>Face Value</b>  | ₹10,00,000 (Rupees Ten Lakh)   |
| <b>Nature of Instrument</b>  | Secured  |
| <b>Seniority</b>   | Senior   |
| <b>Mode of Issue</b>   | Private Placement  |
| <b>Eligible Investors</b>  | Companies and Bodies Corporate including –<br>Public Sector Undertakings<br>Commercial Banks including Regional Rural Banks<br>Financial Institutions<br>Insurance Cos<br>Mutual Funds<br>Trusts<br>Provident / Pension / Super-Annuation / Gratuity Funds<br>Venture Capital Funds<br>National investment funds<br>Any other investor authorized to invest in these Debentures. |
| <b>Listing</b>   | The Debentures to be issued under the Offer Document will be applied to get listed on the WDM segment of NSE within 4 trading days from the issue closing date.  |
| <b>Issue Size</b>  | ₹ 25 Crore with an option to retain additional ₹ 200 Crore   |
| <b>Option to retain oversubscription</b>   | ₹ 200 Crore  |
| <b>Objects of the Issue</b>  | To augment long term resources of the company. The proceeds from the issue will be utilized for general business purpose including for various financing activities, to repay the existing loans, investment for liquidity requirements, capital expenditure and working capital needs.  |
| <b>Utilisation of the Proceeds</b>   | The proceeds will be utilized in-line with the objects of the issue.   |
| <b>Coupon Rate</b>   | Defined in cash flow beneath   |
| <b>Coupon Payment Frequency</b>  | Defined in cash flow beneath   |
| <b>Coupon Type</b>   | Defined in cash flow beneath   |
| <b>Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor)</b> | N.A.   |
| <b>Day Count Basis</b>   | Actual / Actual<br>Interest shall be computed on an “actual/actual basis”. Where the interest period includes February 29, interest shall be computed on 366 days-a-year basis   |
| <b>Interest on Application Money</b>   | Interest on application money will be paid to investors at coupon rate, from and including the date of realization of Cheque(s)/RTGS up to but excluding the Deemed Date of Allotment. The same to be paid within 7 days from the Deemed Date of Allotment.  |
| <b>Default Interest Rate</b>   | 2% p.a. over the coupon rate will be payable by the Company for the defaulting period, for any default of its obligations under the terms and conditions of the Disclosure Document and/or the Debenture Trust Deed except for the following:  |

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|  |   |
|--|---|
|  | <p>i. <b>Default in Payment:</b> In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of at-least @ 2% p.a. over the coupon rate shall be payable by the Company for the defaulting period.</p> <p>ii. <b>Delay in Listing:</b> Pursuant to SEBI Circular SEBI/HO/DDHS/CIR/P/2020/198 dated October 5, 2020, in case of delay in listing of the debt securities beyond 4 trading days from the issue closing date, the Company shall pay penal interest of 1% p.a. over the coupon rate for the period of delay to the investor (i.e. from date of allotment to the date of listing) and utilise the issue proceeds of the subsequent two privately placed issuances of securities only after receiving final listing approval from Stock Exchange.</p> <p>iii. <b>Delay in execution of Debenture Trust Deed (“DTD”) &amp; Deed of Hypothecation (“DOH”) within the stipulated timelines:</b> In case of delay in execution of DTD and DOH within the stipulated timelines, additional interest of at-least @ 2% p.a. over the coupon rate shall be payable by the Company for the defaulting period.</p> |
| <b>Issue Price</b>   | At par  |
| <b>Discount at which security is issued and the effective yield as a result of such discount</b> | N.A.  |
| <b>Put Option Date / Price</b>   | N.A.  |
| <b>Call Option Date / Price</b>  | N.A.  |
| <b>Step Up/ Step Down Coupon</b>   | N.A.  |
| <b>Coupon reset process</b>  | N.A.  |
| <b>Minimum Application in multiples thereafter</b>   | 10 NCDs (₹1 Crore) and Multiples of 1 NCD (₹ 0.1 Crore) thereafter  |
| <b>Mode of bidding</b>   | Open  |
| <b>Manner of Bidding Parameters</b>  | Coupon based bidding (also refer cash flow)   |
| <b>Manner of Allotment</b>   | Uniform   |
| <b>Manner of Settlement</b>  | Through Clearing Corporation  |
| <b>Settlement Cycle</b>  | T+1 (T is Bid Closing Date)   |
| <b>Issue Timing:</b>   |   |
| 1. Issue / bid Opening Date  | May 06, 2021  |
| 2. Issue / bid Closing Date  | May 06, 2021  |
| 3. Pay – in – Date   | May 07, 2021  |
| 4. Deemed Date of Allotment  | May 07, 2021  |
| <b>Issuance mode of the Debentures</b>   | Dematerialized Mode   |
| <b>Trading Mode of the Debentures</b>  | Demat Mode  |
| <b>Settlement Mode of the Debentures</b>   | Payment of interest/principal/redemption premium will be made by way of RTGS transfer/NEFT.   |
| <b>Depository</b>  | NSDL & CDSL   |
| <b>Business Day Convention</b>   | Business Day means a day which is not a Saturday, Sunday or a public holiday and on a day when the money market is functioning in the Mumbai. If any interest payment date is not a Business Day, interest will be payable (as accrued till one day prior to originally scheduled date mentioned in the document) on the following Business Day which shall be the interest payment date. If any principal payment date is not a Business Day, principal and accrued interest will be payable on the previous Business Day which shall be the principal payment date. Further, if the redemption date of debentures issued on Discount-Par/Par-Premium compounding structure is not a business day,   |

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|   |  |
|---|--|
|   | then payment will be made on previous business day and redemption value will be modified accordingly for number of days elapsed from issue date.   |
| <b>Record Date</b>  | 15 Calendar Days prior to each Coupon Date/Redemption Date   |
| <b>All covenants of the issue (including side letters, accelerated payment clause, etc.)</b>  | None   |
| <b>Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Information Memorandum.</b> | <p><b>Security:</b><br/>The Debentures are proposed to be secured by first pari-passu charge on standard business receivables (day past due below 90 days) of Company to the extent of 1.00 time of issue size at all times until maturity (except, receivables, if any, given on exclusive charge to any lenders), (Hereinafter called as "Primary Security"). Further, the Debentures will also be proposed to be secured by additional interim security in the form of current assets which may include cash &amp; cash equivalent, including current investments of the Company in the form of Fixed Deposit or Mutual Funds or any short-term treasury investments ("Interim Security"). It is hereby clarified that this Interim Security will be maintained by the Company only till the period the Receivables are not 100% as the Primary Security and not at all times until maturity. The Interim Security will be only for the interim period of the issue size."</p> <p>In the event the Company seeks release of Interim Security, the Debenture Trustee shall intimate for such release to the debenture holders and issue the No-objection certificate, on non-receipt of any objection from the majority debenture holder for release of such Interim Security, after the expiry of the 3 days (including non-business days) from the date of intimation. The Company shall provide a security cover certificate (prior to such release of such Interim Security), providing details of the receivables to the extent of 1x cover for securing the Debentures. At any time if the security cover falls below 1x cover, the Company shall immediately and no later than 7 working days create such Interim Security for maintaining the due security cover.</p> <p>The security will be created within the prescribed time limit.</p> <p><b>Type of security:</b> Movable<br/><b>Type of Charge:</b> Pari-passu charge.<br/><b>Likely date of Creation:</b> Within 30 days from the date of Deed of Hypothecation.<br/><b>Minimum Security Cover:</b> 1.00 time.<br/><b>Revaluation:</b> Not applicable<br/><b>Replacement of Security:</b> (i) Business receivable having DPD greater than 90 days shall be replaced upfront.<br/>(ii) At any time if the security cover falls below 1x cover, the Company shall immediately and no later than 7 working days create such Interim Security for maintaining the due security cover.</p> <p><b>Interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/ Information Memorandum:</b> Please refer default interest rate clause as referred in the term sheet.</p> |
| <b>Transaction Documents</b>  | <ol style="list-style-type: none"> <li>1. Disclosure Document/Information Memorandum</li> <li>2. Debenture Trust Deed</li> <li>3. Deed of Hypothecation</li> </ol>   |

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|   |  |
|---|--|
| <b>Conditions Precedent to Disbursement</b>   | Nil  |
| <b>Conditions Subsequent to Disbursement</b>  | Nil  |
| <b>Early redemption option with debenture holders</b>   | As set out in the Transaction Documents  |
| <b>Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)</b> | As set out in the Transaction Documents  |
| <b>Creation of recovery expense fund</b>  | A Bank Guarantee has been created in favor of "NSE" to comply with SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 and any amendments there to from time to time.  |
| <b>Conditions for breach of covenants (as specified in Debenture Trust Deed )</b>                     | As disclosed in the Transaction Documents  |
| <b>Provisions related to Cross Default</b>  | N.A.   |
| <b>Debenture Trustee</b>  | Vistra ITCL (India) Limited  |
| <b>Roles and Responsibilities of Debenture Trustee</b>  | As defined in the debenture trust deed to be executed.   |
| <b>Risk factors pertaining to the issue</b>   | Please refer page no. 11 to 12 of the disclosure document.   |
| <b>Governing Law and Jurisdiction</b>   | The Debentures shall be construed to be governed in accordance with Indian Laws. The competent courts at Delhi alone shall have jurisdiction in connection with any matter arising out of or under these precincts.<br>Over and above the aforesaid Terms and Conditions, the said Debentures shall be subject to the Terms and Conditions of this Disclosure Document and Terms and Conditions of the Debenture Trust Deed/Trustee Agreement. |

**Note:**

While the debt securities shall be secured as per the terms of transaction documents, in favour of Debenture Trustee, it will be the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

|                                 |                         |                        |
|---------------------------------|-------------------------|------------------------|
| <b>Cash Flows</b>               |                         |                        |
| Final Redemption Date           | Wednesday, May 07, 2031 |                        |
| Door to Door Tenor (Days)       | 3,652                   |                        |
| Coupon Payment Frequency        | Annual                  |                        |
| Coupon Type                     | Fixed/Simple            |                        |
| Manner of Bidding Parameter     | Coupon Based Bidding    |                        |
| Coupon Rate                     | 7.35% p.a.              |                        |
| Redemption Premium per NCD      | Not Applicable          |                        |
| <b>Cash Inflow per NCD</b>      | <b>Date</b>             | <b>Amount</b>          |
| PAY IN                          | Friday, May 07, 2021    | ₹10,00,000             |
| Cash Outflow per NCD – Interest |                         |                        |
| 1 <sup>st</sup> Coupon          | Scheduled Coupon Date   | Saturday, May 07, 2022 |
|                                 | No. of days             | 365                    |

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|                                   |                         |                         |
|-----------------------------------|-------------------------|-------------------------|
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Monday, May 09, 2022    |
| 2 <sup>nd</sup> Coupon            | Scheduled Coupon Date   | Sunday, May 07, 2023    |
|                                   | No. of days             | 365                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Monday, May 08, 2023    |
| 3 <sup>rd</sup> Coupon            | Scheduled Coupon Date   | Tuesday, May 07, 2024   |
|                                   | No. of days             | 366                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Tuesday, May 07, 2024   |
| 4 <sup>th</sup> Coupon            | Scheduled Coupon Date   | Wednesday, May 07, 2025 |
|                                   | No. of days             | 365                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Wednesday, May 07, 2025 |
| 5 <sup>th</sup> Coupon            | Scheduled Coupon Date   | Thursday, May 07, 2026  |
|                                   | No. of days             | 365                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Thursday, May 07, 2026  |
| 6 <sup>th</sup> Coupon            | Scheduled Coupon Date   | Friday, May 07, 2027    |
|                                   | No. of days             | 365                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Friday, May 07, 2027    |
| 7 <sup>th</sup> Coupon            | Scheduled Coupon Date   | Sunday, May 07, 2028    |
|                                   | No. of days             | 366                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Monday, May 08, 2028    |
| 8 <sup>th</sup> Coupon            | Scheduled Coupon Date   | Monday, May 07, 2029    |
|                                   | No. of days             | 365                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Monday, May 07, 2029    |
| 9 <sup>th</sup> Coupon            | Scheduled Coupon Date   | Tuesday, May 07, 2030   |
|                                   | No. of days             | 365                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Tuesday, May 07, 2030   |
| 10 <sup>th</sup> Coupon           | Scheduled Coupon Date   | Wednesday, May 07, 2031 |
|                                   | No. of days             | 365                     |
|                                   | Amount                  | ₹73,500                 |
|                                   | Interest Payment Date*  | Wednesday, May 07, 2031 |
| Cash Outflow per NCD – Redemption |                         |                         |
| Principal Payment                 | Scheduled Payment Date* | Wednesday, May 07, 2031 |
|                                   | Amount                  | ₹10,00,000              |

\* Subject to working business day. In case of a non-business day, then payment will be done as per clause “Business Day Convention” of the Term Sheet”.



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- *The Issuer reserves the right to change the Issue Closing Date and, in such event, the Date of Allotment for the Debentures may also be revised by the Issuer at its sole and absolute discretion. In the event of any change in the above issue program, the Issuer will intimate the investors about the revised issue schedule.*

**A DECLARATION BY THE DIRECTORS THAT –**

- a. the company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- b. the compliance with the said Act and the rules made thereunder do not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- c. the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter;

We are authorized by the Board of Directors of the Company vide Resolution dated April 29, 2021 to sign this Information Memorandum (IM) and declare that all the requirements of the Companies Act, 2013 and the rules made there under in respect of the subject matter of this IM and matters incidental thereto have been complied with. Whatever is stated in this IM and in the attachments thereto is true, correct and complete and no information material to the subject matter of this IM has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

**Place: Delhi**

**For Hero FinCorp Limited**

**Date: 04<sup>th</sup> May, 2021**

**Attachment (As per the annexure):**

- 1) Copy of Board Resolution
- 2) Copy of Shareholders Resolution
- 3) Credit Rating Letter
- 4) Consent from the RTA
- 5) Consent from Debenture Trustee

**ANNEXURE 1 – COPY OF BOARD RESOLUTION**



**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE 130<sup>TH</sup> MEETING OF BOARD OF DIRECTORS OF HERO FINCORP LIMITED ("COMPANY") HELD ON THURSDAY, APRIL 29, 2021 AT B-109, GREATER KAILASH PART – I, NEW DELHI - 110048**

**APPROVAL FOR ISSUANCE OF NON-CONVERTIBLE DEBENTURES (NCDs) ON PRIVATE PLACEMENT BASIS**

**"RESOLVED THAT** in supersession of resolution passed by the Board of Directors at its meeting held on May 25, 2020 and Committee of Directors meeting dated February 01, 2021 and pursuant to the provisions of Sections 42, 71 and 179 and other applicable provisions of the Companies Act, 2013 (the Act) read with rules thereunder (including any modifications or re-enactments thereof, for the time being in force), and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and in pursuance of provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchange(s), where the NCDs issued by the Company are proposed to be listed, the approval and/or consent of any statutory and/or regulatory authorities, if any, and the conditions as may be prescribed by any of them while granting any such approval and/or consent, as may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'Board', which term shall be deemed to include Committee of Directors, approval of the Board of Directors, be and is hereby accorded to make offer(s) or invitation(s) to the eligible person(s) to subscribe to the Secured/ Unsecured/ Listed/ Rated/Subordinated Debt/Non-Convertible Debentures (NCDs) of the Company on Private Placement basis for an amount not exceeding the total Borrowing Limit of the Company as per Section 180(1)(c) of the Act (i.e. Rs. 40,000 Crores (Rupees Forty Thousand Crores Only) and authorise 'Committees of Directors' of the Board to do all the following acts, deeds and things in relation to the issue of NCDs as it may deem fit and appropriate in the interest of the Company, from time to time:

1. to decide/confirm/ratify terms and conditions and number of the Debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the Issue including coupon rate, minimum subscription, if any, etc. and to issue and allot the Debentures and to approve/confirm/ratify all other matters and terms & conditions relating to the Issue and to do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose, and to vary, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, in consultation with the arrangers to the Issue;
2. to accept and receive subscription/ application money, to appropriate the proceeds of the Issue and to make allotment of the NCDs and to authorize maintenance of a Register of Debentures Holders in physical/ electronic mode;
3. to finalize details of securities to be provided and matters incidental or connected therewith and incur any expenditure in relation to the creation of such security;
4. to open relevant bank account(s), if required and authorize officials of the Company to operate the same where ever necessary;

**RESOLVED FURTHER THAT** Vistra ITCL (India) Limited or any other body corporate or entity as may be appointed as Trustee for the NCD holders by Committee of Directors' of the Board subject to their confirmation to act as Trustee to the NCD issues, from time to time, and be paid the annual trustee fee as may be mutually agreed with the Company.

**Hero FinCorp Ltd.**

Registered Office : 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi, 110057 - INDIA  
Corporate Office: 09, Basant Lok, Vasant Vihar, New Delhi - 110057 INDIA  
Phones: +91-11-49487150; Fax: +91-11- 49487197 + 91-11- 49487198  
Email:- info.hfcl@herofincorp.com Website: www.herofincorp.com CIN:U74899DL1991PLC046774

HFCL\_076104



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**RESOLVED FURTHER THAT** M/s. Kfin Technologies Private Limited, Registrar & Transfer Agent ("RTA") or any other body corporate or entity as may be appointed as RTA by Committee of Directors' of the Board for the NCD issues, from time to time, subject to their confirmation to act as RTA to the Issue, and to pay the fees as agreed.

**RESOLVED FURTHER THAT** other Agencies may be appointed as mutually agreed as arrangers for the aforesaid issue and be paid fees/ reimbursement if any as agreed.

**RESOLVED FURTHER THAT** the appropriate credit rating from the credit rating agencies authorized by RBI assigned to the aforesaid NCD issue be and is hereby noted.

**RESOLVED FURTHER THAT** any two of the following officials, be and are hereby jointly authorized to do the following acts deeds and things in relation to issue of NCDs:-

| S. No | Name of the Authorized Signatory | Designation                           |
|-------|----------------------------------|---------------------------------------|
| 1.    | Mrs. Renu Munjal                 | Managing Director                     |
| 2.    | Mr. Abhimanyu Munjal             | Joint Managing Director and CEO       |
| 3.    | Mr. Jayesh Jain                  | Chief Financial Officer               |
| 4.    | Ms. Priya Kashyap                | Head - MD & CEOs Office               |
| 5.    | Mr. Shyam Lal                    | Senior Vice President - Finance       |
| 6.    | Mr. Shivendra Suman              | Head - Compliance & Company Secretary |
| 7.    | Mr. Rajneesh Sharma              | Head - Fraud Control Unit             |
| 8.    | Mr. Tarang Jain                  | Lead - Finance & Accounts             |
| 9.    | Mr. Dhoop Mittal                 | Lead - Treasury                       |
| 10.   | Mr. Mayank Manchanda             | Lead Insurance Cross Sell             |
| 11.   | Mr. Sudhanshu Dang               | National Manager (SAP Financials)     |
| 12.   | Mr. Vijay Chaturvedi             | National Manager (Taxation)           |

1. undertake regulatory/procedural requirements for listing of the debentures on the National Stock Exchange of India Limited and/or BSE Limited, in principle approval from Stock Exchange(s) and also to sign the necessary agreements and documents in this regard; and to admit/dematerialize the debentures with depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, as the case may be and to pay all necessary fees and/or expenditure in connection thereto and also to sign all necessary agreements/documents for the said purpose in order to give effect to this resolution;
2. to prepare, sign, file, submit the necessary application with the concerned Collector of Stamps at New Delhi alongwith all other document(s) and deed(s) as may be required, for the stamping of NCDs, proposed to be issued by the Company from time to time, including the grant of letter of authority to person(s)/firm to represent the Company before the Collector of Stamps and to do all such other acts, deeds and things as may be deemed fit in this regard.
3. to prepare, sign and execute various agreements and documents in relation to the issue including but not limited to information memorandum, term sheet, deed of hypothecation, debenture trust deed, debenture trustee agreement, Initial debenture trustee agreement, listing agreement, undertakings, deeds, declarations, affidavits, certificates, documents, etc. and all other documents and to do all such acts, deeds and things, and to comply with all formalities as may be required in connection with and incidental to the aforesaid Issue including the post Issue compliances and with power to settle any question, difficulties or doubts that may arise in regard to the issue or allotment of such debentures as may be deemed fit;



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4. to create charge(s) and execute such other document(s) as may be required in connection with security creation for the Issue;
5. to execute and deliver any agreement(s), enter into any arrangement(s) as well as amendments or supplements thereto in connection with the Issue, including, without limitation, engagement letter(s), Memorandum of Understanding (MOU), the Registrar's Agreement/ appointment letter, depositories' agreements, escrow agreement, MOU with the arranger/ lead managers including the bankers to the Issue/ Company, Registrar to the Issue, auditors/ Chartered Accountants, legal counsel, debenture trustee, and all such persons or agencies as may be involved in or concerned with the Issue, if any;
6. to affix Common Seal of the Company to any documents, agreements etc., as may be necessary in pursuance to applicable provisions of the Companies Act and articles of association of the Company.
7. to execute and deliver all other documents or instruments and to do or cause to be done any and all other acts or things in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of that fact.
8. to appoint/ reappoint such intermediaries as may be required for the purposes of the Issue;
9. to arrange for necessary rating from an authorized rating agency.
10. to seek approvals, consents, waiver from any person/ authority as the case may be;

**RESOLVED FURTHER THAT** the Committee of Directors be and is hereby authorised to revise the List of Authorised Officials for carrying out various activities for the purpose of issue and allotment of NCDs in order to ensure the smooth functioning of business of the Company from time to time.

**RESOLVED FURTHER THAT** any Director of the Company or Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorised to file the requisite e-forms /returns relating to the charges created in favour of the Debenture Trustee for the benefit of the Secured Lenders with the Registrar of Companies within the time prescribed by law thereof.

**RESOLVED FURTHER THAT** any Director or Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorized to act as the compliance officer(s) in relation to the Issue, from time to time and further authorized to give certified true copies of the foregoing Resolution wherever required."

**Certified True Copy  
For Hero FinCorp Limited**



*Shivendra Suman*  
**Shivendra Suman  
Head - Compliance & Company Secretary  
M.No. ACS18339  
Address: 09, Community Centre, Vasant Vihar  
New Delhi - 110057**

**ANNEXURE 2 – COPY OF SHAREHOLDERS RESOLUTION**



**CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED BY THE MEMBERS OF HERO FINCORP LIMITED AT THEIR 28<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON FRIDAY, SEPTEMBER 6, 2019 AT 3:00 P.M. AT JACARANDA, INDIA HABITAT CENTRE, LODHI ROAD, NEW DELHI -110003**

**ENHANCEMENT IN THE LIMIT OF BORROWINGS**

**“RESOLVED THAT** in supersession of the earlier resolution passed by the members at their meeting held on September 21, 2018 and in pursuance of the provisions of Section 180(1)(c) of the Companies Act, 2013 read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and all other applicable provisions, if any, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Committee of Directors) to borrow from time to time such sum or sums of monies as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from Company’s bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves & securities premium, that is to say, reserves not set apart for any specific purpose; provided that the total amount upto which monies may be borrowed by the Board and which shall remain outstanding at any given point of time shall not exceed the sum of Rs. 40,000 Crore (Rupees Forty Thousand crore only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient as they may in their absolute discretion may deem necessary or desirable and their decision shall be final and binding.”

**Certified True Copy**

**For Hero FinCorp Ltd.**

A handwritten signature in blue ink, followed by a circular blue stamp. The stamp contains the text 'Hero FinCorp Limited' at the top and 'New Delhi' at the bottom, with two stars on either side.

**Shivendra Suman**

**Head – Compliance & Company Secretary**

**M.No. ACS 18339**

**Address: 9, Community Centre, Basant Lok,  
Vasant Vihar, New Delhi- 110057**

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**ANNEXURE 3 – CREDIT RATING LETTER**



ICRA Limited

Ref: D/RAT/2021-22/H28/1

Date: April 28, 2021

Mr. Jayesh Jain  
Chief Financial Officer  
Hero FinCorp Limited  
09, Basant Lok  
Vasant Vihar  
New Delhi – 110057

Dear Sir,

Re: ICRA rating for Rs. 1,846 crore (Yet to be placed: Rs. 994 crore) Non-Convertible Debenture Programme of Hero FinCorp Limited.

Please refer to your request for revalidating the rating letter issued for the captioned programme.

We confirm that the [ICRA] AA+ (pronounced as ICRA Double A Plus) rating assigned to your captioned programme and last communicated to you vide our letter dated March 30, 2021 stands. Instruments with [ICRA] AA are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The modifiers + (plus) or – (minus) may be appended to the rating symbols to indicate their relative position within the rating categories concerned. The outlook on this rating is "Stable".

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]AA+ (Stable).

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same as communicated vide our letter dated March 30, 2021.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

For ICRA Limited

KARTHIK SRINIVASAN  
2021.04.28 10:29:24 +05'30'

Karthik Srinivasan  
Senior Vice President  
Group Head - Financial Sector Ratings  
[karthik@icraindia.com](mailto:karthik@icraindia.com)

Electric Mansion, 8<sup>th</sup> Floor  
Appasaheb Marathe Marg  
Prabhadevi, Mumbai-400025  
Tel. : +91.22.61693300  
CIN : L74999DL1991PLC042749  
Website : [www.icra.in](http://www.icra.in)  
Email : [info@icraindia.com](mailto:info@icraindia.com)  
Helpdesk : +91.8054738900  
Registered Office : 1105, Kalsh Building, 11<sup>th</sup> Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

**RATING • RESEARCH • INFORMATION**



ANNEXURE I:

| ISIN             | Instrument Name | Date of Issuance/ Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|------------------|-----------------|----------------------------|-------------|---------------|--------------------------|----------------------------|
| INE957N07146     | NCD             | 6-Jan-16                   | 8.76%       | 10-Jun-21     | 12.00                    | [ICRA]AA+ (Stable)         |
| INE957N07351     | NCD             | 18-Aug-17                  | 7.70%       | 18-Aug-22     | 85.00                    | [ICRA]AA+ (Stable)         |
| INE957N07369     | NCD             | 8-Jan-18                   | 8.10%       | 8-Apr-21      | 115.00                   | [ICRA]AA+ (Stable)         |
| INE957N07377     | NCD             | 8-Jan-18                   | 8.10%       | 8-Jul-21      | 80.00                    | [ICRA]AA+ (Stable)         |
| INE957N07468     | NCD             | 20-Jun-19                  | 8.41%       | 20-Jun-22     | 110.00                   | [ICRA]AA+ (Stable)         |
| INE957N07484     | NCD             | 20-Dec-19                  | 7.75%       | 20-Dec-22     | 100.00                   | [ICRA]AA+ (Stable)         |
| INE957N07492     | NCD             | 27-Apr-20                  | 7.85%       | 27-Apr-23     | 350.00                   | [ICRA]AA+ (Stable)         |
| Yet to be placed | NCD             | NA                         | NA          | NA            | 994.00                   | [ICRA]AA+ (Stable)         |

# Ratings



CONFIDENTIAL

RL/HEROHON/268223/NCD/0421/06045/92136903/3  
April 28, 2021

Mr. Dhoop Mittal  
Treasurer  
Hero FinCorp Limited  
34, Basant Lok,  
Vasant Vihar  
New Delhi – 110057

Dear Mr. Dhoop Mittal,

**Re: CRISIL Ratings on the Non-Convertible Debentures Aggregating Rs.1050 Crore (Reduced from Rs.1085 Crore) of Hero FinCorp Limited**

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review. Please refer to our rating letters dated April 05, 2021 bearing Ref. no.: RL/HEROHON/268223/NCD/0421/06045/92136903/3

Please find in the table below the rating outstanding for your company.

| S.No. | Instrument                 | Rated Amount (Rs. in Crore) | Rating Outstanding |
|-------|----------------------------|-----------------------------|--------------------|
| 1     | Non-Convertible Debentures | 1050                        | CRISIL AA+/Stable  |

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Malvika Bhotika  
Associate Director - CRISIL Ratings

Nivedita Shibu  
Associate Director - CRISIL Ratings



**Disclaimer:** A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, [www.crisil.com](http://www.crisil.com). CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpline at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com) or at 1800-267-1301.

CRISIL Ratings Limited  
(A subsidiary of CRISIL Limited)  
Corporate Identity Number: U07150MN1997PLC026267



# Ratings



CONFIDENTIAL

RL/HEROHON/268223/NCD/0421/06045/92136903/1  
April 28, 2021

**Mr. Dhoop Mittal**  
Treasurer  
**Hero FinCorp Limited**  
34, Basant Lok,  
Vasant Vihar  
New Delhi – 110057

Dear Mr. Dhoop Mittal,

**Re: CRISIL Ratings on the Rs. 100 Crore Non Convertible Debentures of Hero FinCorp Limited**

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.  
Please refer to our rating letters dated April 05, 2021 bearing Ref. no.: RL/HEROHON/268223/NCD/0421/06045/92136903

Please find in the table below the rating outstanding for your company.

| S.No. | Instrument                 | Rated Amount (Rs. in Crore) | Rating Outstanding |
|-------|----------------------------|-----------------------------|--------------------|
| 1     | Non-Convertible Debentures | 100                         | CRISIL AA+/Stable  |

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debentured by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Malvika Bhotika  
Associate Director - CRISIL Ratings

Nivedita Shibu  
Associate Director - CRISIL Ratings



**Disclaimer:** A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument, it does not comment on the market price or suitability for a particular investor.

CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, [www.crisil.com](http://www.crisil.com). CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at [CRISILratingsdesk@crisil.com](mailto:CRISILratingsdesk@crisil.com) or at 1800-267-1301.

CRISIL Ratings Limited  
(A subsidiary of CRISIL Limited)  
Corporate Identity Number: U07400816019PLC020047

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076. Phone: +91 22 3562 3838 | Fax: +91 22 3562 3831  
[www.crisil.com/ratings](http://www.crisil.com/ratings)

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**ANNEXURE 4 – RTA CONSENT LETTER**



KFT/HERO FINCORP /Consent/2021  
Friday, April 30, 2021

**HERO FINCORP LIMITED**  
9, Community Centre,  
BasantLok, Vasant Vihar,  
New Delhi - 110 057

**Sub:** Contemplating the issuance of Secured Redeemable Non-Convertible Debentures on Private Placement Basis of 250 Secured, Rated, Redeemable Non-Convertible Debentures ("Debentures") of the face value of ₹10,00,000/- each, for cash aggregating ₹25 Crore with an option to retain additional subscription upto ₹200 Crore, aggregating to ₹225 Crore.

\*\*\*\*

Dear Sir/Madam,

This has reference to your email dated, Friday, April 30, 2021 with regard to the captioned subject. We hereby accord our consent to act as Registrar to the aforesaid issue and have our name included as Registrar and Transfer Agents in the information Memorandum, which your Company/Bank proposes to issue.

We also authorize you to forward this consent letter to SEBI and the Stock Exchange where the Company proposes to list its NCDs along with the Information Memorandum.

Thanking you,

Yours faithfully,  
For KFin Technologies Private Limited

**S P Venugopal**  
General Manager  
Corporate Registry

**KFin Technologies Private Limited**  
(Formerly known as 'KFin Fintech Private Limited')

**Registered & Corporate Office**  
Selection Building, Tower-B, Plot No- 31 & 32, Financial District, Mandiramguda, Sarfajganj/3, Hyderabad, Bangalore, Kerala, 500033.  
Ph - +91 40 6715 2223, 7961 1000 | <http://www.kfintech.com> | CIN - U72402TG2017PTC117649

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**ANNEXURE 5 – DEBENTURE TRUSTEE CONSENT LETTER**



May 04, 2021

**Hero FinCorp Limited**  
9 Basant Lok, Vasant Vihar,  
New Delhi - 110057

Sub: Consent to act as Debenture Trustee for the proposed issue of fully paid, secured, rated, redeemable non-convertible debentures of face value of Rs. 10,00,000/- (Rs. 10 Lakhs only) each amounting to Rs.25,00,00,000/- (Rupees Twenty Five Crores only) with an option to retain additional subscription upto Rs. 200,00,00,000 (Rupees Two Hundred Crores), aggregating to Rs. 225,00,00,000 (Rupees Two Hundred and Twenty Five Crores only) by way of private placement by Hero FinCorp Limited (Company).

Dear Sir,

This is with reference to our discussion regarding appointment of Vistra ITCL India Limited for proposed to issue fully paid, secured, rated, redeemable non-convertible debentures of face value of Rs. 10,00,000/- (Rs. 10 Lakhs only) each amounting to Rs.25,00,00,000/- (Rupees Twenty Five Crores only) with an option to retain additional subscription upto Rs. 200,00,00,000 (Rupees Two Hundred Crores), aggregating to Rs. 225,00,00,000 (Rupees Two Hundred and Twenty Five Crores only) by way of private placement by the Company. In this regards, we do hereby give our consent to act as the Debenture Trustee subject to the Company agreeing to the following conditions.

1. The Company agrees and undertakes to create First pari-passu charge on receivables to the extent of 1 time the issue size of the Company as defined under the Debenture Trustee Agreement dated May 03, 2021 for the above referred issue. The said security shall be created within 30 days on such terms and conditions as disclosed in the Debenture Trustee Agreement and execute necessary documents as agreed upon by the Company under the Debenture Trustee Agreement
2. The Company shall pay Debenture Trustee so long as they hold the office of the Debenture Trustee, remuneration as stated in appointment letter dated January 21, 2019 for the services as Debenture Trustee in addition to all legal, travelling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with
3. The Company shall comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and other applicable provisions as amended from time to time and agrees to furnish to Trustee such information in terms of the same on regular basis

Sincerely,  
**For Vistra ITCL (India) Limited**

**Authorized Signatory**



Registered office:

The IL&FS Financial Centre,  
Plot C- 22, G Block, 7th Floor  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400051

Tel +91 22 2659 3535

Fax: +912226533297

Email: [mumbai@vistra.com](mailto:mumbai@vistra.com)

[www.vistraitcl.com](http://www.vistraitcl.com)

Vistra ITCL (India)Limited

Corporate Identity Number (CIN):U66020MH1995PLC095507

**ANNEXURE 6 – AUDITED FINANCIALS FOR THE YEAR ENDED MARCH 31, 2021**

**B S R & Co. LLP**

Chartered Accountants

Unit No.- 502, 5th Floor, Tower- B,  
ITES/ IS Complex, Advant Navis Business Park,  
Plot No.- 7, Sector- 142, Expressway,  
Noida- 201305, UP

Telephone: + 91 120 682 8700  
Fax: + 91 120 682 8710

**INDEPENDENT AUDITORS' REPORT**

**TO THE BOARD OF DIRECTORS OF HERO FINCORP LIMITED**

**Report on the audit of the Annual Financial Results**

**Opinion**

We have audited the accompanying annual financial results of Hero FinCorp Limited (hereinafter referred to as the "Company") for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid annual financial results:

- a. are presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2021.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the annual financial results.

**Emphasis of matter**

We draw attention to Note 16 to the financial results for the year ended 31 March 2021 according to which the managerial remuneration paid to the Managing Director and Joint Managing Director and Chief Executive Officer of the Company (amounting to Rs. 16.12 crores) exceed the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by Rs. 11.81 crores. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual general Meeting.

Our opinion is not modified in respect of this matter.



B S R & Co. is a partnership firm with Registration No. BA61223 converted into B S R & Co. LLP  
is Limited Liability Partnership with LLP Registration No. AAB-8181 with effect from October 14, 2013

Registered Office:

14th Floor, Central B Wing and North C Wing, NESCO IT Park 4, NESCO  
Center, Western Express Highway, Goregaon (East), Mumbai - 400063

## **For Private Circulation Only**

B S R & Co. LLP

### **Management's and Board of Directors' Responsibilities for the Annual Financial Results**

These annual financial results have been prepared on the basis of the annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

### **Auditor's Responsibilities for the Audit of the Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial results.

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

- Identify and assess the risks of material misstatement of the annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial results made by the Management and Board of Directors.



**For Private Circulation Only**

**B S R & Co. LLP**

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.


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

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

**Other Matters**

The annual financial results include the results for the half year ended 31 March 2021 and those of the corresponding half year ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the half year ended of the relevant financial year which were subject to limited review by us.

*For B S R & Co. LLP*  
*Chartered Accountants*  
Firm's Registration No. 101248W/ W-100022



**Manish Gupta**  
*Partner*  
Membership No.: 095037  
UDIN: 21095037AAAABC8215

Place: New Delhi  
Date: 29 April 2021



## For Private Circulation Only

### Hero FinCorp Limited

Registered office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057  
Corporate office: 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057  
Fax: 011-49487197-98, Tel. No: 011-49487150, Website: www.herofincorp.com  
CIN: U74899DL1991PLC046774

#### Notes:

- 1) The Company is a Non-Banking Finance Company registered with the Reserve Bank of India ('the RBI').
- 2) The financial results for the year ended March 31, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on April 29, 2021.
- 3) The financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.
- 4) In compliance with Regulation 52 of the Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, audit of financial results for the year ended March 31, 2021 has been carried out by the Statutory Auditors.
- 5) Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as per 'Annexure 1' attached.
- 6) During the year ended March 31, 2021, the Company has made further investment of Rs. 100 crores towards final call money (on 208,333,333 equity shares @ Rs. 4.80 per share) in its wholly owned subsidiary i.e. Hero Housing Finance Limited.
- 7) During the year ended March 31, 2021, the Company had received first and final call money from the eligible shareholders to whom the allotment was made on August 23, 2018 under the Hero FinCorp Rights Issue. Consequently the Company has converted 989 partly paid equity shares into fully paid equity shares of Rs. 10 each.
- 8) During the previous year ended March 31, 2020, the Company had issued and allotted 1,31,09,753 partly paid equity shares having face value of Rs. 10.00 each at a price of Rs. 820.00 per equity share including a premium of Rs. 810.00 per equity share on preferential basis through private placement and had received an application & allotment money of Rs. 460 per equity share. Balance amount of Rs. 360 per equity share has been received as first and final call money during the year ended March 31, 2021 and consequently the Company has converted 1,31,09,753 partly paid equity shares into fully paid up equity shares. Post conversion of the equity shares the paid up capital of the Company stood as Rs. 127,30,62,710.
- 9) The secured redeemable non-convertible debenture amounting to Rs. 1,482 crores are secured by first pari-passu charge by way of hypothecation of book debts and receivables.
- 10) Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22 October 2019, the Company has listed Commercial Papers on National Stock Exchange (NSE). The outstanding Commercial Paper borrowings which are listed on NSE as at March 31, 2021 is Rs. 2,660 crores (at face value).
- 11) The Company is a 'Large Corporate' as per criteria under SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 and the disclosure in terms of the said SEBI circular is as per 'Annexure 2' attached.
- 12) The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment.
- 13) During the year ended March 31, 2021, the company has restructured loan accounts vide Reserve Bank of India circulars on Resolution framework for COVID-19 related stress and restructuring of advances for MSME Sector dated August 6, 2020. The Company has considered these accounts as 'restructured' in accordance with Ind-AS 109, and basis such significant increase in credit risk has recognized incremental provision on such restructured accounts in accordance with its Expected Credit Loss Policy.

RENU  
MUNJAL

Registered Office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057  
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Fax: 011-49487197-98, Tel. No: 011-49487150, Website: www.herofincorp.com  
CIN: U74899DL1991PLC046774



## ***For Private Circulation Only***

- 14) The Honourable Supreme Court of India vide order dated March 23, 2021 has stated that interim relief granted vide an interim order dated September 3, 2020 stands vacated. Accordingly, the Company has classified and recognised provision as at 31 March 2021 in accordance with the Company's Expected Credit Loss Policy.

RBI circular dated April 7, 2021 advised all lending institutions to immediately put in place a Board-approved policy to refund/ adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement. Further, the circular stated that in order to ensure that the Supreme Court judgement dated March 23, 2021 is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/ adjusted for different facilities shall be finalised by the Indian Bank Association (IBA) in consultation with other industry participants/ bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ended March 31, 2021. The Company has made a provision in the financial statements as at March 31, 2021 basis proforma calculation based on the eligibility criteria laid down by the IBA via its advisory dated April 19, 2021.

The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announce a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts. The Company had implemented the ex-gratia scheme and credited the accounts of the eligible borrowers as per the Scheme.

- 15) In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.
- 16) The managerial remuneration paid to the Managing Director and Joint Managing Director & Chief Executive Officer amounts to Rs. 16.12 crores. In view of inadequacy of profits for the year, the total remuneration for the financial year exceeds the prescribed limits under section 197 read with Schedule V to the Act by Rs. 11.81 crores. As per the provisions of the Act, managerial remuneration paid to the Managing Director and Joint Managing Director & Chief Executive Officer of the Company has been ratified by Nomination and Remuneration Committee and approved by the Board of Directors subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting.
- 17) The board of directors has recommended a dividend of Rs. 1 per equity share of Rs.10 each (i.e. 10%) subject to shareholders approval in the ensuing Annual General Meeting.
- 18) Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

*For and on behalf of the Board of Directors of*  
**Hero FinCorp Limited**

**RENU  
MUNJAL**

**Renu Munjal**  
Managing Director  
(DIN: 00012870)

Place: New Delhi  
Date: April 29, 2021

**For Private Circulation Only**

| <b>Hero FinCorp Limited</b><br>Registered office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057<br>Corporate office: 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057<br>Fax: 011-49487197-98, Tel. No: 011-49487150, Website: www.herofincorp.com<br>CIN: U74899DL1991PLC046774<br>Standalone Balance sheet as at March 31, 2021<br>(All amount in Rupees crores unless otherwise stated) |                                      |                                      |
|--|--------------------------------------|--------------------------------------|
| Particulars  | As at<br>March 31, 2021<br>(Audited) | As at<br>March 31, 2020<br>(Audited) |
| <b>Assets</b>  |                                      |                                      |
| <b>Financial assets</b>  |                                      |                                      |
| Cash and cash equivalents  | 880.34                               | 2,213.23                             |
| Bank balance other than cash and cash equivalents  | 116.13                               | 0.52                                 |
| Trade receivable   | 7.98                                 | 7.87                                 |
| Loans  | 23,856.85                            | 22,482.69                            |
| Investments  | 2,211.35                             | 451.83                               |
| Other financial assets   | 110.71                               | 30.28                                |
| <b>Non-financial Assets</b>  |                                      |                                      |
| Current tax assets (net)   | 41.89                                | 40.26                                |
| Deferred tax assets (net)  | 340.82                               | 254.33                               |
| Property, plant and equipment  | 47.64                                | 67.46                                |
| Right-of-use assets  | 36.50                                | 49.98                                |
| Intangible assets  | 16.60                                | 13.76                                |
| Other non-financial assets   | 32.36                                | 24.20                                |
| <b>Total assets</b>  | <b>27,699.17</b>                     | <b>25,636.41</b>                     |
| <b>Liabilities and equity</b>  |                                      |                                      |
| <b>Liabilities</b>   |                                      |                                      |
| <b>Financial liabilities</b>   |                                      |                                      |
| Trade payable:   |                                      |                                      |
| (i) Total outstanding dues of micro enterprises and small enterprises; and   | 0.12                                 | 0.91                                 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises  | 248.76                               | 160.63                               |
| Debt securities  | 4,080.85                             | 5,231.98                             |
| Borrowing (other than debt securities)   | 17,142.27                            | 14,610.11                            |
| Subordinated liabilities   | 593.31                               | 548.35                               |
| Lease liabilities  | 40.40                                | 51.99                                |
| Other financial liabilities  | 471.99                               | 376.60                               |
| <b>Non-financial liabilities</b>   |                                      |                                      |
| Current tax liabilities (net)  | 8.60                                 | 60.14                                |
| Provisions   | 37.44                                | 32.14                                |
| Other non-financial liabilities  | 33.89                                | 36.09                                |
| <b>Total liabilities</b>   | <b>22,657.63</b>                     | <b>21,108.94</b>                     |
| <b>Equity</b>  |                                      |                                      |
| Equity share capital   | 127.31                               | 121.54                               |
| Other equity   | 4,914.23                             | 4,405.93                             |
| <b>Total equity</b>  | <b>5,041.54</b>                      | <b>4,527.47</b>                      |
| <b>Total liabilities and equity</b>  | <b>27,699.17</b>                     | <b>25,636.41</b>                     |

**For Private Circulation Only**

**ANNEXURE 7 – APPLICATION FORM**

**Hero FinCorp Ltd.**

**Registered Office: 34, Community Centre, Basant Lok, Vasant Vihar, Delhi – 110 057**

**Corporate office: 9, Community Centre, Basant Lok, Vasant Vihar, Delhi – 110 057**

**APPLICATION FORM FOR PRIVATE PLACEMENT OF SECURED, REDEEMABLE, LISTED NON-CONVERTIBLE DEBENTURES AGGREGATING TO ₹25 CRORE WITH AN OPTION TO RETAIN UPTO ADDITIONAL ₹200 CRORE, AGGREGATING ₹225 CRORE**

Date: \_\_\_\_\_

|                        |                           |
|------------------------|---------------------------|
| <b>Application No.</b> | <b>HFCL/NCD/045/_____</b> |
|------------------------|---------------------------|

Dear Sirs,

Having read and understood the contents of the Disclosure Document of Private Placement dated \_\_\_\_\_, we apply for allotment to me/us of the NCDs. The amount payable on application as shown below is remitted herewith.

**(Please read carefully the instructions on the next page before filling up this form)**

|                           |                |                                |
|---------------------------|----------------|--------------------------------|
| No. of NCDs applied for : | No. in figures | No. in words                   |
| Amount (₹) in figures :   |                |                                |
| Amount (₹) in words :     |                |                                |
| Cheque / Demand draft No. | Date           | Cheque / Demand Draft Drawn on |
|                           |                |                                |

*\* For electronic transfer of funds the Bank Details of Hero Fincorp Ltd. are indicated in the Instructions to Investors*

Applicant's Name & Address in full (Please use capital letters)

|              |              |                   |
|--------------|--------------|-------------------|
|              |              |                   |
|              |              |                   |
|              |              | <b>Pin Code :</b> |
| <b>Tel :</b> | <b>Fax :</b> | <b>Email :</b>    |

**STATUS**  INDIVIDUALS  COMPANIES & BODIES CORPORATE  MUTUAL FUNDS  FINANCIAL INSTITUTIONS  INSURANCE COMPANIES  PROVIDENT FUNDS  BANKS  PENSION FUNDS/GRATUITY FUNDS/SUPPERANNUATION FUNDS  OTHERS PLEASE SPECIFY \_\_\_\_\_

**Details of the Bank account through which investment is being done**

|                             |  |                     |  |
|-----------------------------|--|---------------------|--|
| <b>Bank Name and Branch</b> |  |                     |  |
| <b>Account No:</b>          |  | <b>Account Type</b> |  |
| <b>IFSC Code</b>            |  |                     |  |

**DEPOSITORY DETAILS**

**I/We, the undersigned, want delivery of the Debentures in Electronic Form. Details of my/our Beneficiary (Electronic) account are given below:**

|                        |  |                  |  |
|------------------------|--|------------------|--|
| <b>Depository Name</b> |  |                  |  |
| <b>DP ID No.</b>       |  | <b>Client ID</b> |  |

|   | <b>Name of the Authorised Signatory</b> | <b>Designation</b> | <b>Signature</b> |
|---|---|--------------------|------------------|
| 1 |   |                    |                  |
| 2 |   |                    |                  |
| 3 |   |                    |                  |

We understand that in case of allotment of debentures to us/our Beneficiary Account as mentioned above would be credited to the extent of debentures allotted.

**TAX DETAILS**

|                                  |                                    |                                       |
|----------------------------------|------------------------------------|---------------------------------------|
| <b>Taxpayer's PAN or GIR No.</b> | <b>IT Circle / Ward / District</b> | <input type="checkbox"/> Not allotted |
|                                  |                                    |                                       |

**For Private Circulation Only**

|                        |                                       |   |                              |                             |
|------------------------|---------------------------------------|---|------------------------------|-----------------------------|
| Tax Deduction status : | <input type="checkbox"/> Fully Exempt | <input type="checkbox"/> Tax to be deducted at source | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------|---------------------------------------|---|------------------------------|-----------------------------|

------(Tear here)-----

**HERO FINCORP LTD.**

**ACKNOWLEDGEMENT SLIP** Application Form Serial No. \_\_\_\_\_

|  |
|--|
| <b>Received from :</b>   |
| ₹ _____ Vide RTGS No. _____ towards Application for _____ Debentures |

**INSTRUCTIONS**

1. Application forms must be completed in full in BLOCK LETTERS IN ENGLISH.
2. Signatures should be made in English or in any of the Indian languages. Thumb impressions must be attested by an authorised official of a Bank or by a Magistrate/Notary Public under his/her official seal.
3. Application forms duly completed in all respects must be submitted at the Corporate Office of the Company before the PAYIN date of the issue.
4. Payment must be made by electronic mode i.e. RTGS / NEFT in favour of "National Securities Clearing Corporation Ltd" in line with NSE operational / SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 and subsequent modification vide SEBI circular no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018, clear funds should be reflected on or before 10:30 AM on PAY-IN-Date.
5. Application made by categories of investors other than individuals must be accompanied by certified copies of Memorandum and Articles of Association, Board Resolution / Power of Attorney for investment, authority to authorized signatories and other related documents in case of limited companies or corporate bodies.
6. Receipt of applications will be acknowledged by Hero FinCorp Ltd. in the "Acknowledgment Slip", attached with the application form. No separate receipt will be issued.
7. All applicants should mention their Permanent Account Number or the GIR number allotted under Income Tax Act, 1961 and the Income-Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form. Income tax as applicable will be deducted at source at the time of payment of interest.
8. Copy of PAN card and if TDS is exempt a copy of tax exemption certificate to be attached.
9. The application would be accepted as per the terms of the Scheme outlined in the Memorandum of Private Placement.
10. **Please send the application along with KYC at following address For all further correspondence please contact:**

|  |
|--|
| <b>Mr. Shivendra Suman</b><br><b>Head- Compliance &amp; Company Secretary</b><br><b>9, Community Centre,</b><br><b>Basant Lok, Vasant Vihar,</b><br><b>Delhi – 110 057</b><br><b>Phone – 011-4604 4338</b><br><b>(Fax) - 011-4948 7197</b><br>E-mail: <a href="mailto:shivendra.suman@herofincorp.com">shivendra.suman@herofincorp.com</a> |
|--|

| KYC For NCD Applicants               |  |
|--------------------------------------|--|
| MOA/ TRUST DEED                      |  |
| Board Resolution                     |  |
| Specimen Signature                   |  |
| POA                                  |  |
| PAN                                  |  |
| SEBI Registration Certificate For MF |  |
| IRDA Certificate For Insurance Co    |  |

**ANNEXURE 8 –DUE DILIGENCE CERTIFICATE FROM DEBENTURE TRUSTEE**



To,

**National Stock Exchange of India Ltd.**  
The listing compliance department,  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra Kurla Complex  
Bandra (E) Mumbai - 400 051

Dear Sir / Madam,

**Sub.:** Issue of 250 Secured, Rated, Redeemable Non-Convertible Debentures (“Debentures”) of the face value of ₹10,00,000/- each, with marketable lot of one, for cash aggregating ₹25 Crore (The “Issue”) with an option to retain additional subscription up to ₹200 Crore, aggregating ₹225 Crore on a private placement basis (“Issue”) to be listed on the on the wholesale debt market segment of the National Stock Exchange of India Limited (“NSE” or the “Stock Exchange”) by Hero Fincorp Limited (“Company” or “Issuer”)

We, Vistra ITCL (India) Limited (herein after referred to as “**Debenture Trustee**”), the debenture trustee to the above-mentioned forthcoming issue state as follows as on date:

- 1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications, WE CONFIRM that as on date:
  - a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.
  - b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).
  - c) The Issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities to the best of our knowledge basis the information provided to us.
  - d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

Registered office:

The IL&FS Financial Centre,  
Plot C- 22, G Block, 7th Floor  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400051

Tel +91 22 2659 3535  
Fax: +912226533297  
Email: [mumbai@vistra.com](mailto:mumbai@vistra.com)  
[www.vistraitcl.com](http://www.vistraitcl.com)

Vistra ITCL (India) Limited

Corporate Identity Number (CIN):U66020MH1995PLC095507



- e) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/information memorandum.
- f) Issuer has given an undertaking that charge shall be created in favour of Debenture Trustee as per terms of issue before filing of listing application.

We have satisfied ourselves about the ability of the Issuer to service the debt securities as on date.

**For Vistra ITCL (India) Limited**

A handwritten signature in blue ink, appearing to be "S. S. S.", written over a set of horizontal lines.



**Authorised Signatory**

**Place: Mumbai**

**Date: May 4, 2021**

Registered office:  
The IL&FS Financial Centre,  
Plot C- 22, G Block, 7th Floor  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400051

Tel +91 22 2659 3535  
Fax: +912226533297  
Email: [mumbai@vistra.com](mailto:mumbai@vistra.com)  
[www.vistraitcl.com](http://www.vistraitcl.com)

Vistra ITCL (India) Limited

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