Hero FinCorp

Driven by Ease

POWERED BY AI

35th Annual Report 2025-26 | Hero FinCorp Limited

DRIVEN BY EASE

POWERED BY AI

Content

Content

Our Tribute

"In the race to excellence, there is no finish line."

Dr. Brijmohan Lall Munjal

July 01, 1923 - *Hero Forever*

Founder & Chairman Emeritus, Hero Group

Key Highlights

58,663 Cr.
AUM

15 Mn+
Lives Touched

2,000+
Locations

4,600+
Touchpoints

13,500+
Employees

AA+
CRISIL, ICRA & Care

Great Place to Work
9th Time in a Row

All financial and operating metrics in this section are presented on a consolidated basis, unless otherwise stated.
Credit ratings are assigned separately to Hero FinCorp Limited and Hero Housing Finance Limited

Chairman’s Message

Dear Shareholders,

The economic complexities of the past year have reinforced an enduring truth: market uncertainties ultimately favor institutions built on strong foundations.

As shifting macroeconomic currents and uncertainties redefine markets worldwide, institutions anchored by strong values, disciplined execution, and an uncompromising long-term vision do more than just endure — they lead. Hero FinCorp exemplifies this philosophy.

We are no longer just adapting to the future; we are actively shaping it, evolving into a highly diversified and future-ready financial services company, while remaining deeply anchored in the core values of the Hero Group - trust, integrity, and customer-centricity.

India today stands at a unique inflection point. The powerful convergence of digital public infrastructure, rising consumer aspirations, and expanding access to formal credit is unleashing an unprecedented economic transformation. In this new paradigm, Non-Banking Financial Companies (NBFCs) are no longer just credit providers - we are the vital catalysts of socioeconomic mobility, bridging divides and unlocking the immense potential of India's underserved segments.

At Hero FinCorp, we recognized early on that technology is the ultimate equalizer. We have embedded Artificial Intelligence and advanced digital ecosystems deep into our DNA - not as a reactionary trend, but as a core strategic capability across our operations. From predictive AI- driven underwriting, to real-time portfolio-intelligence and collections, , we are fusing data with institutional wisdom. This is driving sharper decision-making, frictionless execution, and wider financial inclusion at scale.

The proof of this vision is reflected in our company's improving financial performance. Demonstrating powerful operational momentum, our Profit After Tax (PAT) grew by 34% in the second half of the year, while Gross Non-Performing Assets (GNPA) plummeted by 20% compared to the first half. These numbers are more than just milestones; they are a direct validation of our data-driven risk management and AI-led efficiencies. They prove indisputably that the bold strategic choices we are making today are building an exceptionally robust, high-yielding enterprise for tomorrow.

Yet, our ambitions stretch far beyond the next fiscal quarter. We are intentionally engineering a cycle-resilient institution designed to thrive across evolving economic climates. By combining a sharp focus on asset quality with continuous investment in scalable, next-generation digital infrastructure, we ensure that our growth is both aggressive and sustainable.

Amidst this rapid technological evolution, our greatest differentiator remains profoundly human. We continue to nurture a culture that values talent, fosters innovation, and encourages responsible empathetic leadership. This balance between human capability and technological advancement will define the success of institutions in the years ahead.

The company's growing brand presence, supported by strong partnerships and thoughtful engagement with diverse audiences, further strengthens its connection with customers and communities.

As we look ahead, I am confident that Hero FinCorp is well positioned to build on its strong foundation and seize emerging opportunities. With a clear focus on improving customer lifetime value, strengthening asset quality, and leveraging AI to enhance critical thinking and execution - our company is well placed for its next leap forward.
I extend my deepest gratitude to all our shareholders, customers, partners, and employees, for their continued trust and support in our shared purpose.

Together, we are not just building a world-class financial institution; we are fueling the aspirations of a billion people and writing a defining chapter in India's global growth story.

Warm Regards,

Dr. Pawan Munjal

Chairman, Hero FinCorp

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PAT refers to Adjusted PAT (excluding CCPS cost for the period).

MD & CEO's Message

Dear Shareholders,

I am delighted to share the results of yet another strong year for our company. FY26 has been a defining year for Hero FinCorp — as we moved from adopting a tech-first, AI-led approach to embedding it at scale, driving tangible and measurable impact across the organization.

Today, we are operating in a world shaped by shifting macroeconomic cycles, evolving geopolitical dynamics, and rapid technological disruption. In such an environment, resilience is not accidental — it is engineered. At Hero FinCorp, we are consciously building a cycle-proof, diversified, and future-ready business, anchored in data, AI, and a robust digital infrastructure.

A Sector with Strong Tailwinds

India's NBFC sector continues to stand at the forefront of the country's credit expansion story. Structural drivers — rising consumption, formalization of the economy, digital public infrastructure, and growing aspirations across Bharat — are creating sustained demand for accessible and inclusive credit.

As traditional models evolve, NBFCs with technology-led underwriting, agile operating models, and deep distribution reach are best positioned to lead this growth. We believe the road ahead is not just promising — it is transformative. And Hero FinCorp is well positioned to play a pivotal role in this journey.

AI: From Adoption to Advantage

Over the past year, our focus has been clear: **AI is not a buzzword — it is a business lever.**

We are not experimenting at the edges; we are embedding intelligence at the core of our operations. Today, AI is delivering tangible impact across our value chain:

- In our **underwriting processes**, proprietary ML-driven scorecards are enabling sharper risk selection, reducing credit costs by 15% in H2 vs. H1, and improving portfolio quality through early stress detection and fraud identification.

- In **collections**, AI-led engines are transforming recovery strategies, driving higher efficiency and enabling real-time optimization at scale. Our GNPA has improved by 20% in H2 in comparison to H1, and we are among the early adopters of AI-led collection engines in South Asia.

- In **customer service**, AI now handles nearly 60% of all our customer service requests, while onboarding has been simplified from 90 fields to just three input fields, creating a frictionless and intuitive experience. We have also been among the first to deploy vernacular chatbots and agentic AI systems in India, making financial services more accessible to non-English-speaking customers.

This is not automation for efficiency alone — it is about redefining access.

Artificial Intelligence is enabling us to scale deeply into Bharat without relying on heavy branch expansion, bringing formal credit closer to millions who were previously underserved. Our ambition is clear: to deliver a **white-glove experience to every customer** — not just the affluent — one that is fast, transparent, and bias-free.

Delivering Strong, Consistent Financial Performance

H2 FY26 marked a phase of accelerated execution for our consolidated business, with strong traction across both growth and profitability.

Assets Under Management (AUM) stood at approximately ₹58,663 crore. Profit After Tax (PAT) for H2 was ₹178 crore, reflecting a ~34% increase over H1, driven by margin expansion and a meaningful reduction in credit costs.

We also witnessed robust operating momentum. Our customer base expanded by 32% in H2 compared to H1, while disbursements grew by 27%, indicating sustained demand and improved on-ground execution. Importantly, asset quality trends remained encouraging. Our GNPA declined by ~20% from ₹2,799 crore in H1 to ₹2,237 crore in H2, with GNPA% improving from 5.1% to 4.0%—reflecting the early impact of our AI-led underwriting and collections investments.

A key contributor to this improved performance was the normalisation of credit costs. Consolidated credit costs declined from ₹1,563 crore in H1 to ₹1,321 crore in H2, representing a reduction of ~15%.

Most importantly, this reflects the dual impact of our technology investments — delivering results in the present while shaping a stronger foundation for the future.

Operating Leverage and Long-Term Value

As we continue to scale, our investments in AI and technology are beginning to unlock structural operating leverage. We are building a business not just for growth, but for perpetuity — one where efficiency improves with scale, costs are optimized, and decision-making becomes sharper over time.

Our aspiration is to build **one of the most advanced AI infrastructures in the financial services industry** — a vision that is already being recognized and appreciated by global technology leaders such as Satya Nadella and Marc Benioff.

People, Brand and Culture

While technology is a powerful enabler, our people remain our greatest strength.

Our approach to AI is not about replacing human capability — it is about augmenting it. By automating repetitive tasks, we are enabling our teams to focus on higher-value engagement, decision-making, and customer relationships. This balanced approach has helped us build a strong organizational culture, reflected in being recognized as a **Great Place to Work for nine consecutive years.**

At the same time, we have continued to strengthen our brand through high-impact marketing campaigns and partnerships, including marquee platforms such as the Indian Premier League, Pro Kabaddi League amongst others. Our association with sports reflects values we deeply believe in teamwork, discipline, and the pursuit of excellence — which resonate strongly with our own culture. These initiatives have enhanced brand salience and reinforced our positioning as a modern, technology-driven financial services provider.

The Road Ahead

I would like to sincerely thank our employees, partners, and customers, whose trust, commitment, and belief have been integral to our journey. I also extend my gratitude to our shareholders for your continued support, which enables us to invest with conviction and build for the long term.

As we look ahead, we do so with optimism and clarity. The convergence of technology, data, and aspiration is reshaping financial services — and we are well positioned to lead this transformation.

At Hero FinCorp, we remain committed to building a business that is resilient, inclusive, and future-ready — one that creates enduring value for all stakeholders.

Above all, we remain guided by our core philosophy, **Caring for All.**

Regards,

Abhimanyu Munjal

MD & CEO, Hero FinCorp

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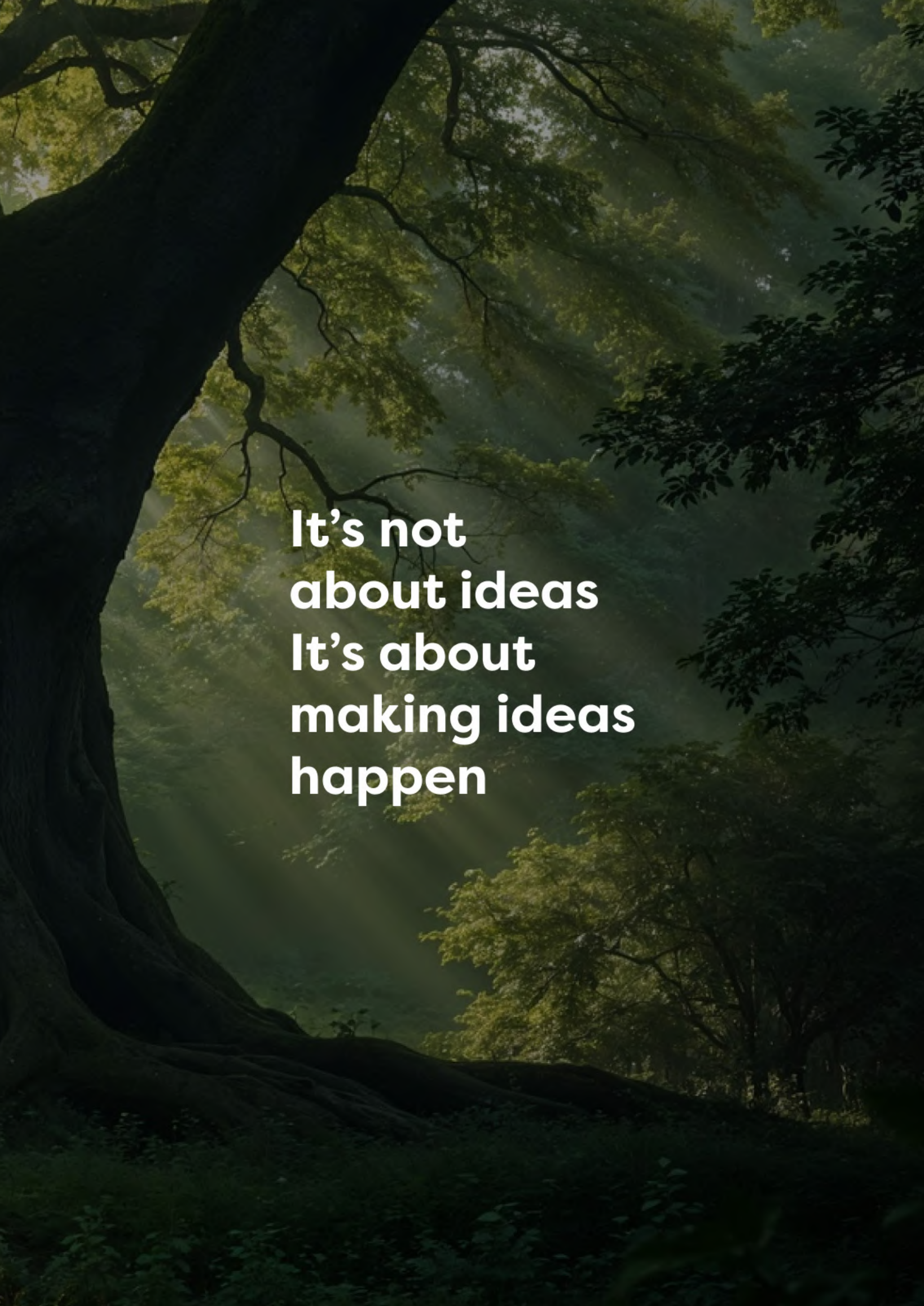
PAT refers to Adjusted PAT (excluding CCPS cost for the period), and credit cost refers to consolidated gross credit cost (without netting off recoveries from written-off cases).


Hum AI ki asani
wala loan le aaye
5:24 p.m.
Hero
FINCORP
LOAN
APPROVED


It’s not
about ideas
It’s about
making ideas
happen

Our Foundation

Purpose

Empowering every Indian's Dream of Upward Mobility!

Vision

We strive to be the best, most transparent, next-gen, ultra lean, credit champion.

Mission

To be a Financier of choice and become a one-stop Financial Services Company, by offering world class products through Innovation & Teamwork.

Principles

United in Values
United in Action
Play to Win
Own the Outcome
Do It, Move It, Make It Happen.

Board of Directors

Dr Pawan Munjal

Non-Executive Chairman

Dr. Pawan Munjal serves as the Chairman and Non-Executive Director of our Company. He holds a bachelor's degree in Mechanical Engineering from Kurukshetra University and was awarded an honorary doctorate by the National Institute of Technology, Kurukshetra. Dr. Munjal has been associated with our Company since December 20, 1991. An eminent industrialist with over 45 years of leadership experience across diverse sectors, he serves as the Executive Chairman and Whole-time Director of Hero MotoCorp Limited.

Mrs. Renu Munjal

Executive Director

Mrs. Renu Munjal is actively involved in various philanthropic activities across the Hero Group.

Mr. Abhimanyu Munjal

Managing Director and Chief Executive Officer

Mr. Abhimanyu Munjal has over 16 years of experience in Strategic Leadership and People Management. He has successfully spearheaded International JVs, M&As and complex transformations.

Mr. Pradeep Dinodia

Non-Executive Director

Mr. Dinodia is a member of the ICAI, and is the founder chairperson and managing partner of the Delhi-based Chartered Accountancy firm M/s. S.R. Dinodia & Co. He is currently on the Board and committees of Hero MotoCorp Limited, DCM Shriram Limited and SPR Auto Technologies Limited (formerly known as Shriram Pistons & Rings Limited) among others.

Ms. Aparna Popat Ved

Non-Executive and Independent Director

Ms. Aparna Popat Ved, Independent Director of our Company, is a former professional badminton player and Arjuna Awardee. She has held leadership roles at Badminton Gurukul, Evosports Management, and the Olympians Association of India.

Mr. Amar Raj Singh Bindra

Non-Executive and Independent Director

Mr. Amar Raj Bindra is a career banker and has 44 years of rich experience in the banking industry across OECD & Emerging markets. He is a credit risk subject expert in the banking industry, with deep knowledge of the Asia region, having managed client and credit risk strategies over 5 global crises.

Mr. Paramdeep Singh

Non-Executive and Independent Director

Mr. Paramdeep Singh is a serial entrepreneur best known for co-founding JioSaavn, India's largest and fastest growing music streaming service. Mr. Singh is also a co-founder, and angel investor, and sits on the board of several other institutionally-backed consumer technology ventures across media, sports and education.

Mr. Sanjay Kukreja

Non-Executive Director

Mr. Sanjay Kukreja is part of the founding team of ChrysCapital, India's leading Private Equity Firm with over $8 bn in AUM across ten funds. He is currently a Managing Partner at ChrysCapital, overseeing all the firm's investment activities.

Mr. Kaushik Dutta

Non-Executive and Independent Director

Mr. Kaushik Dutta was a former senior partner at PwC and is currently a director at Thought Arbitrage Research Institute. He also serves on the boards of companies such as Eternal Limited (Formerly known as Zomato Limited) - where he is the Chairman and on the boards of Resilient Systems Private Limited (Bharat Pe), Ather Energy Ltd, BlackBuck Ltd, Shiprocket Ltd, Blinkit Commerce.

Ms. Anuranjita Kumar

Non-Executive and Independent Director

Ms. Anuranjita Kumar is a human resource veteran with 30 years of experience working across the globe managing various assignments, including senior human resource roles in Asia, North America and Europe, through her stints at Citi Bank, Royal Bank of Scotland, and P&G.

Message from the Chairperson - CSR Committee

As I reflect on another year of purpose-driven action, I am filled with a deep sense of conviction - that the work we do in communities is not peripheral to our business; it is central to it. At Hero FinCorp, corporate responsibility is not a mandate we fulfill on paper. It is a living commitment-one that grows more resolute with every family we empower, every student we guide, and every young professional whose life trajectory changes because of the opportunities we help create.

FY 2025-26 has been a year of purposeful momentum. Guided by our belief that financial access is a cornerstone of social equity, we continued to deepen our work in communities where the need is greatest - and where even small interventions can yield transformative results. We did not merely continue our programs from the previous year; we reimagined them. We listened more closely to communities, incorporated their feedback into program design, and focused relentlessly on quality of impact rather than just breadth of reach.

This year, we took deliberate steps to future-proof our CSR strategy. We intensified engagement within existing geographies before expanding to new ones, ensuring that communities receive sustained, not sporadic, support. The numbers from this year are encouraging, but what gives me the greatest hope are the narratives behind them. A first-generation college student in Rajasthan who received a Raman Kant Munjal Scholarship and is now charting a career in finance. A young woman in a semi-urban cluster of Uttar Pradesh who, after DhanCharcha, opened her first savings account and enrolled her daughter in school. A graduate from our Hunar program who secured employment at a reputed company and is now sending remittances home. These are not statistics - they are proof of a more equitable India in the making.

To our implementation partners, grassroots volunteers and the communities we serve - this report belongs as much to you as it does to us. Your trust, your resilience, and your participation are what make Hero FinCorp's CSR vision more than aspirational; you make it real.

Looking ahead, I see both responsibility and opportunity. The challenges facing India's underserved communities are significant, but so is our collective resolve. We will continue to invest in people, scale what works, and remain humble enough to change what doesn't. Our compass will always point toward one goal - a more just, skilled, and financially empowered India.

With gratitude and resolve,

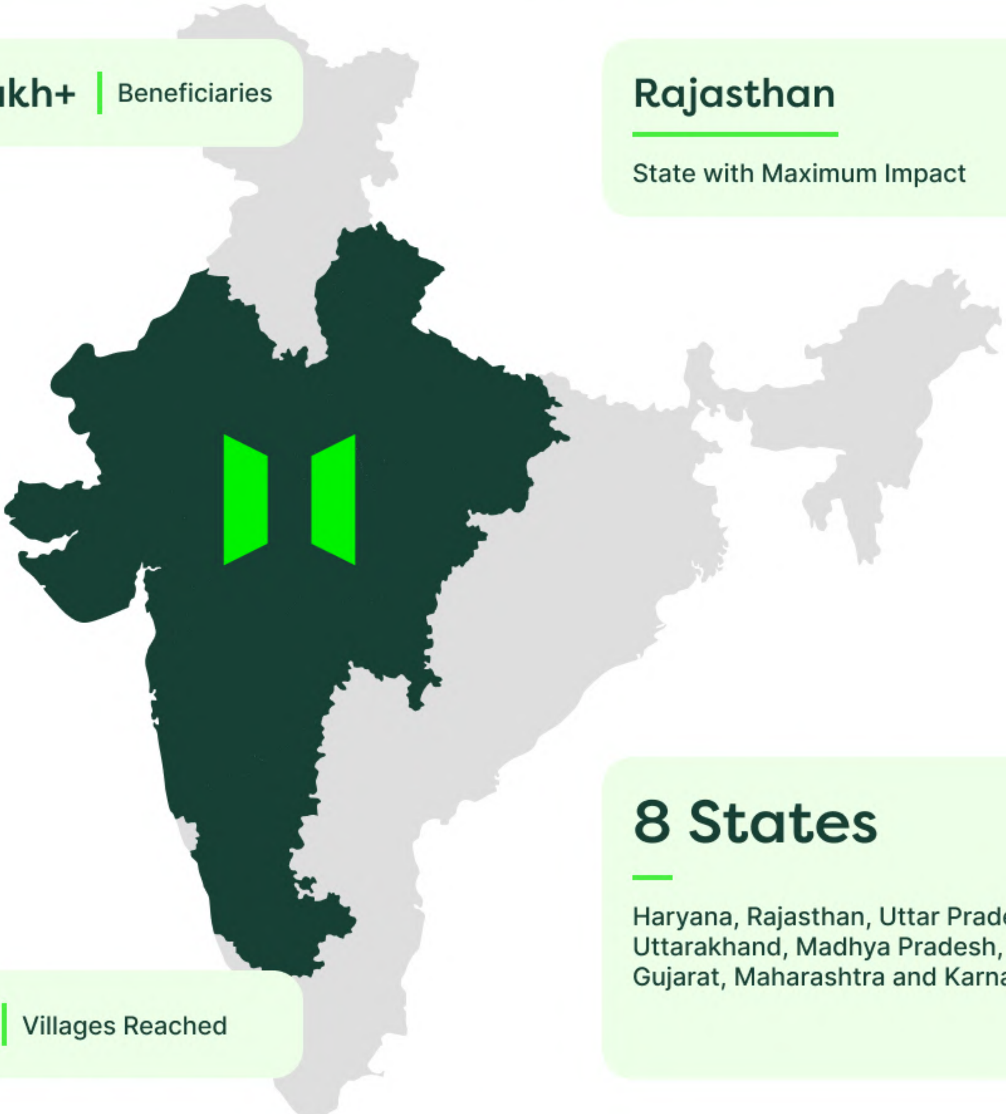
Renu Munjal

Executive Director & Chairperson - CSR Committee

Hero FinCorp

CSR Highlights FY-26

Transforming lives, one initiative at a time



18 Lakh+ | Beneficiaries

Rajasthan

State with Maximum Impact

8 States

Haryana, Rajasthan, Uttar Pradesh, Uttarakhand, Madhya Pradesh, Gujarat, Maharashtra and Karnataka

682 | Villages Reached

Our Impact - From Support to Self-Reliance

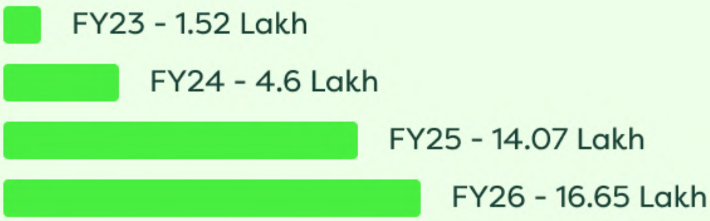
DhanCharcha	Pathakshala	RKM Scholarship	Action for Rural Rejuvenation
16.65L+	**6**	**157**	**1.4L+**
Financially aware	Schools transformed	Scholars supported	persons supported with improved access to healthcare

DhanCharcha
FINANCIAL LITERACY CAMPAIGN
A Hero FinCorp CSR Initiative

DhanCharcha - Financial Literacy Initiative

DhanCharcha is one of India's largest grassroots financial and digital literacy campaigns, launched in alignment with the Government of India's National Strategy for Financial Education. Implemented through the Raman Kant Munjal Foundation, the programme onboards and trains rural women volunteers who then conduct door-to-door awareness drives in their communities, educating people on digital payments, savings habits, government financial schemes, and responsible credit use.

DhanCharcha Project Reach



Impact created:

Financial Literacy to 16.65 lakh people in 682 villages across 8 states

3 lakh beneficiaries have enrolled into various government schemes such as “Sukanya Samridhhi Yojna”, “Suraksha Bima Yojna” and “Jan Dhan Yojna”

No. of female volunteers - 512

Raman Kant Munjal Scholarships

The Raman Kant Munjal Scholarship programme is Hero FinCorp's flagship education initiative, providing comprehensive financial support to meritorious students from low-income families - those with an annual household income below ₹6 lakh - who are pursuing higher education in finance, economics, commerce, or management. Scholarships range from ₹40,000 to ₹6,00,000 per student per year for a period of three years, with the amount calibrated to the student's actual college fee. The eligible students then go through a rigorous selection process that includes document verification and two rounds of interviews.

Impact Created:

54 students currently in their 1st year were provided with the scholarships and the support was continued for another 103 students currently in their 2nd and 3rd year.

Our scholars are currently pursuing their education from reputed institutes such as IIMs, St. Xaviers College, University of Delhi, BML Munjal University, Loyola College etc.

HERO FINCORP
HUNAR
BUILDING CAPABLE YOUTH

Hunar - Skill Development Initiative

Hunar is Hero FinCorp's youth skill development programme designed to transform unskilled young people into job-ready professionals. Operating skill centres in New Delhi and Mumbai, with a new Jaipur pilot launched in FY25, the programme trains participants in loan processing, debt recovery agent, retail sales associate, TALLY, GST courses and workplace readiness.

The program cultivates a highly skilled workforce and fosters an entrepreneurial mindset that paves way for successful job placements through the incorporation of soft skills and personality development training.

Impact Created:

In FY-26, 879 youth were trained across our centres in Delhi, Mumbai and Jaipur.

Pathakshala - School Transformation Initiative

Pathakshala
LEAD THE CHANGE

Pathakshala is Hero FinCorp's school transformation initiative aimed at improving the quality of education in government schools across India. The programme provides infrastructure support - including classroom upgrades, smart classrooms, and reading corners - while also running structured teacher training programmes to strengthen pedagogy and create more engaging learning environments.

Impact Created:

In FY26, we transformed 6 government schools into "Hero Model Schools" by providing them with improved infrastructure and facilities. Approx 2200 students and 140 teachers benefitted from this initiative.

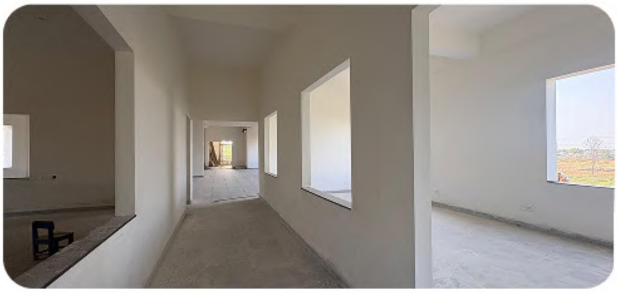
Action for Rural Rejuvenation
ISHA Outreach

Action for Rural Rejuvenation is a pioneering social outreach programme founded by Sadhguru in 2003 under the Isha Foundation, with which Hero FinCorp has partnered as part of its CSR commitment. ARR takes a multi-pronged, holistic approach to the complex challenges faced by rural communities, with its success attributed to a multi-faceted model encompassing healthcare, sports, yoga, sanitation, livelihood, community development, and social bonding.

Through Hero FinCorp's support, new mobile health units were set up and support was continued towards the ISHA Rural Health Centres. In this FY26, 1.42 lakh persons benefitted from this initiative.


Skill Development Building

We have supported the construction of a state-of-the-art skill development building in Dharuhera, Haryana which will soon open its doors to a plethora of skill development initiatives such as Tally, GST, Technical and Retail courses which will help the youth in the surrounding areas with jobs.



Miscellaneous Initiatives

- Infrastructural and Scholarship support to RMVM School
- Cochlear Implant surgeries for Children
- Support to children with Cancer
- Support Rotary Club of Delhi Southend towards their Pragati school initiative

Our Journey

1991-2012

Incorporated as Hero Honda Finlease

Financed captive needs of Hero Ecosystem

Company renamed as Hero FinCorp

2015-2016

Launched Corporate Finance Division & Loyalty Loan Program

First Mass Marketing Campaign 'Karo Khwabon Se Ishq' launched across TV, Radio & Digital Platforms

Assets Under Management reaches ₹ 6,407 Cr.

2019

Established presence at over 3,000 touch points spread across 1,700+ locations

Assets Under Management reaches ₹ 20,254 Cr.

Crossed 3.5 Mn happy customers

2013-14

Business plan created for the new entity

Equity infusion of ₹ 106 Cr.

Launched Two Wheeler Financing business

Assets Under Management reaches ₹ 1,123 Cr.

2017-2018

Incorporated Hero Housing Finance

Launched Used Car Business

Obtained ISO certification for Operations and related Customer Support

Assets Under Management reaches ₹ 13,540 Cr.

Crossed 2.5 Mn. happy customers

2020

India's No.1 Two-Wheeler Financier

Among Top 3 NBFCs - Pre-Owned Car Loans

Fund raising agreement of ₹ 1,075 Cr. from PE Investors & Promoters

Assets Under Management reaches ₹ 25,157 Cr.

Crossed 5 Mn. happy customers

All financial and operating metrics in this section are presented on a consolidated basis, unless otherwise stated.

2021

Assets Under Management reaches ₹ 27,475 Cr.

Crossed 6 Mn. happy customers

Launched Customer Service App

Launched 'SimplyCash', a digital Loan Product

2023

Assets Under Management reaches ₹ 41,751 Cr.

Launched EV Financing

Crossed 10 Mn. happy customers

Recognized as 'Great Place to Work' for 6th year in a row

2025

12 Mn+ lives touched

Launched Bridge App for partners

'Great to Place to Work' certification for 8th consecutive year

2022

Assets Under Management reaches ₹ 33,052 Cr. in FY22

Launched Partnership Loans & achieved Disbursal of ₹ 1,900 Cr.+ in first year

Crossed 7.5 Mn. happy customers

2024

Assets Under Management reaches ₹ 51,821 Cr.

Highest ever Disbursal of ₹ 34,463 Cr.

11 Mn+ lives touched

New Logo & Brand Identity launched

Partnered with Delhi Capitals IPL Team

'Great to Place to Work' certification for 7th consecutive year

2026

Assets Under Management reaches ₹ 58,663 Cr.

15 Mn+ lives touched

Implemented EP-based customer sourcing under project “Dhruv Tara”; across key lines

'Great to Place to Work' certification for 9th consecutive year

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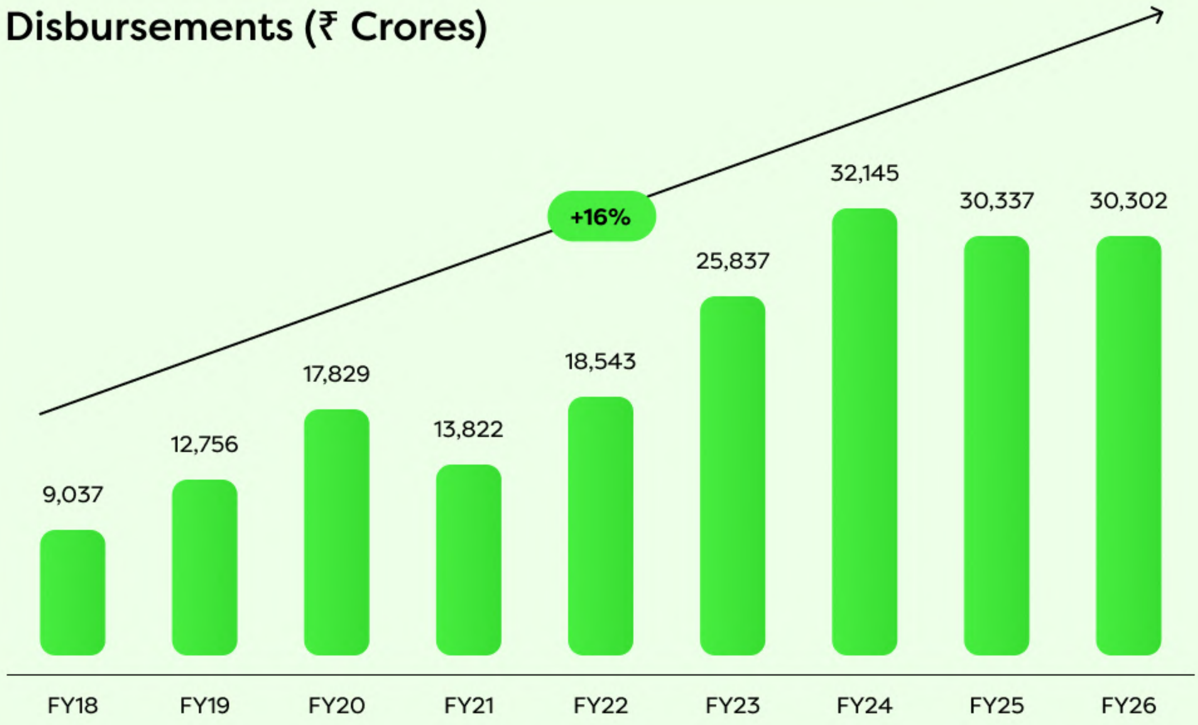
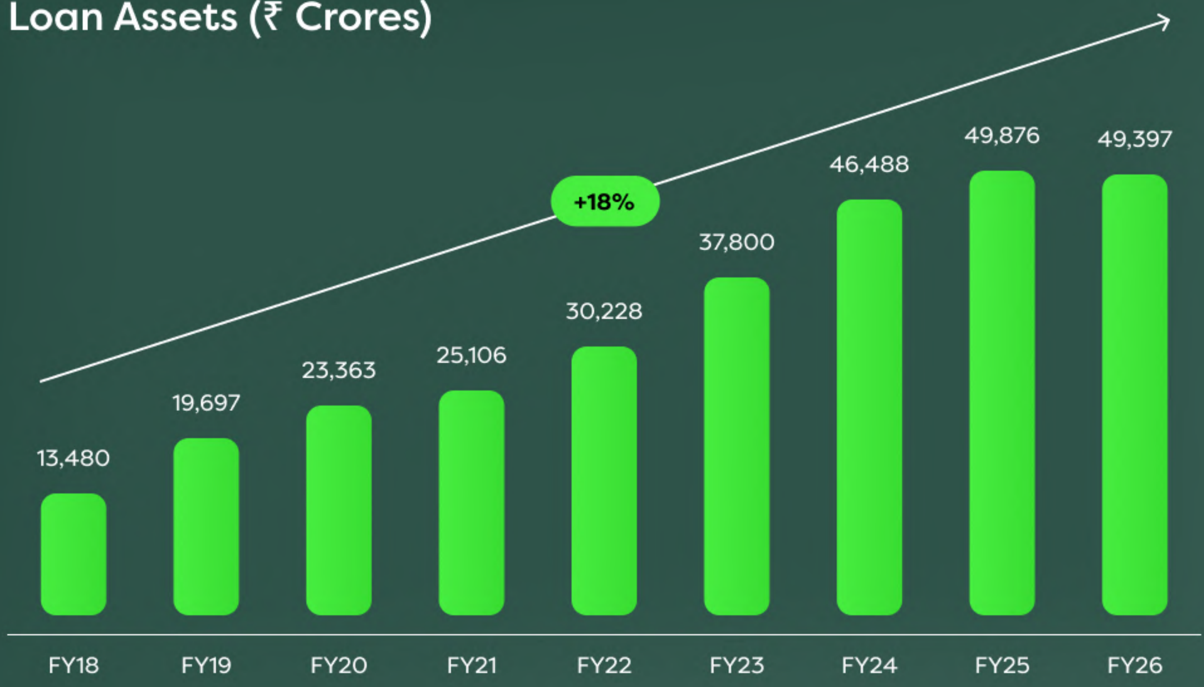
Growth at Glance

Disbursements (₹ Crores)



Loan Assets (₹ Crores)



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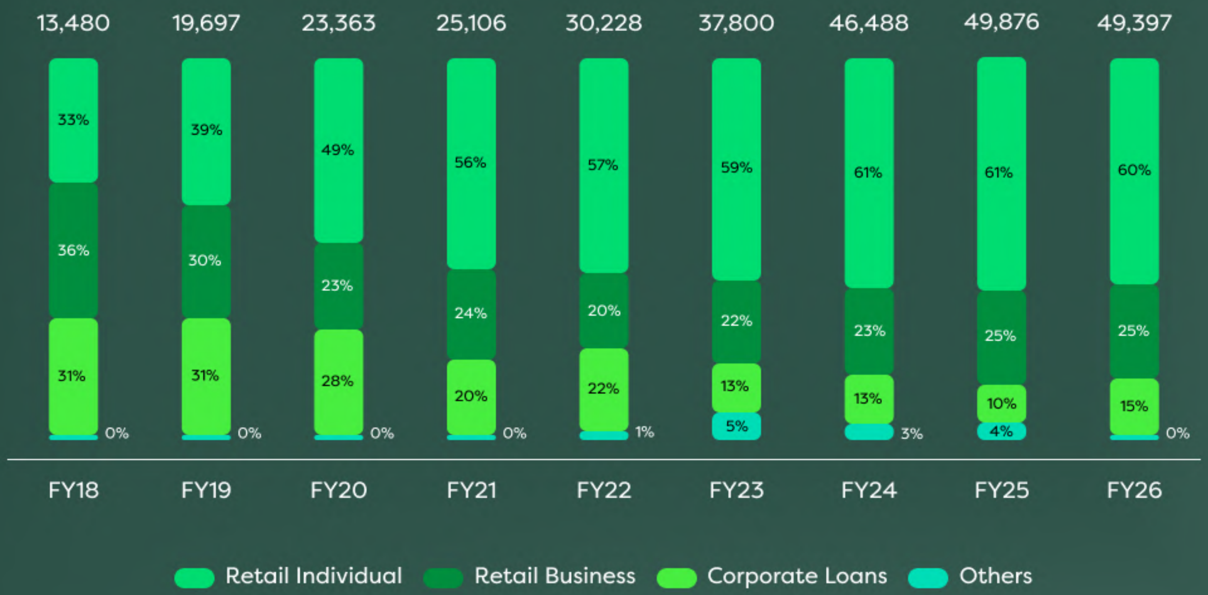
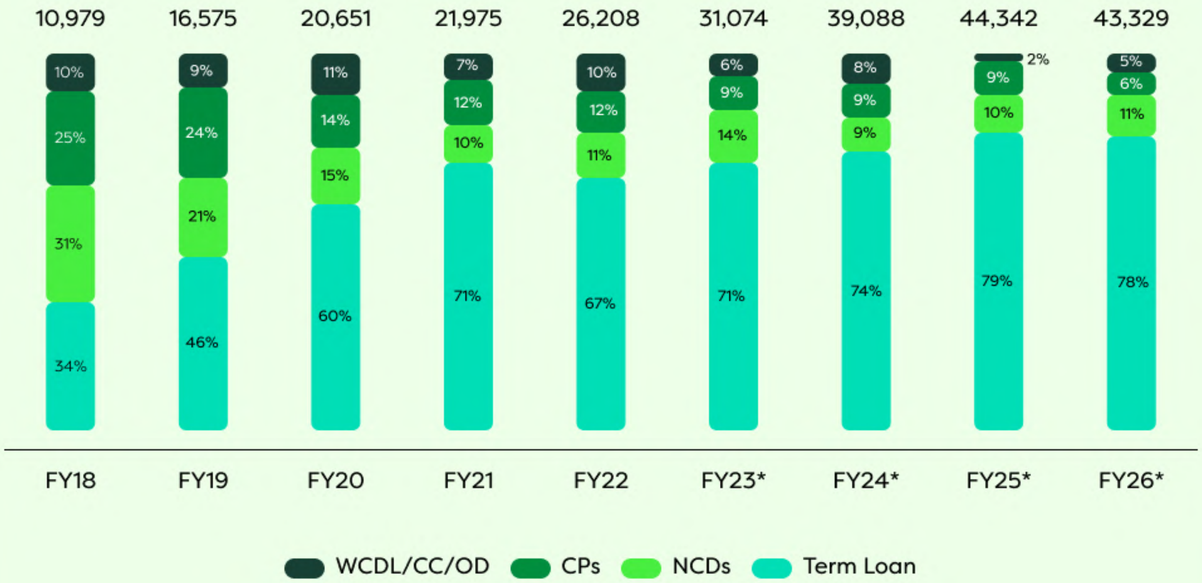
Loan Assets Mix (%, ₹ Crores)



Borrowing Mix (%, ₹ Crores)



*Excluding compulsorily convertible preference shares (CCPS).

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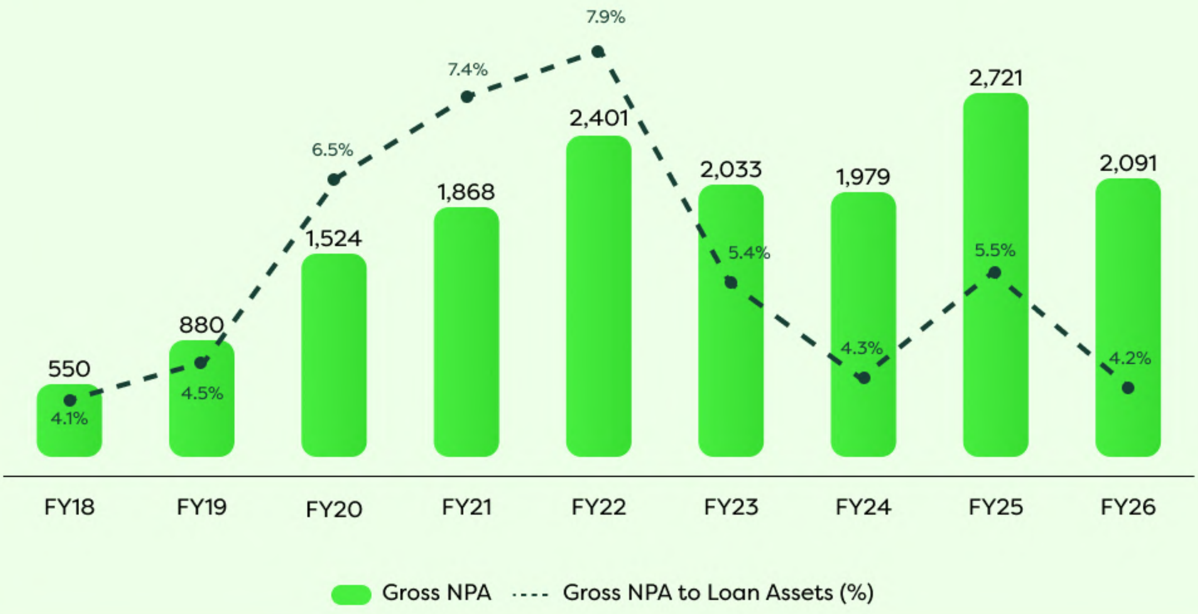
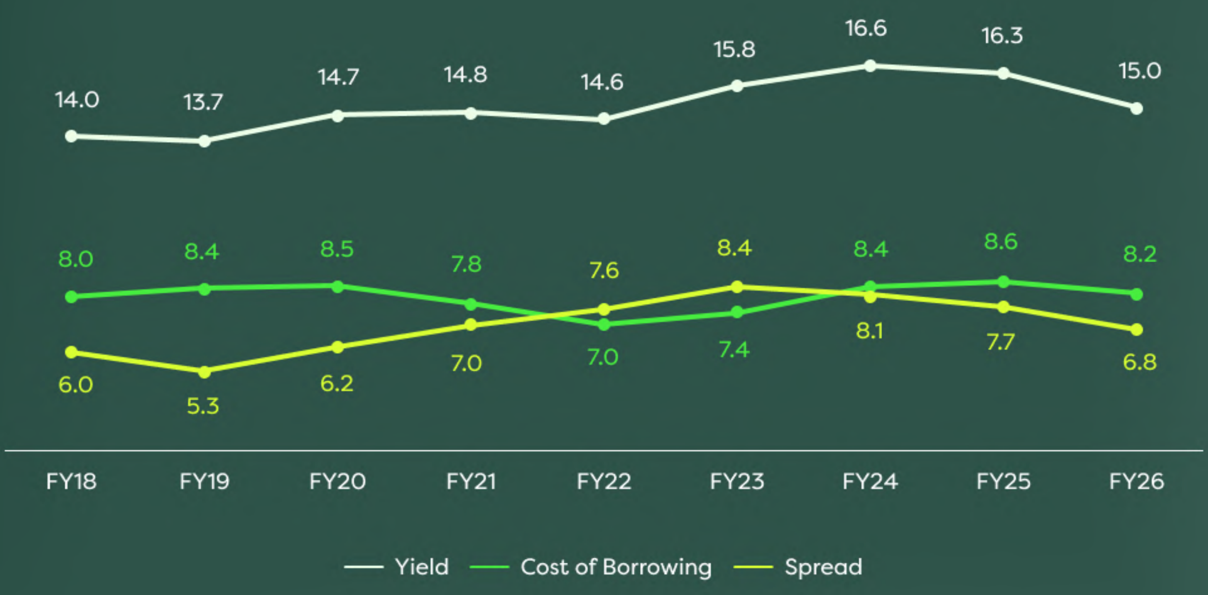
Gross NPA to Loan Assets (%, ₹ Crores)

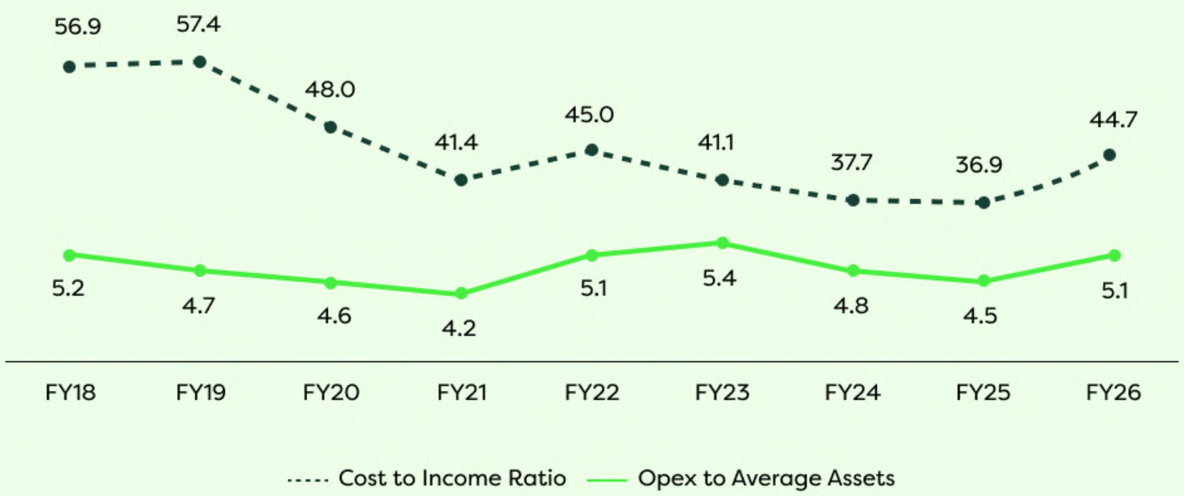


Yield, Cost of Borrowing and Spread (%)*



*Calculated on monthly average

Cost to Income Ratio (%) & Opex to Average Assets (%)

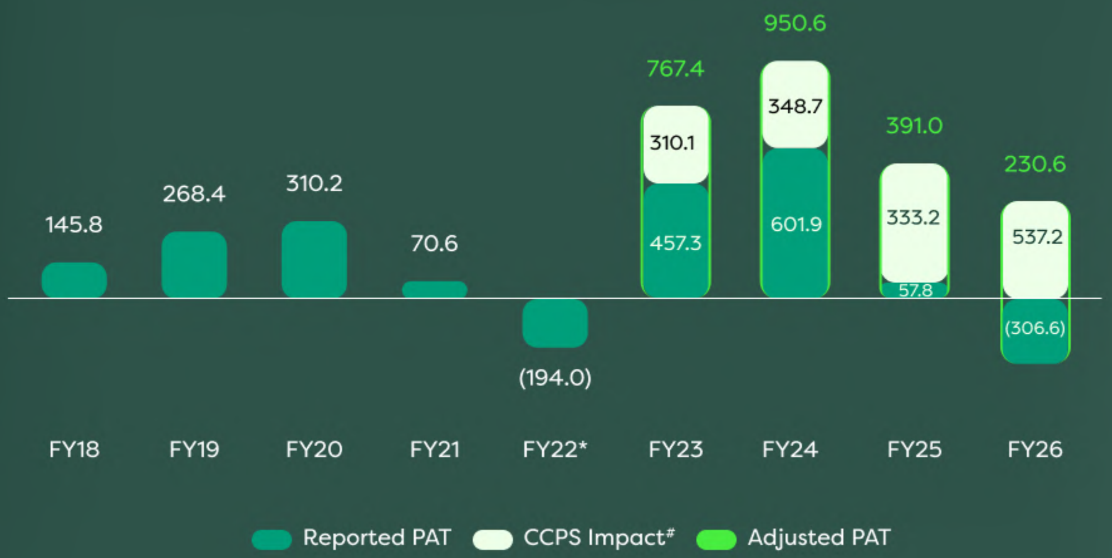


Note 1 : Cost = Total Expense (Expenses excluding Finance Cost, CCPS cost, impairment allowance, settlement loss and bad debts written off)
Note 2 : Income = Total Income net of Finance Cost
Note 3 : Average assets are calculated on monthly average

Credit Cost to Average Assets (%)

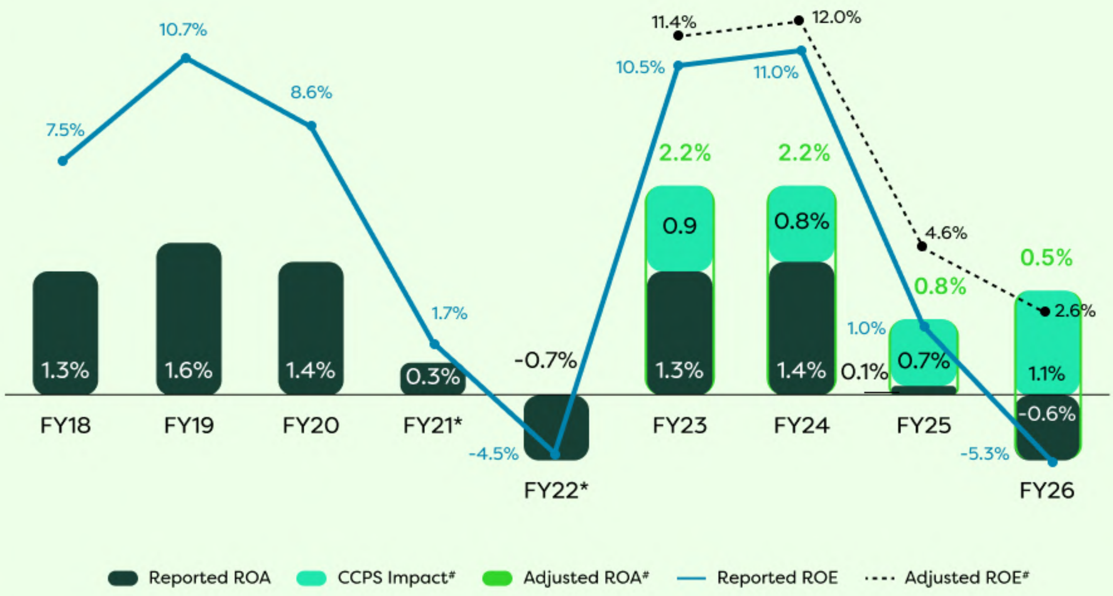
Note 1 : Credit cost = Impairment allowance, settlement loss and bad debts written off
Note 2 : Average assets are calculated on monthly average

Profit /(Loss) After Tax (₹ Crores)



*Performance for the year muted due to Covid induced uncertainties.

Return on Equity (ROE) & Return on Assets (ROA) (%)



*Performance for the year muted due to Covid induced uncertainties.
Note : ROE and ROA are calculated on monthly average

#As per Ind AS 32 and Ind AS 109, the Company's Compulsorily Convertible Preference Shares (CCPS), while classified as equity under the Companies Act, 2013, are accounted as financial liabilities for reporting purposes under Ind AS. Accordingly, fair value changes in these instruments are routed through the Profit and Loss statement. If these CCPS were Adjusted & classified in accordance with the Companies Act, 2013 i.e., as equity, our Profit After Tax, ROE & ROA would have been higher.

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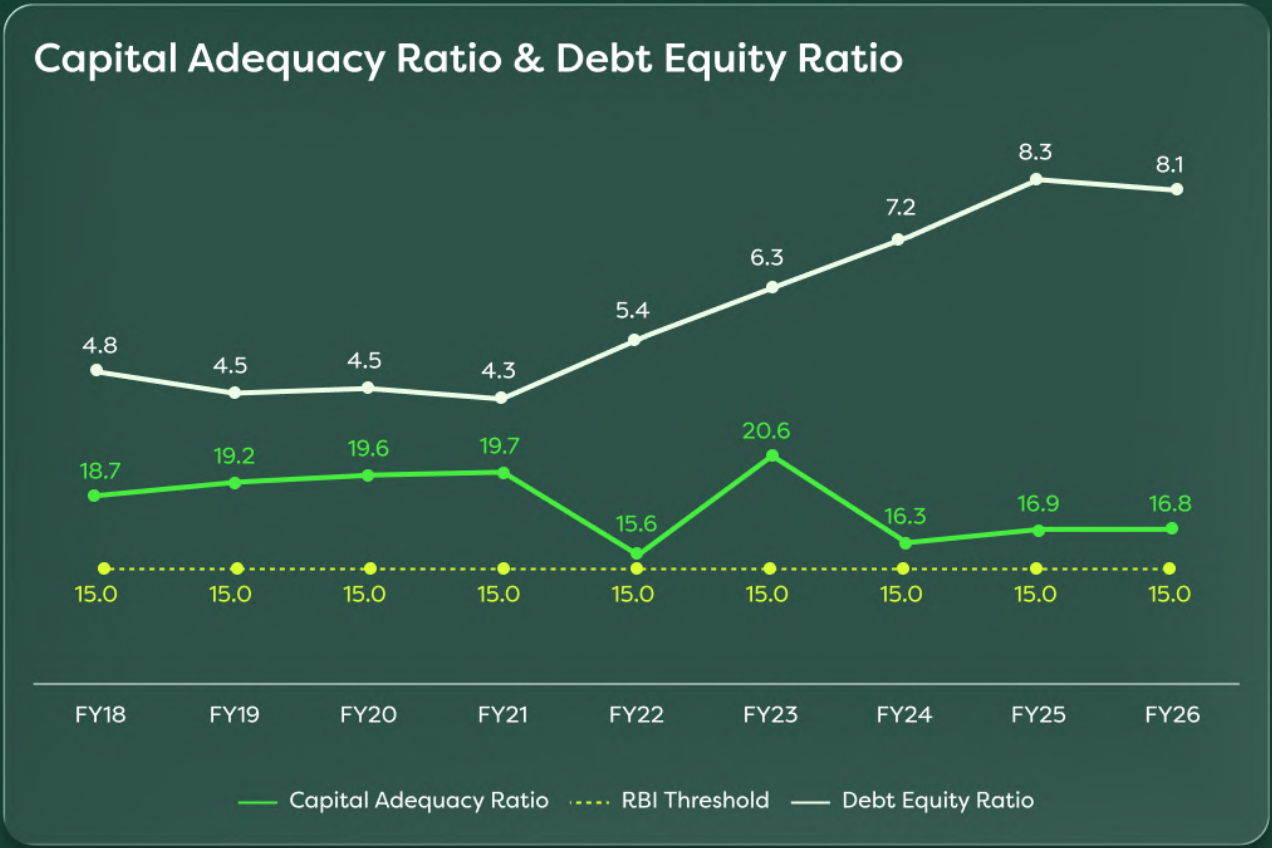

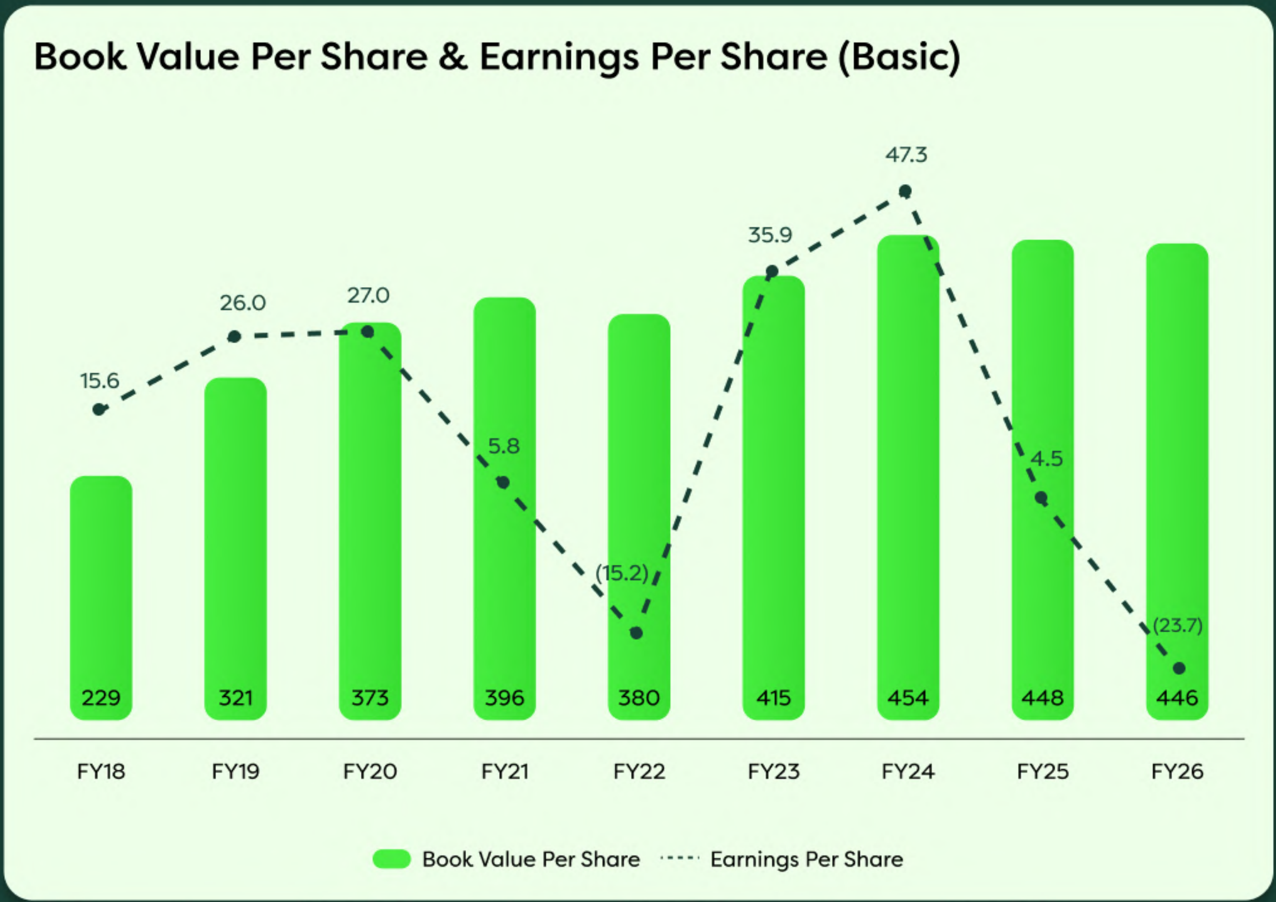

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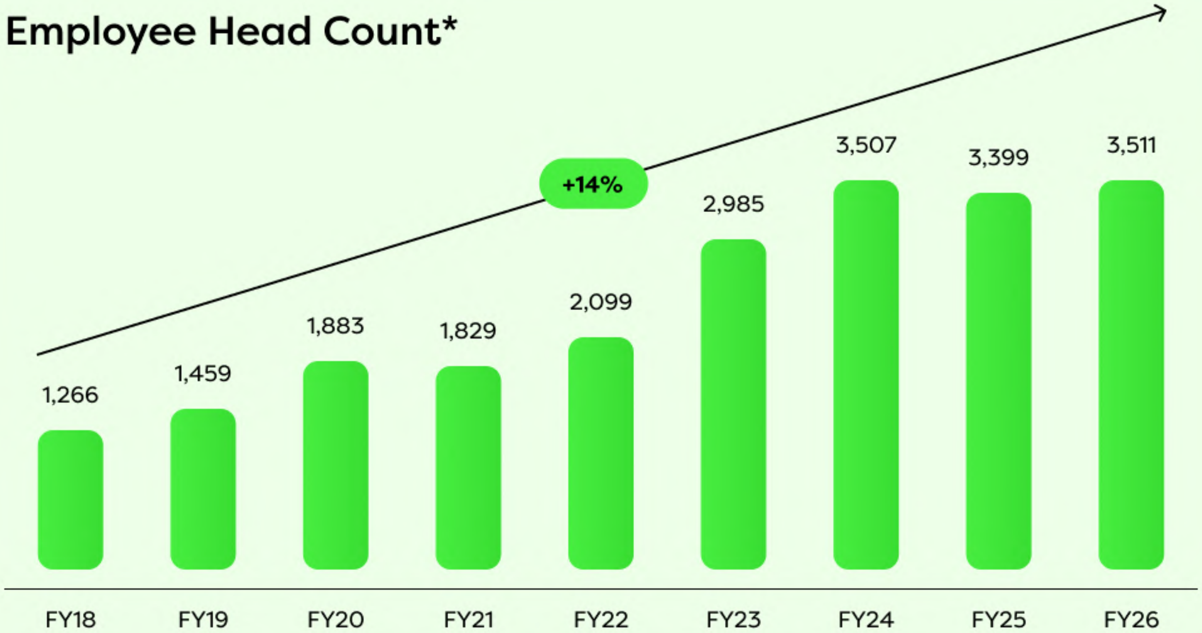
Employee Head Count*



*On roll employee headcount

Equity Dividend Payout to PAT (%)

*No dividend payout for the year in compliance with RBI directions w.r.t. declaration of dividend by NBFCs

All financial and operating metrics in this section are presented on a standalone basis, unless otherwise stated.

Board Committees

Audit Committee

Mr. Kaushik Dutta	Chairman
Mr. Pradeep Dinodia	Member
Mr. Paramdeep Singh	Member
Mr. Amar Raj Singh Bindra	Member

Stakeholder Relationship Committee

Mr. Pradeep Dinodia	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member
Mr. Kaushik Dutta	Member

Nomination & Remuneration Committee

Mr. Paramdeep Singh	Chairman
Dr. Pawan Munjal	Member
Ms. Anuranjita Kumar	Member

Corporate Social Responsibility Committee

Mrs. Renu Munjal	Chairperson
Dr. Pawan Munjal	Member
Mr. Pradeep Dinodia	Member
Mr. Abhimanyu Munjal	Member
Ms. Aparna Popat Ved	Member

Risk Management Committee

Mr. Abhimanyu Munjal	Chairman
Mr. Pradeep Dinodia	Member
Mr. Sanjay Kukreja	Member
Mr. Amar Raj Singh Bindra	Member

Committee Of Directors

Dr. Pawan Munjal	Chairman
Mrs. Renu Munjal	Member
Mr. Abhimanyu Munjal	Member

IT Strategy Committee

Mr. Paramdeep Singh	Chairman
Mr. Pradeep Dinodia	Member
Mr. Abhimanyu Munjal	Member
Mr. Sanjay Kukreja	Member
Mr. Sajin Mangalathu	Member

Key Managerial Personnel

Mrs. Renu Munjal
Executive Director

Mr. Abhimanyu Munjal
Managing Director & CEO

Mr. Sajin Mangalathu
Chief Financial Officer *(Ceased w.e.f April 28, 2026)*

Mr. Anand Saluja
Chief Financial Officer *(Appointed w.e.f. April 28, 2026)*

Mr. Shivendra Suman
Company Secretary & Compliance Officer

Corporate Information

CIN No. U74899DL1991PLC046774

JOINT STATUTORY AUDITORS

1. Deloitte Haskins & Sells LLP, Chartered Accountants
(Firm's Registration No. 117366W/W-100018)
7th Floor, Building 10 Tower B,
DLF Cyber City Complex DLF City Phase - II
Gurugram - 122 002, Haryana, India
Phone: +91 124 679 2000,
Fax: +91 124 679 2012

2. M M Nissim & Co. LLP, Chartered Accountants
(Firm's Registration No. 107122W/W100672)
A-103, 1st Floor, BSI Business Park,14-160, Sector 63,
Noida - 201301
Tel: (0120) 4177293

HEAD OF INTERNAL AUDIT

Mr. Jatin Bajaj

INTERNAL AUDIT PARTNER & INFORMATION SYSTEM AUDITOR

1. Ernst & Young LLP, Chartered Accountants,
6th, 14th, 15th, 16th, 17th, Plot No.29, The Ruby,
Senapati Bapat Marg, Dadar West 400028
Mumbai-Maharashtra India
Tel: +912224368034, **Fax:** 022 6192 1000
Website: www.ey.com

2. KPMG Assurance and Consulting Services LLP
(LLP. Identification No. AAT – 0367)
Building No 10, 8th Floor, Tower C, DLF Cyber City
Gurugram Haryana 122002
Tel: +91 124 307 4000 **Fax:** +91 124 254 9101
Website: www.kpmg.com/in

SECRETARIAL AUDITOR

SGS ASSOCIATES LLP, Companies Secretaries
Firm Registration No: L2021DE011600)
First Floor, 14, Rani Jhansi Road, New Delhi – 110055
Tel: +91 11 41524497
Website: www.dpgupta.com

PRINCIPAL BANKERS

1. Canara Bank
2. Bank of Baroda
3. HDFC Bank
4. Indian Bank
5. Punjab National Bank
6. ICICI Bank
7. Union Bank of India
8. State Bank of India
9. Axis Bank
10. SIDBI

DEBENTURE TRUSTEE

Vistra ITCL (India) Limited
The Capital Building, Unit No.505- A2,
Bandra Kurla Complex Bandra East,
Mumbai, Maharashtra, India, 400051
Tel: +91 22 69300000
Website: www.vistraitcl.com

REGISTRAR & SHARE TRANSFER AGENT

1. For Equity Shares and Compulsorily Convertible Preference Shares Related Matters
MUFG Intime India Pvt. Ltd.
Formerly known as Link Intime India Pvt. Ltd.
Noble Heights, Ist Floor, Plot NH 2, C-1 Block LSC,
Near Savitri Market Janakpuri, New Delhi - 110058
Tel: 011 49411000, Fax: 011 4141 0591
Email: investor.helpdesk@in.mpms.mufg.com
Website: www.mpms.mufg.com

2. For Non-convertible Debentures & Commercial Papers Related Matters
KFin Technologies Limited
Formerly known as KFin Technologies Private
Limited Selenium Tower B, Plot Nos. 31 & 32,
Financial District Nanakramguda, Serilingampally
Hyderabad
Rangareddy, Telangana - 500032
Tel: +91 40 6716 2222, 79611000
Fax: 040- 2300 1153

REGISTERED OFFICE

34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi - 110 057
Tel: 011 4604 4100, 011 2614 2451
Email Id: investors@HeroFinCorp.com
Website: www.HeroFinCorp.com

CORPORATE OFFICE

9, Community Centre, Basant Lok, Vasant Vihar,
New Delhi - 110 057
Tel: 011 4948 7150;
Fax: 011 4948 7197 (98)

Board's Report

Dear Members,

The Board of Directors ("Board") of Hero FinCorp Limited ("HFCL" or "the Company") is pleased to present their 35th (Thirty-Fifth) Annual Report together with the Audited Financial Statements (standalone and consolidated) ("Financial Statements") for the Financial Year ended March 31, 2026 ("FY 2025-26" or "period under review" or "financial year under review").

The Company has been registered as a Systemically Important Non-Banking Financial Company ("NBFC") not accepting public deposits (NBFC-ND-SI) with the Reserve Bank of India ("RBI"). Further, the Company has been classified in the Middle Layer pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 ("RBI Scale Based Regulations").

FINANCIAL RESULTS

The Company's financial performance (Standalone and Consolidated) for the Financial Year ended March 31, 2026 as compared to the previous financial year ended March 31, 2025 is summarized herein below:

(₹ in crore)

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Total Income	**8,751.56**	**9,152.85**	**9,593.41**	**9,903.33**
Profit before Finance Costs, Depreciation & Amortization Expenses and tax	3,175.48	3,676.44	3,766.09	4,179.77
Less: Finance Costs	3,308.11	3,400.75	3,766.43	3,827.71
Less: Depreciation & Amortization Expense	81.32	77.32	100.87	95.97
Profit/(Loss) before tax	**(213.95)**	**198.37**	**(101.21)**	**256.09**
Less: Tax expense				
Current tax	0.94	226.45	19.52	226.45
Deferred tax charge/(credit)	91.67	(85.92)	105.28	(80.31)
Profit/(Loss) after tax	**(306.56)**	**57.84**	**(226.01)**	**109.95**
Add: Other comprehensive income/(loss) on defined benefit plan (net of tax)	0.02	4.20	0.47	4.63
Add: Transfer from ESOP reserve	5.19	1.50	5.20	1.50
Add: Balance of profit brought forward	1,011.02	1,086.36	1,023.97	1,057.02
Less: Profit for the year attributable to Non-controlling interests	-	-	0.76	0.46
Balance available for appropriation	**709.67**	**1,149.90**	**802.87**	**1,172.64**
Appropriations				
Dividend paid on equity shares	14.26	127.31	14.26	127.31
Transfer to Statutory Reserve	-	11.57	16.10	21.79
Transfer to General Reserve	-	-	-	-
Other Adjustments	-	-	0.72	(0.43)
Balance carried to Balance Sheet	**695.41**	**1,011.02**	**771.79**	**1,023.97**
Dividend (%) (Proposed)	-	11%	-	11%
Equity Earnings per Share (EPS)				
• Basic (In ₹)	(23.73)	4.54	(17.56)	8.63
• Diluted (In ₹)	(23.73)	4.53	(17.56)	8.62

- There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year and the date of this report.
- Previous year figures have been regrouped/re-arranged wherever necessary.
- There has been no change in business of the Company.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

During the financial year under review, the Company maintained a stable loan portfolio, with Gross Loan Assets at ₹ 49,396.88 crore as compared to ₹ 49,876.37 crore in the previous financial year.

Total income stood at ₹ 8,751.56 crore for FY 2025-26, as against ₹ 9,152.85 crore in FY 2024-25.

During the year, the Company recorded a loss before tax of ₹ 213.95 crore, compared to a profit before tax of ₹ 198.37 crore in the previous year. Consequently, the Company reported a loss after tax of ₹ 306.56 crore for FY 2025-26, as against a profit after tax of ₹ 57.84 crore in FY 2024-25.

The information on the affairs of the Company has been given as part of the Management Discussion and Analysis section of the Report.

TRANSFER TO RESERVES

During the financial year 2025-26, no amount has been transferred by the Company to the statutory reserves.

DIVIDEND

A. Dividend on Equity Shares

In accordance with the applicable provisions of the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, and other applicable regulations, the Company has put in place a comprehensive framework governing the declaration of dividends on equity and preference share capital. The same forms part of the Company's Dividend Distribution Policy.

After due consideration of the applicable regulatory requirements and the overall financial position of the Company, the Board of Directors has decided not to recommend any dividend on equity shares for the financial year 2025-26.

B. Dividend on Preference Shares

The Board of Directors, after due consideration of relevant factors and in compliance with the applicable provisions of the RBI Dividend Directions and the SEBI Listing Regulations, has decided not to recommend any dividend on the Class A and Class B Compulsorily Convertible Preference Shares for the financial year 2025-26.

C. Dividend Distribution Policy

The Dividend Distribution Policy, in terms of SEBI Listing Regulations and RBI Dividend Directions is available on your Company's website at https://www.herofincorp.com/company-policies.

D. Unclaimed Dividends

Details of outstanding and unclaimed dividends, as previously declared by the Company, are provided in the Corporate Governance Report, which forms an integral part of this Board's Report.

E. Investor Education and Protection Fund (IEPF)

The Company undertakes periodic initiatives to encourage shareholders to claim their unpaid dividends, including sending reminders to update bank mandate details with the Registrar and Transfer Agents (RTA), Depository Participants, or the Company, as applicable, to facilitate timely credit of dividends. The Company also coordinates with the RTA to identify and reach out to shareholders whose dividends remain unclaimed.

Despite these efforts, an amount of ₹ 14,08,591.80 pertaining to the dividend for the financial year 2017-18 remained unclaimed for a period of seven years and was accordingly transferred to the Investor Education and Protection Fund ("IEPF") of the Central Government, in compliance with the provisions of Section 125 of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014.

Further, pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares in respect of which dividends have not been paid or claimed for seven consecutive years are required to be transferred to the IEPF Authority. Accordingly, the Company has transferred 5,516 equity shares to the demat account of the IEPF Authority. The details of such shares are available on the Company's website at:

https://www.herofincorp.com/investor-relations/disclosures-under-regulation-62-of-the-sebi-lodr/unclaimed-unpaid-dividend

Shareholders may claim the transferred shares and dividends by submitting an application to the IEPF Authority in accordance with the prescribed procedure available at www.iepf.gov.in. The detailed process is also available on the Company's website at the link provided above.

The Company sends prior individual communications to the concerned shareholders at their registered addresses and publishes notices in newspapers, indicating details of shares liable for transfer to the IEPF, to enable shareholders to take appropriate action.

All corporate benefits accruing on such shares, including bonus shares, stock splits, and dividends (except rights entitlements), are credited to the IEPF in accordance with applicable provisions.

The Company Secretary & Compliance Officer of the Company is the Nodal Officer. Details of the Nodal Officer are displayed on the website at https://www.herofincorp.com/investor-relations/disclosures-under-regulation-62-of-the-sebi-lodr/unclaimed-unpaid-dividend.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and/or commitment affecting the financial position of your Company has occurred between April 1, 2026 and the date of signing of this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis (MDA) report forms an integral part of this Board's Report. MDA Report provides an overview of the industry structure, economic environment, performance and state of affairs of the Company's business in India, as well as insights into the risk management framework and other material developments during the financial year under review. The MDA report is annexed as **Annexure - A**.

CORPORATE GOVERNANCE

At Hero FinCorp Limited, corporate governance is an integral pillar of the Company's philosophy, underpinning its commitment to fairness, transparency, accountability, and ethical business conduct. The Company firmly believes in upholding the highest standards of integrity and in fostering a culture that promotes adherence to its core values while safeguarding the interests of all stakeholders.

The Company's governance framework is designed to ensure responsible decision-making, robust internal controls, and effective oversight, thereby enhancing long-term shareholder value. While the Company remains fully compliant with the applicable statutory and regulatory requirements governing corporate governance, it also continuously endeavors to adopt and implement best-in-class governance practices in line with global benchmarks.

Through a strong emphasis on ethical conduct, stakeholder inclusivity, and sustainable business practices, the Company seeks to strengthen trust and reinforce its commitment to excellence in corporate governance.

Key Elements of Corporate Governance:

- Adherence to all applicable laws, regulations, and regulatory guidelines in letter and spirit
- Robust compliance monitoring framework supported by regular reviews, testing, and internal controls
- Balanced and diverse composition of the Board, ensuring independence and effectiveness in oversight
- Timely and comprehensive dissemination of information to the Board to facilitate informed and well-considered decision-making
- Implementation of well-defined policies and procedures aligned with regulatory requirements and global best practices

The report on corporate governance is annexed as **Annexure - B** and forms part of the Board Report. In terms of Part C of Schedule – V of SEBI Listing Regulations, the certificate from M/s SGS & Associates LLP, Company Secretaries (Firm Registration No. L2021DE011600) confirming compliance with the conditions of Corporate Governance is annexed hereto and forms part of the Board report.

SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE

During the year, under review, the Company has neither become nor has made any subsidiary or associate companies or joint ventures.

As on March 31, 2026, the Company has one subsidiary company namely Hero Housing Finance Limited ("HHFL") and is registered with the National Housing Bank ("NHB") to carry on housing finance activities. HHFL offers a range of housing loans and loans against property to various segments of the society such as salaried individuals, self-employed individuals, self-employed professionals, corporates, etc. It is an all-inclusive housing finance company providing hassle-free loans in the states of

Delhi, Gujarat, Rajasthan, Maharashtra, Uttarakhand, Haryana, Uttar Pradesh, Pondicherry, Punjab, Tamil Nadu, Telangana, Andhra Pradesh, etc. which includes the following products to its customers: (i) Home Loans, (ii) Loan Against Property etc.

During the financial year 2025-26, HHFL delivered a strong financial performance, particularly marked by significant improvement in profitability, with profit after tax of ₹ 80.49 crore as against profit after tax ₹ 51.10 crore for the previous financial year 2024-25 registering an increase of 57.53 % over the previous financial year. This remarkable increase in profit underscores enhanced operational performance, improved margins and better cost management.

During the year under review, receivables under financing activity has reached to ₹ 6707.11 crore in the financial year 2025-26 as compared to ₹ 6144.24 crore in the financial year 2024-25 representing an increase of 9.16% over the previous financial year.

HHFL has Revenue from operations of ₹ 842.35 crore in financial year 2025-26 as compared to ₹ 731.94 crore in financial year 2024-25, registering a growth of 15.08% over the previous financial year.

During the year under review, the company had invested into the equity shares of its Subsidiary Company (HHFL) amounting upto ₹ 200 crore.

The Company has formulated a policy on identification of material subsidiaries in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the same is hosted on the Company's website at https://www.herofincorp.com/company-policies. As on March 31, 2026, HHFL is the material subsidiary of the Company.

The consolidated audited financial statements of the Company including its Subsidiary Company (HHFL) are forming the integral part of the annual report. A report on performance and financial position of the HHFL is included in the consolidated financial statement and is presented in AOC-1 annexed to the financial statements of the annual report.

The Company shall make available the annual accounts of the subsidiary company to the members of the Company upon request. The annual accounts of the subsidiary company will also be kept open for inspection at the registered office of the Company and the respective office of the subsidiary company. The annual accounts of the subsidiary company are also available on the website of the Company viz. www.herofincorp.com and can be accessed by clicking on the following link https://www.herofincorp.com/investor-relations/financial-performance.

REPRESENTATIVE OFFICE

The Company continues to maintain its Representative Office ("RO") in Dubai, United Arab Emirates, pursuant to the approval granted by the Reserve Bank of India ("RBI"). The RO functions as a liaison and facilitation centre to explore business opportunities and engage with stakeholders in the region. It does not undertake any commercial, trading, or industrial activities, and its operations remain strictly within the scope permitted by the RBI and the applicable local regulatory authorities. All regulatory compliances, including necessary filings and reporting requirements, have been duly complied with.

CAPITAL AND DEBT STRUCTURE

A. Authorized Share Capital

The Authorized Share Capital of the Company as on March 31, 2026 stood at ₹ 33,00,00,00,000 comprising the following:

(Amount in ₹)

S. No.	Class of Shares	Face Value per share	Number of Shares	Authorized Capital (in ₹)
i.	Equity Shares	10/-	30,00,00,020	300,00,00,200
ii.	Class A Compulsorily Convertible Preference Shares (CCPS)	550/-	1,70,36,363	936,99,99,650
iii.	Class B Compulsorily Convertible Preference Shares (CCPS)	550/-	1,93,27,273	1063,00,00,150
iv.	Redeemable Non-Convertible Preference Shares (RNCPS)	1,00,000/-	1,00,000	1000,00,00,000
	TOTAL	**-**	**33,64,63,656**	**3300,00,00,000**

B. Issued, Subscribed and Paid up Capital

The issued, subscribed and paid up share capital of the Company as on March 31, 2026 stood at ₹ 21,29,62,70,160 consisting the below:

(Amount in ₹)

S. No.	Class of Shares	Face Value per share	Issued Capital	Subscribed Capital	Paid Up Capital	Paid Up Capital (in ₹)
i.	Equity Shares	10/-	12,96,27,036	12,96,27,036	12,96,27,036	129,62,70,360
ii.	Class A Compulsorily Convertible Preference Shares (CCPS)	550/-	1,70,36,363	1,70,36,363	1,70,36,363	9,36,99,99,650
iii.	Class B Compulsorily Convertible Preference Shares (CCPS)	550/-	1,93,27,273	1,93,27,273	1,93,27,273	10,63,00,00,150
iv.	Redeemable Non-Convertible Preference Shares (RNCPS)	1,00,000/-	0	0	0	0
	TOTAL		**16,59,90,672**	**16,59,90,672**	**16,59,90,672**	**21,29,62,70,160**

C. Change in Capital

- The Company has issued and allotted 18,57,135 and 3,57,142 equity shares by way of preferential issue on a private placement basis (Pre-IPO placement) on June 13, 2025 and July 8, 2025 respectively.

D. Employees Stock Option Scheme

The Company had formulated and implemented its “Employee Stock Option Plan” since financial year 2017 benefiting the employees by rewarding them with securities of the Company.

Details of ESOP disclosure pursuant to Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 is annexed as **Annexure – C** to this report.

E. Non-Convertible Securities

During the year, your Company has issued Non-Convertible Debentures of ₹ 1,487.90 crore. Your Company has outstanding debentures of ₹ 4454.90 crore as on March 31, 2026 and all NCDs are listed on National Stock Exchange of India Limited.

Further, During the year under review, your Company has redeemed following debentures:

Sl No.	Series	Category	ISIN number	Amount (in ₹)
1	Series 47	Secured	INE957N07617	500,000,000
2	Series 39	Secured	INE957N07500	250,000,000
3	Series 54	Secured	INE957N07682	4,000,000,000
4	Series 63 OP I	Secured	INE957N07781	2,250,000,000
5	Series 5	Unsecured	INE957N08011	1,000,000,000
6	Series 41	Secured	INE957N07542	1,000,000,000
7	Series 43	Secured	INE957N07567	250,000,000

RAISING OF FUNDS/CAPITAL

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Commercial Papers, etc., and maintained prudential Asset Liability match throughout the year. Your Company sourced non-convertible debentures and loans from banks and other institutions at attractive rates. Your Company continues to expand its borrowing profile by tapping into new lenders.

A. PRIVATE PLACEMENTS ISSUE OF EQUITY SHARES

During the year under review, the Company has issued and allotted 18,57,135 and 3,57,142 equity shares by way of preferential issue on a private placement basis (Pre-IPO placement) on June 13, 2025 and July 8, 2025 respectively.

B. PREFERENTIAL ISSUE OF COMPULSORY CONVERTIBLE PREFERENCE SHARES (CCPS)

During the year under review, your Company has not issued any Compulsory Convertible Preference Shares.

C. REDEEMABLE NON-CONVERTIBLE PREFERENCE SHARES

During the year under review, your Company has not issued any Redeemable Non-Convertible Preference Shares.

D. PRIVATE PLACEMENT ISSUES OF NON-CONVERTIBLE DEBENTURES (NCDs)

Non-convertible debentures worth ₹ 1,487.90 crore (face value) were issued on private placement basis by the Company during the year under review, which includes - secured NCD issuances of ₹ 737.90 crore and (subordinated) Tier-II NCDs of ₹ 750 crore to support CRAR of the company. The said non-convertible debentures are listed on the wholesale debt market segment of National Stock Exchange of India Limited.

E. COMMERCIAL PAPERS (CPs)

Commercial Papers worth ₹ 2,825 crore (Face Value) were issued by the Company during the year under review. Total Commercial Papers outstanding as on March 31, 2026 was ₹ 2,733.29 crore as against ₹ 3,954.97 crore as on March 31, 2025. The outstanding commercial papers are listed on the Wholesale debt market segment of National Stock Exchange of India Limited.

F. BANK/FINANCIAL INSTITUTION LINES

Term loans (TLs) worth ₹ 13,670 crore were borrowed from different banks/FIs during the year under review. Other than this, company also raised funds in the form of Secured ECB of ~USD11 Mn amounting to total ~₹ 96.36 crore. Company also manages the working capital lines (secured and unsecured) of ₹ 3,355 crore as on March 31, 2026 from various public/private sector banks. The Company also deepened relationships with the existing bankers not just in terms of additional working capital and term loan facilities but also notably deepening the banks' subscription to our commercial papers, NCDs and ECBs. As on March 31, 2026, the total outstanding bank/FI lines (secured and unsecured) of the Company stands at ₹ 35,702.27 crores.

CREDIT RATINGS

Your Company believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates.

The credit rating details of the Company as on March 31, 2026 were as follows:

Rating	Program/Category	Outlook	Quantum (₹ crores)
ICRA			
ICRA AA+	Non-Convertible Debentures	Stable	2,970
ICRA AA+	Subordinated Debt	Stable	2,255
ICRA AA	Perpetual Debt	Stable	660
ICRA AA+/A1+	Bank Loan Rating (Long Term/Short Term))	Stable	21,800
ICRA A1+	Commercial Paper	-	6,000
CRISIL			
CRISIL AA+	Non-Convertible Debentures	Stable	3,410
CRISIL AA+	Subordinated Debt	Stable	1,805
CRISIL AA	Perpetual Debt	Stable	660
CRISIL PPMLD AA+	Long Term Principal Protected Market Linked Debentures	Stable	300
CRISIL AA+	Cumulative Non-Convertible Redeemable Preference Shares	Stable	250
CRISIL AA+	Bank Loan Rating	Stable	11,160
CRISIL A1+	Commercial Paper	-	6,000
CARE			
CARE AA+	Bank Loan Rating	Stable	10,699

International rating details were at entity level and not rated for any specific program

Facility	Standard & Poor's	Moody's
	Rating as on Mar 31, 2026	Rating as on Mar 31, 2026
Entity Level	(BB+) Long term/Stable (B) Short term/Stable	Ba1/Stable

DEBENTURE TRUSTEE

The details of debenture trustee for the privately placed debentures of the Company:

Vistra ITCL (India) Limited, The Qube, 2nd floor, A wing, 202, Hasan Pada Road, Mittal Industrial Estate, Marol, Andheri (East), Mumbai, Marol Naka, Mumbai, Mumbai, Maharashtra - 400059 Tel: +912226593535 Fax: +91 22 2653 3297 Email: mumbai@vistra.com.

CAPITAL ADEQUACY RATIO

The Company continues to comply with all regulatory requirements prescribed by the Reserve Bank of India ("RBI") relating to asset classification, non-performing assets, capital adequacy, and statutory liquidity, among others.

As at March 31, 2026, the Company's Capital Adequacy Ratio (CAR) stood at 16.80%, which remains comfortably above the RBI's prescribed minimum requirement of 15%, reflecting the Company's strong capital position.

DIRECTORS AND KEY MANAGERIAL PERSONNELS

The Directors of the Company are eminent professionals with proven competence, integrity, and extensive experience across diverse domains. They bring to the Board a high level of financial expertise, strategic insight and leadership capabilities, along with a strong commitment to the Company. The Directors devote sufficient time and attention to Board and Committee meetings, ensuring effective participation and informed decision-making. The Board has identified the core skills, expertise and competencies required in the context of the Company's business, details of which are set out in the Corporate Governance Report.

The Board meets at regular intervals to deliberate on key matters, including strategic direction, business performance, and policy decisions. It provides effective oversight of the Company's operations through structured discussions and periodic business presentations.

The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India (ICSI) on Board meetings and General Meetings.

A. Composition of Board :-

As on March 31, 2026, the Board of the Company comprised of following 10 (Ten) Directors:

Non-Executive Directors:	Executive Directors:	Independent Directors:
Dr. Pawan Munjal	Mrs. Renu Munjal	Mr. Kaushik Dutta
Mr. Pradeep Dinodia	Mr. Abhimanyu Munjal	Mr. Amar Raj Singh Bindra
Mr. Sanjay Kukreja		Mr. Paramdeep Singh
		Ms. Anuranjita Kumar
		Ms. Aparna Popat Ved

Your Directors on the Board possess experience and competency and are renowned in their respective fields. The Board composition is in compliance with the requirements of the Companies Act, 2013 ("the Act"), SEBI Listing Regulations and the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025 ("RBI Governance Directions").

B. Key Managerial Personnel (KMP)

Details of the key managerial personnel ("KMP") of the Company as on the date of this report are as under:

- Mr. Abhimanyu Munjal - Managing Director & Chief Executive Officer (CEO)
- Mrs. Renu Munjal - Whole Time Director (Executive)
- Mr. Sajin Purushothaman Mangalathu - Chief Financial Officer (CFO) (ceased w.e.f. April 28, 2026)
- Mr. Anand Kumar Saluja – Chief Financial Officer (CFO) (appointed w.e.f. April 28, 2026)
- Mr. Shivendra Suman - Company Secretary & Compliance Officer

C. Appointment/Cessation and other changes w.r.t. Directors and Key Managerial Personnel

Appointment

During the year, under review, no new Director or Key Managerial Personnel has been appointed. However, Mr. Anand Kumar Saluja has been appointed as the Chief Financial Officer of the Company in place of Mr. Sajin Purushothaman Mangalathu with effect from April 28, 2026.

Retirement by Rotation

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Sanjay Kukreja (DIN: 00175427), Non-Executive Director is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, seeks re-appointment. The Board has recommended his re-appointment at the ensuing AGM.

None of the Directors of the Company are disqualified as per the provisions of Section 164 of the Act. The Directors of the Company have made necessary disclosures under Section 184 and other relevant provisions of the Act.

Detailed information on the Directors is provided in the Corporate Governance Report, which forms part of this Board Report.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all its Independent Directors pursuant to the provisions of Section 149(7) of the Companies Act, 2013 (“the Act”) and the SEBI Listing Regulations, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and the SEBI Listing Regulations. The Independent Directors have also confirmed compliance with the Code for Independent Directors as set out in Schedule IV to the Act.

Further, the Independent Directors have submitted their registration details with the Independent Directors Databank in accordance with the requirements of Rule 6(1) and (2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, and such registrations remain valid for the respective tenure of the Directors.

Based on the declarations and confirmations received, the Board is of the opinion that the Independent Directors are persons of integrity and possess the requisite expertise, experience, and proficiency required for the role. The Board further believes that their continued association will be of significant value and in the best interests of the Company.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

The Company has received requisite undertakings and declarations from all its Directors in accordance with the ‘fit and proper’ criteria prescribed under the applicable RBI Master Directions. The same were duly reviewed by the Nomination and Remuneration Committee, which has noted that all Directors meet the prescribed criteria and are considered fit to continue as Directors on the Board.

All Directors have also affirmed compliance with the Company’s Code of Conduct. A declaration to this effect is included in the Corporate Governance Report, which forms an integral part of this Board’s Report.

BOARD MEETINGS

The Board met 5 (Five) times during the year to consider, discuss and approve various matters. Details of such meetings are being given in Corporate Governance Report.

The intervening gap between two consecutive board meetings were within the period prescribed under the Act. The notice and agenda including all material information, were circulated to all directors, well within the prescribed time, before the meeting except for those agenda items which were price sensitive in nature.

BOARD COMMITTEES

The Company has constituted various Statutory Committees as mandated under the Act and the SEBI Listing Regulations and RBI Master Directions. Additionally, the Board delegated its powers to few sub committees which operates under the guidance of the Board or Board Level Committees. As on March 31, 2026, the Board has constituted the following committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee and
- IT Strategy Committee.

Terms of reference of aforesaid Committees, composition of Committee, including the number of Meetings held during the financial year and attendance at these Meetings are provided in the Corporate Governance Report which forms part of the Board Report.

During the year under review, all the recommendations of the Board Committees, including the Audit Committee, were considered and approved by the Board.

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178(3) of the Act and SEBI Listing Regulations, the Board has formulated Nomination and Remuneration Policy of the Company which inter alia, includes the criteria for determining qualifications, positive attributes and independence of directors, identification of persons who are qualified to become Directors, Key Managerial Personnel and Senior Management. The Nomination and Remuneration Policy also covers the Remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

The Nomination and Remuneration Policy is annexed as **Annexure – D** and is available on the website of the Company at https://www.herofincorp.com/company-policies

ANNUAL EVALUATION-BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS

The Board has established a robust and structured framework for the evaluation of its own performance, that of its Committees, and of individual Directors, including the Chairperson. The evaluation process is carried out in a comprehensive manner and covers various parameters, inter alia, the composition of the Board, diversity of experience, competencies, effectiveness of contribution and alignment with the Company's objectives.

In compliance with the provisions of Section 134(3)(p) of the Companies Act, 2013, the Rules made thereunder, and the SEBI Listing Regulations, the Board is responsible for monitoring and reviewing the effectiveness of the evaluation framework.

Further, in accordance with the requirements of Schedule IV to the Companies Act, 2013 and the SEBI Listing Regulations, a separate meeting of the Independent Directors was convened during the year, without the presence of non-independent directors and members of the management. At this meeting, the Independent Directors, inter alia, reviewed the performance of non-independent directors, the Board as a whole, and the Chairperson of the Company. They also assessed the adequacy, quality, and timeliness of the flow of information between the management and the Board to facilitate effective discharge of its functions.

BOARD FAMILIARISATION AND TRAINING PROGRAMME

As part of its continuous governance and oversight framework, the Board is periodically apprised of significant changes in statutory and regulatory requirements applicable to the Company. In addition, the Board is provided with regular updates on the Company's operations, key business trends, and the evolving risk landscape relevant to its operations.

These updates enable the Directors to remain well-informed and facilitate effective decision-making in alignment with the Company's strategic objectives. The Company also conducts an annual strategy session wherein the Board actively engages with the management to provide guidance on business strategy and long-term sustainable growth.

Further, the Directors participate in various training and familiarization programmes to stay updated on emerging global trends, regulatory developments, and industry best practices. Details of such programmes are provided in the Corporate Governance Report, which forms part of this Board's Report.

CYBER SECURITY

In view of increased cyberattack scenarios, the cyber security maturity is reviewed periodically and the processes, technology controls are being enhanced in-line with the threat scenarios. Your Company's technology environment is enabled with real time security monitoring with requisite controls at various layers starting from end user machines to network, application and the data.

During the year under review, your Company did not face any incidents or breaches or loss of data breach in cyber security.

INTERNAL FINANCIAL CONTROLS

The Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has assessed adequacy of its internal controls to commensurate with the nature of the business and the size, scale, and complexity of its operations. The Company has documented the policies, controls, and procedures, covering all financial and operating activities. Internal controls include IT general controls, IT application controls, controls designed to provide a reasonable assurance regarding the reliability on financial reporting, monitoring of operations for our efficiency and effectiveness, protecting assets from unauthorized use or losses, compliances with regulations, prevention, and detection of fraudulent activities, etc. The Company makes constant efforts to align all processes and controls with leading practices.

Internal Controls Systems are also subjected to regular Internal Audits to evaluate the adequacy and operating effectiveness of internal controls with additional focus on assessing opportunities for improvement in business processes, systems and controls and provide recommendations for adding value to the organization. Regular follow-up is done for the implementation of corrective actions and improvements in business processes which is quarterly reviewed by the Audit Committee.

INTERNAL AUDIT

The Internal Audit Department of the Company functions independently with direct reporting to the Audit Committee of the Board. Internal Audit function provides independent assurance on the Company's system of internal controls, risk management and governance processes.

Internal audit is carried out as per risk based internal audit (RBIA) framework. Subject matter expertise of professional firms is utilized as per the requirement.

ANNUAL RETURN

In terms of Section 92(3) read with Section 134(3)(a) of the Act and rules thereto, the Annual Return of the Company in Form MGT-7 as on March 31, 2026 would be available on the Company's website at https://www.herofincorp.com/investor-relations.

DEPOSITORY SYSTEM

The Company's Equity Shares are not listed on any stock exchange and are being traded on off-market platform. As on March 31, 2026, 12,88,92,256 (99.43%) of equity shares capital and 3,63,63,636 (100%) Compulsorily Convertible Preference Shares were held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository System, the Members holding shares in physical mode are advised to avail the facility of dematerialization.

Further, the Company's Non-Convertible Debentures (NCDs) are listed on National Stock Exchange and as on March 31, 2026, all the NCDs are in dematerialized form with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL).

Requests for effecting transfer of securities in physical form shall not be processed by the Company. Further, the transfer of securities which were purchased/sold prior to April 1, 2019, whether rejected/returned due to deficiency in the documents or not, such transfer can be relodged with requisite documents during the special window provided by SEBI vide their circular no. HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30, 2026, from February 5, 2026 till February 4, 2027. Shareholders desirous of availing these services are requested to refer to the detailed procedure hosted on the website at https://www.herofincorp.com/investor-relations/disclosures-under-regulation-62-of-the-sebi-lodr/unclaimed-unpaid-dividend.

KYC REGISTRATION FOR HOLDERS OF PHYSICAL SHARES

All shareholders of the Company holding shares in physical form are requested to update their Mobile number, PAN, Address, Email ID, Bank account details (KYC details) and Nomination details with the Company's Registrar and Share Transfer Agent (RTA) at the earliest, in case the same is not updated.

DESIGNATED PERSON FOR FURNISHING INFORMATION AND EXTENDING CO-OPERATION TO REGISTRAR OF COMPANIES (ROC) IN RESPECT OF BENEFICIAL INTEREST IN SHARES OF THE COMPANY

The Company Secretary is designated as the authorized officer responsible for furnishing requisite information to and extending necessary cooperation with the Registrar of Companies (RoC) in relation to beneficial ownership of the Company's shares, in compliance with the applicable provisions of law.

CORPORATE SOCIAL RESPONSIBILITY

The Company had constituted Corporate Social Responsibility (CSR) Committee which had been entrusted with the prime responsibility of implementation of the activities under the CSR policy and recommend the amount to be spent on such CSR activities during the year.

Details of CSR Committee including composition, terms of reference etc. are provided in the Corporate Governance Report. Your Company has undertaken the CSR activities and complied with the provisions of Section 135 of the Companies Act, 2013. The CSR activities undertaken by your Company are based on the approved CSR policy, which is available on the Company's website at https://www.herofincorp.com/company-policies.

CSR obligation for the financial year 2025-26 was ₹ 17.06 crore (2% of the average net profit of the Company for last three financial years). Further, the Company had spent a total amount of ₹ 17.30 crore during the FY 2025-26 in the manner as recommended by the CSR Committee and approved by the Board of Directors in their meeting held on April 29, 2025.

Chief Financial Officer (CFO) of the Company has certified that CSR funds so disbursed for the projects have been utilized for the purposes and in the manner as approved by the Board.

The Annual Report on Corporate Social Responsibility Activities as per section 135 of the Act, is annexed as **Annexure - E** and form part of the board report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, hereby state and confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2026, the applicable accounting standards have been followed along with proper explanation relating to material departures in the Auditor's Report and Notes to accounts;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for the said period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they had prepared the annual accounts on a going concern basis;
- they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATUTORY AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 139 of the Act read with rules made thereunder, RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFC (including HFCs) and based on the recommendation of the Audit Committee, the Board of Directors of the Company at its Meeting held on May 29, 2024, approved the appointment of M/s. Deloitte Haskins & Sells LLP (Firm Registration No: 117366W/W-100018) and M/s. M M Nissim & Co LLP (Firm Registration No: 107122W/W100672) as Joint Statutory Auditors of the Company for a period of three years i.e. from conclusion of 33rd AGM till conclusion of 36th AGM of the Company.

The members of the Company had approved the appointment of M/s. Deloitte Haskins & Sells LLP and M/s. M M Nissim & Co LLP as Joint Statutory Auditors of the Company in the Annual General Meeting held on August 21, 2024.

The Auditor's Report on Standalone Financial Statements and Consolidated Financial Statements of the Company for the financial year ended March 31, 2026, forms part of this Annual Report. The Auditors' Report read with notes to the accounts are self-explanatory and therefore do not require further comments/elaborations pursuant to Section 134 of the Companies Act, 2013.

There is no qualification made by the Statutory Auditors in their report. Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Companies Act, 2013.

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 204 of the Act, read with rules made thereunder and SEBI Listing Regulations, M/s. SGS ASSOCIATES LLP, Company Secretaries (Firm Registration No.: L2021DE011600), were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit of the Company for the financial year ended March 31, 2026.

A secretarial audit report issued by the Secretarial Auditors of the Company in Form MR-3 is annexed as **Annexure – F** and forms part of the board report.

The Auditors' Report is self-explanatory and therefore do not require further comments/elaborations from the Board.

The Board, on the recommendation of Audit Committee, has re-appointed M/s. SGS ASSOCIATES LLP, Company Secretaries (Firm Registration No.: L2021DE011600) as Secretarial Auditors of the Company for FY 2026-27.

COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act is not applicable for the business activities carried out by the Company.

LOANS, GUARANTEES AND INVESTMENTS

The Company, being a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India and engaged in the business of providing loans in the ordinary course of its operations, is exempted from the applicability of the provisions of Section 186 of the Companies Act, 2013, in respect of loans, guarantees, and investments, pursuant to the notification issued under the Companies (Amendment) Act, 2017, effective May 7, 2018.

Accordingly, the Company is not required to comply with the disclosure requirements under Section 186 relating to full particulars of loans given, investments made, guarantees given, or securities provided in the financial statements.

Details of investments made by the Company are disclosed in the Notes to the Financial Statements.

RELATED PARTY TRANSACTIONS AND POLICY

All contracts, arrangements and transactions entered by the Company during FY 2025-26 with related parties were in the ordinary course of business and on arm's length basis and were approved by the Audit Committee. The Board of Directors of the Company had laid down the criteria for granting the omnibus approval by the Audit Committee for the transactions which are repetitive in nature, in line with the Company's Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions ('RPT Policy').

During the year, the Company had not entered into any materially significant transaction with related parties as defined in the RPT Policy. Accordingly, the disclosure of Related Party Transactions under Section 188(1) of the Act in Form AOC-2 is not applicable. Related Party disclosures including transactions with promoter/promoter group which hold(s) more than 10% shareholding in the Company have been disclosed in Note to the Standalone Financial Statements forming an integral part of the Annual Report.

None of the Directors had any pecuniary relationships or transactions vis-a-vis the Company except as provided in the notes to the accounts.

Pursuant to RBI Directions and SEBI Listing Regulations, the policy on related party transactions is annexed as **Annexure - G** and is also available on the Company's website, at https://www.herofincorp.com/company-policies.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act and SEBI Listing Regulations, the Company has adopted a Vigil Mechanism Framework. The objective of the framework is to establish a redressal forum, which addresses all concerns through which all the stakeholders such as Employees, Directors and service providers (agency, vendor, contractor or any outsourced partner) can raise actual or suspected violations. The Vigil Mechanism Framework provides for adequate safeguards against victimization of the persons who use such mechanism and make provisions for direct access to chairman of Audit Committee.

The effectiveness of the vigil mechanism is regularly reviewed by the Audit Committee, which ensures that all grievances are handled promptly and judiciously. The Audit Committee's oversight ensures that the framework is accessible to all stakeholders and that it aligns with best practices. Necessary details pertaining to the framework are disclosed in the Corporate Governance Report.

During the financial year 2025-26, following is the summary of complaints received, disposed off and report finally presented before the Audit committee/Board.

No. of complaints received	31
No. of complaints disposed off	31

The whistle blower policy of the Company is available on the Company's website at https://www.herofincorp.com/company-policies

PUBLIC DEPOSITS

Company being a non-deposit taking Non-Banking Financial Company ("NBFC"), has not accepted any deposits from the public during the year under review.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and/or commitment affecting the financial position of your Company has occurred between April 1, 2026 and the date of signing of this report.

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

The Company remains committed to adopting effective measures for energy conservation and enhancing energy efficiency across its operations. It continues to focus on increasing the use of renewable energy and strengthening waste management practices with a view to reducing its overall carbon footprint. The Company also endeavors to adopt environmentally sustainable technologies, processes, and improvements. During the year, several cost-effective energy efficiency initiatives were undertaken.

The Company believes in leveraging technology to transform every dimension of its business. Investments in technology infrastructure is an important element of Company's commitment to delivering seamless customer experience. Further, steps taken towards Energy

Conservation are the result of technology absorption. However, there is no other specific information to be furnished in this regard.

The disclosures pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are set out below:

Foreign exchange earnings and outgo:

Earning	-	Nil
Outgo	-	₹ 51.01 crore on account of travel, information technology, legal & professional, training etc. (Previous year ₹ 34.07 crore)

RISK MANAGEMENT

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which inter alia includes a well-structured Business Risk Management process.

The Company has constituted a Risk Management Committee ("RMC") in terms of the requirements of the SEBI Listing Regulations and RBI Directions. Mr. Abhimanyu Munjal, Managing Director and CEO, is the chairman of the Risk Management Committee (RMC) of the Board. RMC assist the Board in its oversight of various risks, review of compliance with risk policies, monitoring of risk tolerance limits, review and analyses the risk exposures related to specific issues and provides oversight of risk across the organization. The details of the Committee along with its terms of reference are set out in the Corporate Governance Report, forming part of this Report. Effective risk management is integral to HFCL's operations and is embedded in its day-to-day business transactions and activities. The framework in place seeks to identify, prioritize, mitigate, monitor and appropriately report any significant threat to the Organization's strategic objectives, its reputation, operational continuity, environment, compliance, and the health and safety of its employees. Detailed update on Risk Management has been given in the MDA Report forming part of this Board Report.

PARTICULARS OF EMPLOYEES

Your Directors place on record their appreciation for the significant contribution made by all employees, who through their competence, dedication, hard work, co-operation and support have enabled the Company to achieve different milestones on a continual basis. A detailed note on personnel is given in the Management Discussion and Analysis Report, which forms part of this Annual Report. The statement of Disclosure under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is appended as **Annexure – H** to this Report. The information as per Rule 5(2) and 5(3) of the Rules, forms part of this Annual Report. However, as per first proviso to Section 136(1) of the Act, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) and 5(3) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company or may address their e-mail at investors@herofincorp.com.

RBI DIRECTIONS

The Company continues to fulfill all the norms and standards laid down by the RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the RBI as applicable to your Company as a systemically important non-deposit taking NBFC, considered as NBFC-ML. The Company has in place the system of ensuring compliance with applicable provisions of Foreign Exchange Management Act, 1999 and rules made thereunder. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Management Committee, which meets at regular intervals to review its ALM risks and opportunities.

The Company continues to be in compliance with the RBI Directions.

Your Company has complied with all the norms prescribed by the RBI including the Fair Practices Code, Anti Money Laundering and Know Your Customer (KYC) guidelines besides other applicable guidelines.

COMPLIANCE WITH SECRETARIAL STANDARDS

During FY 2025-26, the Company has complied with the applicable provisions of the Secretarial Standards (SS-1 and SS-2) relating to 'Meetings of the Board of Directors' and 'General Meetings' issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs in terms of the provisions of Section 118 of the Act.

STATUTORY DISCLOSURES

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

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Buy Back of shares
- Issue of sweat equity shares to employees of your Company.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- There were no delays or defaults in payment of interest/principal of any of its debt securities.
- The Company has not defaulted in repayment of loans from banks and financial institutions.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 against the Company.
- There was no instance of onetime settlement with any Bank or Financial Institution.

DISCLOSURE UNDER PREVENTION OF SEXUAL HARASSMENT POLICY

Your Company has complied with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Prevention of Sexual Harassment (POSH) Policy is in place and as per the said Policy, an Internal Committee is also in place to redress complaints received regarding sexual harassment. The constitution of Internal Complaints Committee (ICC) is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Committee includes external member with relevant experience. The Committee meets at regular intervals in order to ensure and enhance security of female employees. The Company aims at providing a workplace that enables employees to work without gender bias and sexual harassment.

An annual report by the Committee is submitted to the Board of Directors of your Company on the complaints received and action taken by it during the Calendar year 2025. Following is the summary of complaints received and disposed off during the Calendar year.

No. of complaints received	-	4
No. of complaints disposed off	-	4

INITIAL PUBLIC OFFER (IPO)

The Company is undertaking steps towards a proposed Initial Public Offer ("IPO") of its equity shares with the objective of enhancing stakeholder value. The Draft Red Herring Prospectus ("DRHP") was filed with the Securities and Exchange Board of India ("SEBI"), BSE Limited and the National Stock Exchange of India Limited ("NSE") on August 1, 2024, and SEBI's observations were received on May 21, 2025.

Pursuant to SEBI's circular dated April 7, 2026, a one-time relaxation has been granted extending the validity of observation letters expiring between April 1, 2026 and September 30, 2026 up to September 30, 2026, subject to submission of an undertaking by the Lead Manager confirming compliance with the SEBI (ICDR) Regulations at the time of filing the updated offer document.

The Company is taking all necessary steps to comply with regulatory requirements and to progress the proposed IPO to completion in a timely manner.

HUMAN RESOURCES

At Hero FinCorp, we are driven by the belief that every individual has the potential to create meaningful impact when empowered with the right opportunities. Rooted in our purpose of "Empowering every Indian's dream of Upward Mobility," we recognize and nurture the Hero within each person. Our vision to become Bharat ka Digital Lender is not just a strategic goal, it is a people-powered mission. The Human Resources function plays a pivotal role in this journey by fostering a culture of inclusion, agility, and continuous growth. By aligning talent, strengthening capabilities, and shaping an empowering workplace culture, HR serves as a catalyst in realizing our digital and organizational aspirations.

We take pride in fostering a culture of continuous engagement, innovation, and improvement, enabling our people to drive business excellence. Our rapid growth since inception has been fueled by the passion and commitment of every employee - each one representing the face and spirit of our organization. The HR function plays a strategic role in shaping this momentum by hiring diverse, digitally skilled talent from both urban and rural India. This inclusive approach not only ensures strong regional representation but also deepens our understanding of local communities, enhancing customer empathy. By building a workforce that truly reflects the fabric of "Bharat," we are able to deliver meaningful financial solutions to the underserved, staying true to our mission of inclusive growth and empowerment.

Through programs like Grow 1.0, 2.0, Ivy League, and Emerging Leaders, HR is upskilling employees across all levels to navigate the fast-evolving fintech landscape. These initiatives foster digital agility, innovation, and leadership to support Hero FinCorp's transformation. HR has nurtured a culture of ownership, inclusion, and innovation. With Pay-for-Performance driven systems, regular townhalls, and employee recognition platforms, employees stay motivated, connected, and aligned to business goals. HR operations are fully digital - leveraging AI in recruitment, real-time performance dashboards, and mobile-first learning tools to enhance employee experience and decision-making. Further strengthening this ecosystem, Hero FinCorp places strong emphasis on continuous employee experience management through Amber - AI-enabled Chief Listening Officer. Amber captures real-time, lifecycle-based feedback, enabling proactive interventions, faster issue resolution, and data-driven decision-making. This ensures that employee voice is consistently heard, acted upon, and embedded into organizational practices, reinforcing a high-trust, responsive, and employee-centric culture.

Enhancing employee experience is at the heart of our people strategy, and we firmly believe that business excellence is driven by a thriving, motivated, and healthy workforce. As we grow and scale, we remain committed to the holistic well-being of our employees by offering robust support systems such as a 24x7 Employee Assistance Program, along with a variety of fun and health-focused engagements—both in-person and digital—through our Hi 5 Engagement App. Recognizing the power of employee voice, we've introduced continuous listening mechanisms like Amber, an AI-powered chatbot, to complement our existing pulse surveys such as Great Place To Work and Working Together Survey. These initiatives help us stay connected to real-time employee sentiments and build a workplace that is agile, inclusive, and aligned with our organizational purpose.

At the core of Hero FinCorp's strategy lies strong, value-driven leadership anchored in our TITHI values and guiding principles. Over the past year, our efforts have been focused on delivering an exceptional employee experience by reimagining ways of working, building future-ready capabilities, and fostering a meritocratic culture that recognizes performance and prioritizes well-being. Through open dialogue, continuous engagement, and a sustained focus on growth and care, we are creating an environment where every employee can thrive. These people-first initiatives continue to fuel our collective journey toward becoming Bharat ka Digital Lender and realizing our purpose of empowering every Indian's dream of upward mobility.


HR Synopsis FY 2025
8th time Great Place To Work®, India
Among To 25 India's Best Workplaces in BFSI 2025
Workplace Culture Pulse Checks
Working Together Survey for Departmental Scorecards during PMS Launch of GPTW Survey, Launch of Amber – our Chief Listening Officer in Hero Brand reporting 85 engagement score with 50% adoption
Workplace Fun and Fitness
Healthy Hero Healthy FinCorp-Festive Engagement for off roll employees via Yaha K Hum Sikandar – off roll sports day, Celebrating International Men's Day by encouraging inspiring stories over Hi 5, Navratri Celebration with 9-day cultural engagement across India Pan india grand Diwali Celebrations – with address from MD and CEO, Children's Day Celebrations encouraging Family Engagements, Christmas Celebrations Pan india, Gratitude Month Celebrations, Vedanta Delhi Marathon, Holi Celebrations
Best Workplaces in BFSI
Great Place To Work
2025
Celebration of Important Days
World Health Day celebrations with Hi 5 Contest, International Yoga Day Celebrations with Isha Yoga Foundation Foundation, Mother's Day with 500+ Handwritten Letters, Father's Day stories sharing by employees, Friendship Day digitally Pan India with 45+ entries and 280+ Say Cheers cards exchange, and in person in HO through an engaging Pottery Session, Independence Day with Musical Session, World Food Day Celebrations, Republic Day Celebrations, International Women's Day Celebrations with MD and CEO Address, CHPO address, Board Member address – to Pan India employees
AI Powered Employee Listening
Launching Amber with 50% adoption, and engagement score of 85 and above
Great Place To Work.
Certified
JAN 2025-JAN 2026
INDIA
Upskilling and Development
Udaan, Rise, LIP, Next Gen Program, IVY League: Cultivating Future-Ready Leaders, GROW 1.0: Shaping the World's Best First-Time Managers, GROW 2.0: Elevating People Managers into Future Leaders, PRIDE Modules in Vernacular Languages: Innovation in Action
Employee Care and Wellness
Physical Health Checkup(Pan India Dental Health Checkup Camp), Employee Assistance Program(Sessions on Self Care, with 1400+ participation)


Hero FINCORP
Physical Well Being:
Hero Fitness League - Week-long contest
Off roll Sports Day - 250 Participations
Delhi Half Marathon - 200 Participants
Mental Well Being:
EAP – 54% registration compare to the industry benchmark of 30%
HR Synopsis FY 2024
Celebrations & Festivities:
Women' Day, International Yoga Day, Independence Day, Diwali, Christmas, Holi, Mother's Day, Father's Day
Stronger Foundation:
100 % adherence to HR Compliances
Healthy Hero Healthy Fincorp
Career Progression and Development
7th Time in a row certified as Great Place to Work!
Also, featured under India's Best Workplaces in BFSI – Top 25 and amongst Top 100 India's Best Companies to Work for
CII HR Excellence Award
50% Base added towards growth & attrition
18% Net growth on On Rolls
Digital
Celebrations, Festivities and others
Career Progression:
RISE - Internal Mobility Program: 31
OffRoll to OnRoll - 100 SEs
Upskilling & Development:
GROW 1.0 - 82 First Time Managers
Ivey League: 32 Participants
Initiatives:
Launch of New HRMS
ERA Chatbot for faster Query Management
Social Media Outreach - 329825 impressions, 51228 engagements, 17519 clicks
Digital Learning Touchpoints:
Inducted 1464 employees, 100% compliance for PRIDE

AWARDS AND RECOGNITION

During the year under review, your Company has been felicitated with the following awards and Recognition: –

FY 2026

- Hero FinCorp Limited was certified as a Great Place To Work®, India for the 9th time in a row.
- Top 50 India's Best Workplaces™ in BFSI 2026
- Awarded "Significant Achievement in HR Excellence 2025–2026" by the Confederation of Indian Industry (CII).

Certfied as a **Great Place to Work** for the 9th Year in a Row

"Significant Achievement in HR Excellence 2025–2026" by CII

FY 2025

- Hero FinCorp Limited was certified as a Great Place To Work®, India for the 8th time in a row.
- Top 25 India's Best Workplaces™ in BFSI 2025

FY 2024

DISCLOSURE UNDER THE HUMAN IMMUNODEFICIENCY VIRUS AND ACQUIRED IMMUNE DEFICIENCY SYNDROME (PREVENTION AND CONTROL) ACT, 2017

Hero FinCorp Limited remains compliant with the provisions of the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017, and its associated Rules.

The Company has a dedicated policy and a structured management plan in place to ensure non-discrimination, confidentiality, and support for individuals infected with or affected by HIV/AIDS. These documents are made available internally via the HRIS portal and publicly through the Company's website to promote awareness and access.

In alignment with its commitment to a safe, inclusive, and equitable workplace, HFCL does not mandate HIV testing as a condition of employment or service access, and any form of discrimination based on actual or perceived HIV status is strictly prohibited.

A designated Complaints Officer, Mr. Shivam Tyagi, to oversee this charter and is responsible for addressing grievances under this Act. The grievance redressal mechanism is robust, confidential, and accessible through multiple channels, including direct email and phone, with the option for anonymous reporting.

The Company conducts regular awareness and sensitization initiatives as part of its workplace wellness and EHS programs to combat stigma, promote education, and uphold the dignity of all individuals.

During the year under review, no complaints were received.

ACKNOWLEDGEMENT

The Board of Directors acknowledge with gratitude the co-operation and assistance extended by its bankers, financial institutions, rating agencies, customers, associates, debenture holders, auditors, trustees, regulatory bodies and its employees. The Board of Directors also gratefully acknowledge all stakeholders of the Company viz. members, dealers, vendors and other business partners for the excellent support received from them during the year. Our employees are instrumental in helping the Company scale new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as shareholders is also greatly valued. The Board of Directors look forward to your continuing support.

For and on behalf of the Board
Hero FinCorp Limited

Dr. Pawan Munjal
Chairman
DIN: 00004223

Date: April 28, 2026
Place: Gurugram

Management Discussion & Analysis Report

ECONOMIC OVERVIEW

Global Economy

The global economy demonstrated resilience through much of 2025, supported by technology-led investments, accommodative financial conditions and improving trade activity. However, the outbreak of conflict in the Middle East in early 2026 introduced renewed uncertainty, disrupting energy markets, elevating geopolitical risks and moderating the pace of global growth. According to the International Monetary Fund (IMF), the global GDP growth, which stabilised at 3.4% in 2025, is projected to grow at 3.1% in 2026 and 3.2% in 2027, remaining below the historical average but reflecting the economy's ability to withstand successive shocks.*

Rising energy prices and supply chain disruptions have interrupted the disinflationary trend witnessed across several economies. Global headline inflation is expected to increase to 4.4% in 2026 before easing to 3.7% in 2027. In response, central banks remain focused on maintaining price stability while balancing the need to support economic growth and financial system resilience.

Growth prospects continue to vary across regions. Advanced economies are expected to benefit from resilient labour markets, stable consumer demand, and continued investment in technology as well as innovation. Emerging market and developing economies, particularly commodity-importing nations, face greater challenges from higher energy costs, currency volatility and tighter financial conditions. Nevertheless, economies with strong domestic demand, sound policy frameworks and ongoing structural reforms are likely to remain relatively well positioned.

Global Macroeconomic Indicators

Indicator	2025	2026E	2027E
Global GDP Growth (%)	3.4	3.1	3.2
Advanced Economies (%)	1.9	1.8	1.7
Emerging Markets and Developing Economies (%)	4.4	3.9	4.2
Global Inflation (%)	4.1	4.4	3.7
Trade Growth (%)	5.1	2.8	3.8

Source: IMF World Economic Outlook Update, April 2026

Global financial markets have remained broadly stable despite heightened uncertainty. Capital flows continue to favour economies with robust fundamentals and attractive growth prospects, although risks associated with geopolitical tensions, trade fragmentation and public debt levels remain elevated. At the same time, artificial intelligence and digital transformation are emerging as important drivers of productivity, investment and long-term economic growth.

While the global outlook remains subject to downside risks, including geopolitical conflicts and commodity market disruptions, continued technological advancement, infrastructure investments and policy support are expected to underpin economic activity. As the world transitions towards a more complex and multipolar environment, adaptability and prudent policymaking will remain essential for sustaining long-term growth and stability.

Indian Economy

India continued to reinforce its position as one of the world's fastest-growing major economies during FY 2025-26, supported by resilient domestic demand, sustained public investment, improving private sector activity and a stable macroeconomic environment. According to the Economic Survey 2025-26, India's GDP growth for FY 2025-26 was estimated at 7.4%, driven by the twin engines of consumption and investment, reflecting the economy's ability to navigate an increasingly uncertain global environment.**

The Government's continued focus on infrastructure creation, manufacturing competitiveness, digital transformation and ease of doing business remained key enablers of economic growth. The Union Budget 2026-27 reaffirmed its commitment to fiscal prudence while sustaining growth-oriented expenditure, with public capital expenditure budgeted at ₹ 12.2 lakh crore and the fiscal deficit targeted at 4.3% of GDP. These measures are expected to strengthen productive capacity, encourage private investment and support long-term economic expansion.***

India's macroeconomic fundamentals remained robust, characterised by healthy tax collections, resilient financial markets, a well-capitalised banking system and steady credit growth. The country's expanding formal economy, increasing digital adoption and rising income levels continued to create favourable conditions for consumption-led growth and financial inclusion. These structural strengths have helped India remain relatively insulated from global geopolitical disruptions and trade uncertainties.

*IMF World Economic Outlook, April 2026

**Economic Survey of India, FY 2025-26

***Union Budget of India, FY 2026-27

The International Monetary Fund (IMF) projects India to grow by 6.5% in 2026, maintaining its position among the fastest-growing major economies globally despite a challenging external environment marked by geopolitical tensions, commodity price volatility and evolving trade dynamics.[#]

Looking ahead, the Indian economy remains well positioned to sustain its growth momentum, supported by strong domestic fundamentals, ongoing infrastructure investments, policy reforms and increasing private sector participation. These factors are expected to continue driving credit demand, consumption growth and investment activity, creating a favourable operating environment for the financial services sector and expanding opportunities across retail and commercial lending markets.

INDUSTRY OVERVIEW

Financial Services - NBFC Sector

India's NBFC sector continued to play a pivotal role in deepening financial inclusion and expanding credit access across retail, MSME and underserved customer segments during FY 2025-26. Supported by strong domestic economic fundamentals, rising consumption, increasing formalisation of the economy and sustained digital adoption, the sector remained a key enabler of credit intermediation and economic growth.

The operating environment for NBFCs remained favourable despite global uncertainties and evolving regulatory requirements. Demand for vehicle finance, personal loans, MSME financing and consumer credit continued to be supported by rising incomes, improving economic activity and growing aspirations across urban and rural markets. NBFCs, with their customer-centric approach, distribution reach and technology-led underwriting capabilities, remained well positioned to address credit gaps that are often underserved by the traditional banking system.

The sector demonstrated resilience through healthy balance sheets, strong capitalisation levels and improving asset quality. According to data released by the Department of Financial Services, the Gross Non-Performing Asset (GNPA) ratio for upper-layer and middle-layer NBFCs improved to 3.08% as of June 2025 from 3.30% a year earlier, reflecting prudent risk management practices and strengthened collection efficiencies. At the same time, regulatory oversight by the Reserve Bank of India continued to promote greater stability, governance and transparency across the sector.[##]

Funding conditions also improved during the year. Following regulatory measures and improving lender confidence, bank credit to NBFCs witnessed strong growth, enhancing liquidity and supporting business expansion across the industry. The improved availability of funding, coupled with diversified borrowing sources including market instruments and securitisation, strengthened the sector's ability to meet rising credit demand.

The outlook for India's NBFC sector remains positive, supported by resilient economic growth, rising financial inclusion and sustained demand for retail and MSME credit. India is expected to grow by 6.5% in 2026, reinforcing its position among the world's fastest-growing major economies and creating a favourable backdrop for credit expansion across customer segments.

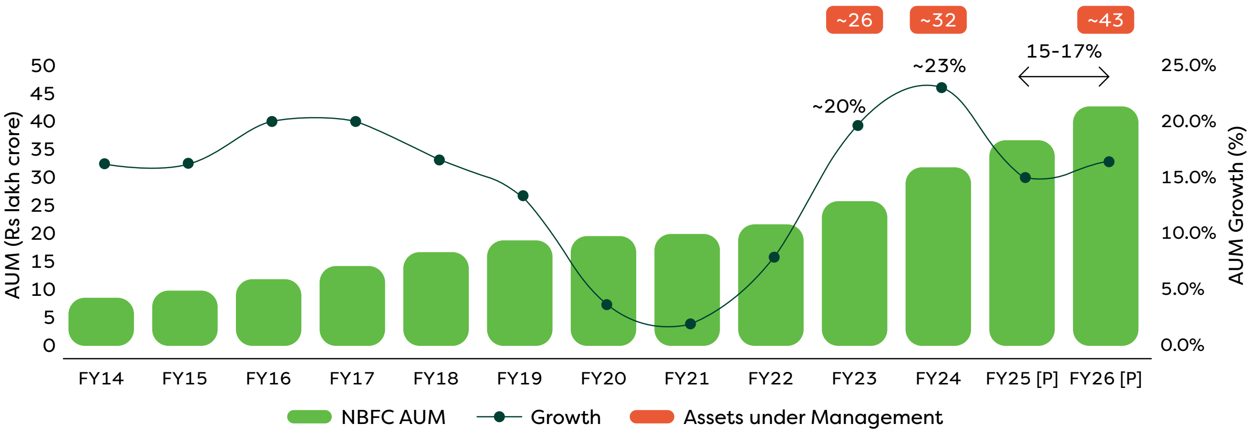
Industry growth is expected to remain healthy despite a more calibrated operating environment. According to industry estimates, NBFC AUM are expected to grow by 15-17%, while the retail-focused NBFC segment is projected to deliver AUM growth of 16-18% in FY 2026-27, which will make the NBFC-Retail AUM to cross ₹ 30 lakh crore. The profitability of the NBFCs is projected to remain healthy at 2.3-2.5% in FY 2026-27. Demand is expected to be driven by vehicle finance, MSME lending, affordable housing finance, consumer loans and other secured lending categories, supported by rising incomes, improving economic activity and increasing formalisation of credit.[@]

[#] IMF World Economic Outlook, April 2026

[##] Department of Financial Services, Government of India

[@] ICRA and CRISIL

AUM growth of NBFCs (including HFCs; Rs lakh crore)



Source: Company data, CRISIL Ratings estimates; AUM is as of fiscal year end. Past data excludes HDFC Ltd.

The sector is also expected to benefit from robust system-wide credit growth. Bank credit is projected to grow by approximately 13% in FY 2026-27, led by retail and MSME lending, creating a supportive ecosystem for broader financial intermediation. Improved liquidity conditions and easing interest rates are expected to enhance funding availability, with bank borrowings continuing to be an important source of capital for NBFCs. In parallel, the securitisation market reached a record ₹ 2.55 lakh crore in FY 2025-26, highlighting the growing depth of alternative funding channels available to the industry.[@@]

Looking ahead, technology-led underwriting, digital customer acquisition and data-driven risk management are expected to further strengthen operating efficiencies and expand credit access. While geopolitical uncertainties, inflationary pressures and regulatory developments warrant continued vigilance, the sector's long-term growth drivers remain firmly intact. We believe well-governed and diversified NBFCs with strong risk management capabilities, scalable technology platforms and disciplined capital allocation frameworks will be best positioned to capitalise on the opportunities emerging from India's evolving credit landscape.

Regulatory Developments and Schemes

The NBFC sector continued to evolve under a dynamic regulatory environment, with the Reserve Bank of India (RBI) and Ministry of Electronics and Information Technology (MeitY) introducing several key regulatory measures during the year aimed at strengthening governance, enhancing customer protection, and improving systemic resilience. Some of the significant circulars and directions issued during the financial year are highlighted below:

- **Digital Lending Directions (May 8, 2025):**

  The RBI has issued updated guidelines under the Digital Lending Framework, including provisions relating to Default Loss Guarantee (DLG) arrangements. The objective of these directions was to strengthen regulatory oversight of digital lending ecosystems, ensure transparency in fintech-lender partnerships, regulate risk-sharing mechanisms such as DLG arrangements, and enhance borrower protection in digital loan origination and servicing.

- **Reserve Bank of India (Project Finance) Directions, 2025 (June 19, 2025):**

  The RBI has introduced standardised prudential norms for project finance exposures. The purpose was to strengthen credit discipline, improve risk assessment frameworks, and ensure timely recognition of stress in large infrastructure and project loans.

- **Reserve Bank of India (Pre-payment Charges on Loans) Directions (July 2, 2025):**

  This direction provided clarity on the levy of pre-payment/foreclosure charges. The objective was to enhance fairness and transparency for borrowers, particularly by restricting or rationalising such charges in certain categories of loans.

- **Digital Personal Data Protection Act, 2023 and Digital Personal Data Protection Rules, 2025 (November 13, 2025):**

  The Ministry of Electronics and Information Technology (MeitY) notified the Digital Personal Data Protection

[@@]CRISIL and Zee Business

Rules, 2025 on November 13, 2025, pursuant to the Digital Personal Data Protection Act, 2023, thereby operationalising India's data protection framework. The Act and Rules establish a comprehensive regime governing the collection, processing, storage, and protection of digital personal data, strengthen the privacy rights of individuals, and enhance the accountability of data fiduciaries.

The framework is being implemented in a phased manner, with specified provisions becoming effective from November 13, 2025, and the remaining compliance requirements taking effect over a staggered implementation timeline. This phased approach provides organisations with time to align their governance, operational processes, and technology controls with the requirements of the Act and Rules.

- **Consolidation of RBI Master Directions (November 28, 2025):**

  The RBI has undertaken consolidation of 3500 directions, circulars, and guidelines, into 238 Master Directions, across 11 types of regulated entities. These directions provide a harmonised and centralised repository of regulations, replacing numerous earlier circulars that have been withdrawn as part of this exercise. This initiative enhances regulatory clarity, simplifies compliance, and ensures consistency across regulated entities.

- **Amendment to Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025 w.r.t. Lending to Related Parties by Regulated Entities (January 5, 2026):**

  The RBI has tightened norms relating to related party lending. These amendments introduce stricter controls and enhanced disclosure requirements to ensure that such transactions are conducted on an arm's length basis. They mitigate potential conflicts of interest, strengthen corporate governance standards, and establish robust safeguards against misuse or diversion of funds within connected entities.

- **Reserve Bank of India (Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026 (January 14, 2026):**

  The RBI has strengthened the Internal Ombudsman framework to further reinforce the internal grievance redressal within regulated entities. These directions provide for an independent, apex-level review of customer complaints prior to their rejection, thereby ensuring fairness and transparency in the resolution process. The framework facilitates timely and meaningful resolution of grievances, enhances oversight, and strengthens customer trust in the complaint handling systems of regulated entities.

- **Reserve Bank - Integrated Ombudsman Scheme, 2026 (January 16, 2026):**

  The RBI has introduced an integrated ombudsman scheme. It aims to simplify and streamline the complaint redressal process and improve customer access to dispute resolution mechanisms.

In addition to the above, various other circulars, notifications, guidelines, and advisories have also been issued from time to time by regulatory authorities and other statutory bodies, including CKYCRR, CERSAI, TRAI, DAKSH, IRDAI, NPCI, among others.

In view of the above regulatory developments, the Company has undertaken necessary steps to align its policies, processes, and systems with the applicable directions. The Company remains committed to ensuring timely compliance with all applicable regulations while strengthening governance, transparency, and customer-centric practices. Continuous monitoring mechanisms have also been established to ensure sustained adherence to evolving regulatory requirements.

BUSINESS OVERVIEW

Company

We are one of India's leading NBFCs, committed to expanding access to credit and advancing financial inclusion across diverse customer segments. Backed by the trusted Hero Group legacy, we have built a diversified lending franchise that combines deep customer understanding, robust risk management capabilities and technology-enabled delivery to serve the evolving financial needs of individuals, entrepreneurs and businesses. Our purpose is centred on empowering aspirations by providing timely and accessible financial solutions that enable economic progress and long-term value creation.

Over the years, we have evolved from a two-wheeler financing specialist into a diversified financial services platform with a broad suite of retail and corporate lending products. While two-wheeler finance continues to remain a core business segment, our portfolio today spans used car finance, personal loans, loan against property, business loans, supply chain finance, inventory funding, construction finance, partnership financing and financing solutions for SMEs and emerging corporates. This diversified portfolio enables us to participate across multiple credit segments while maintaining a balanced risk profile.

A key differentiator of our business model lies in our ability to serve customers who are often underserved by the formal banking system. In the two-wheeler financing segment, we focus on customers with limited credit history, inadequate documentation or restricted access to conventional banking channels. Through a combination of data-driven underwriting, local market insights and customer-centric assessment frameworks, we evaluate creditworthiness beyond traditional parameters and provide first-time borrowers with an opportunity to enter the formal credit ecosystem. This approach not only supports business growth but also contributes meaningfully to financial inclusion.

Our strong association with the Hero ecosystem provides access to an extensive network across the country, enabling us to deliver financing solutions efficiently and at scale. Complementing this network is our growing digital capability, which enhances customer acquisition, credit assessment, servicing and collections while improving operational efficiency and customer experience.

Further strengthening our presence in the financial services landscape, our wholly owned housing finance subsidiary, Hero Housing Finance Limited, caters to the housing aspirations of individuals and families through a range of home financing solutions. The business aligns with India's broader housing and financial inclusion agenda while expanding our participation in a large and structurally attractive lending segment.

The breadth of our product portfolio creates a meaningful cross-sell opportunity across our growing customer base. As customers establish their credit journey with us — often beginning with a two-wheeler loan — we are well positioned to deepen the relationship by offering relevant financial products that address their evolving needs. This lifecycle approach to customer engagement allows us to extract greater value from each acquired customer, improve retention, and build long-term relationships, while also improving unit economics over time. Our expanding distribution network and digital infrastructure further enable us to identify cross-sell opportunities at scale and deliver them in a seamless and timely manner.

As we continue to evolve, our focus remains on building a resilient, diversified, digital, and technology-enabled lending institution. Supported by prudent risk management, strong governance standards and a customer-first approach, we are well positioned to capitalise on the growing demand for credit and contribute to India's expanding financial ecosystem.

Key Highlights for FY 2025-26

During the year, the Company continued to strengthen its scale, reach and stakeholder impact on a consolidated basis, demonstrating sustained progress across business growth, customer engagement, operational presence and people practices.

On a consolidated basis, the Company achieved Assets Under Management (AUM) of ₹ 58,663 crore, reflecting its strong portfolio base and continued market relevance. With a wide and growing customer outreach, the Company has touched more than 15 million lives, reinforcing its role in enabling financial access and creating meaningful impact across communities.

The Company's consolidated operations are supported by an extensive network spanning over 2,000 locations and more than 4,600 touchpoints, ensuring deeper penetration and enhanced accessibility for customers across geographies. This expansive presence is backed by a strong workforce of over 13,500 employees, whose commitment and execution capabilities remain central to the Company's growth journey.

The Company's financial strength and governance standards are further reflected in its AA+ credit rating by CRISIL, ICRA and CARE, underscoring institutional confidence in its credit profile and operational resilience. In addition, the Company has been recognised as a Great Place to Work for the 9th consecutive time, highlighting its sustained focus on employee engagement, workplace culture and organisational excellence.

Collectively, these milestones, presented on a consolidated basis, reflect the Company's robust foundation, trusted market position and continued commitment to delivering long-term value to its customers, employees, partners and stakeholders.

Financial and Operational Performance

The Company always focus on three key principles - operating efficiency, customer centricity and skilling up. The Company has again shown a strong year of performance aided by a diversified portfolio mix, robust volume growth and prudent management strategic initiatives. During the year under review, Asset Under Management (AUM) has grown up by 1% from ₹ 50,925.21 crore in FY 2024-25 to ₹ 51,248.00 crore in FY 2025-26. The total income has decreased by 4% from ₹ 9,152.85 crore in FY 2024-25 to ₹ 8,751.56 crore in FY 2025-26.

Impact of Compulsorily Convertible Preference Shares (CCPS)

During the year ended March 31, 2023, the Company had allotted 3,63,63,636 Compulsorily Convertible Preference Shares (CCPS) (comprising of 1,70,36,363 Class A CCPS and 1,93,27,273 Class B CCPS) of face value of ₹ 550 each aggregating to ₹ 2,000 crore. As per Section 43 of the Companies Act, 2013, the preference shares are classified as part of Share Capital. However, as per Ind AS 32 'Financial Instruments: Presentation' and terms and conditions of such preference shares, they are required to be classified as a financial liability.

In accordance with Ind AS 32 'Financial Instruments: Presentation', the Company had classified these CCPS as a financial liability and presented it in accordance with Schedule III division III of the Companies Act, 2013 (disclosed under the head of Subordinated liabilities). These CCPS are subsequently measured at fair value through profit or loss as per Ind-AS 109 requirements.

If these CCPS were classified in accordance with section 43 of the Companies Act, 2013 i.e., as equity, loss after tax for the year ended March 31, 2026, would be lower by ₹ 537.21 crore (profit after tax for the year ended March 31, 2025, would be higher by ₹ 333.12 crore) resulting in profit after tax of ₹ 230.65 crores (March 31, 2025: ₹ 390.96 crore) and total equity would be higher by ₹ 3,361.57 crore (March 31, 2025: ₹ 2,884.36 crore) and subordinated liabilities would be lower by ₹ 3,361.57 crore as on March 31, 2026 (March 31, 2025: ₹ 2,884.36 crore). The key numbers considering this impact are given below:

	Particulars	For the year ending/ As on March 31, 2026	For the year ending/ As on March 31, 2025
a)	Financial Liabilities: Subordinated liabilities (₹ in crore)	2,685.78	2,036.35
b)	Profit before tax (₹ in crore)	323.26	531.49
c)	Profit after tax (₹ in crore)	230.65	390.96
d)	Debt equity ratio (no. of times)	4.74	5.16
e)	Net worth (₹ in crore)	9,136.71	8,596.76
f)	Total debts to total assets (%)	80.49	81.93
g)	Net profit margin (%)	2.64	4.26

Financial Highlights

During the financial year under review, the Company maintained a stable loan portfolio, with Gross Loan Assets at ₹ 49,396.88 crore as compared to ₹ 49,876.37 crore in the previous financial year. Total income stood at ₹ 8,751.56 crore for FY 2025-26, as against ₹ 9,152.85 crore in FY 2024-25.

During the year, the Company recorded a loss before tax of ₹ 213.95 crore, compared to a profit before tax of ₹ 198.37 crore in the previous year. Consequently, the Company reported a loss after tax of ₹ 306.56 crore for FY 2025-26, as against a profit after tax of ₹ 57.84 crore in FY 2024-25.

During FY 2025-26, the Company's financial performance continued to reflect the impact of a deliberate strategic repositioning of its portfolio towards secured assets, even as macroeconomic and operating conditions remained challenging. This conscious shift, undertaken to build a more resilient and sustainable loan book, resulted in a compression of net interest margins. While credit costs moderated meaningfully, reflecting the early benefits of improved underwriting discipline and portfolio quality, the full financial benefit of this moderation was absorbed by the NIM compression arising from the portfolio mix change. Gross NPA improved to 4.2% in FY 2025-26 from 5.5% in FY 2024-25, with absolute GNPA declining from ₹ 2,721 crore to ₹ 2,091 crore. Muted asset growth, driven by the intentional rundown of the unsecured portfolio, meant that operating leverage did not meaningfully contribute to profitability during the year.

The Company reported a loss after tax of ₹ 306.6 crore on a reported basis, primarily reflecting the accounting treatment of Compulsorily Convertible Preference Shares (CCPS); on an adjusted basis, the Company recorded a Profit after Tax of ₹ 230.6 crore, with an adjusted ROE of 2.6% and adjusted ROA of 0.5%.

The Company views FY 2025-26 as a year of transition — one where near-term profitability was knowingly traded for a stronger, more diversified, and a resilient balance sheet.

SWOT Analysis

Strengths

- Strong brand equity backed by the trusted Hero legacy
- Extensive pan-India distribution network with deep market reach across urban and rural geographies
- Diversified lending portfolio spanning retail, SME and corporate segments
- Scalable operating model supported by strong process, product and territory expertise
- Experienced leadership team with a proven track record of execution and risk management
- Competitive cost of funds supported by strong relationships with banks, financial institutions and capital market participants
- Consistent growth in assets under management, supported by disciplined underwriting and portfolio management

Weaknesses

- Business performance remains closely linked to the overall economic environment and credit demand trends
- Exposure to retail lending segments may result in periodic asset quality pressures during economic slowdowns

- Dependence on external borrowings makes the business sensitive to liquidity conditions and funding market dynamics

Opportunities

- Significant untapped credit demand across retail, MSME and emerging corporate segments
- Growing financial inclusion and increasing formalisation of the economy creating new lending opportunities
- Rising adoption of digital platforms, data analytics and AI-driven underwriting enabling deeper customer penetration and enhanced risk assessment
- Expanding demand for vehicle finance, business loans, supply chain finance and affordable housing finance
- Opportunity to strengthen customer engagement through technology-enabled servicing, collections and cross-selling capabilities

Threats

- Intensifying competition from banks, small finance banks, fintechs and captive finance companies
- Volatility in interest rates and funding markets that may impact borrowing costs and margins
- Evolving regulatory and compliance requirements for NBFCs
- Macroeconomic uncertainties, geopolitical developments and liquidity-related disruptions that could affect credit growth and asset quality
- Increasing cybersecurity and digital fraud risks in an increasingly technology-driven operating environment

Outlook

The global economy had been on course for stronger-than-expected growth before the war in Iran erupted in the end of February 2026. The uncertainty surrounding the duration and magnitude of the war is testing the resilience of the global economy. The Organisation for Economic Co-operation and Development (OECD) has warned that escalating conflict in the Middle East has knocked the global economy off a stronger growth path as a near-halt in energy shipments through the Strait of Hormuz threatens to push inflation sharply higher. It projects global GDP growth to ease from 3.3% last year to 2.9% in 2026 as the unpredictable nature of the conflict offset tailwinds from strong technology-related investment, lower effective tariff rates and momentum carried over from 2025.

S&P Global Ratings projects India's GDP to grow at 7.1% in FY 2026-27 driven by strong private consumption, modest recovery in private investment and robust export performance. However, downside risks to the outlook could emanate from the Gulf conflict. It projects inflation to rise to 4.3% in FY 2026-27 as it normalises from low levels, with the RBI likely to keep interest rates unchanged while maintaining a neutral stance.

India's financial system recorded steady credit expansion, low asset quality stress and evolving regulatory measures in FY26. The incremental bank credit growth for FY26 is estimated at ~₹ 26 Tn, ~14.5% Y-o-Y expansion.

As per the RBI's December 2025 Financial Stability Report, the Indian banking system is robust and resilient, boasting multi decadal low Gross Non-Performing Assets (GNPA) ratios of 2.1%. Capital buffers are strong, with Commercial Banks well-positioned to handle financial shocks, though risks from surging unsecured retail loans and fintech lending require caution. Similarly, the RBI sees the NBFC sector as being stable, showing strong capital buffers, robust earnings, and improving asset quality.

While the overall health of banks and NBFCs are robust, the RBI has flagged specific areas that require constant vigilance. First, unsecured loans (personal loans, credit cards) accounted for 53.1% of all retail loan slippages. The RBI noted that private banks are particularly exposed, with 76% of their fresh slippages coming from this segment. Secondly, high impairment has been observed in borrowers who have unsecured loans from five or more lenders, a trend driven largely by rapid fintech credit expansion (36.1% Y-o-Y growth). Furthermore, while domestic fundamentals are strong, external risks such as, geopolitical tensions, trade uncertainty, and Rupee volatility remain elevated.

According to CRIF Highmark, India's retail lending market surged to ₹ 162.7 lakh crore by December 2025, supported by 690 Mn active accounts. The market is undergoing a clear structural shift: secured products like gold and auto loans are now significantly outperforming unsecured segments. While rising asset values and favorable LTV ratios are boosting ticket sizes in top-tier categories, the real volume story is happening in Beyond Top 100 (BT-100) cities. Driven by robust digital infrastructure, these Tier 2 and Tier 3 markets have become the primary engines for personal loans, two-wheelers, and consumer durables.

The Company combined with strong parentage, liquidity and vivid business strategy is well equipped to take on opportunities across all line of businesses. Economic recovery and increased consumption will lead to rise in credit demand from across the spectrum of customers and will drive growth.

HFCL is responsive to the changing landscape in the financial services industry. It is confidently poised to overcome the new challenges and sustain its performance in a challenging environment.

Treasury

The Company has an independent, full-fledged treasury department that effectively manages borrowings, liquidity, and treasury investments along with their risks and reporting requirements as laid down by the ALCO, Board and/or RBI. The primary role of the treasury is to borrow funds at competitive rates to meet business needs and maintain adequate liquidity to weather any unanticipated occurrences while prudently managing the ALM and associated risks. Investment activities are undertaken to maintain Liquidity Coverage Ratio (LCR) and invest surplus funds in various liquid instruments.

Borrowed funds

The company continuously seeks to diversify its funding sources by tapping different markets/institutions to finance its business requirements. In addition to the banking lines, the company also borrows via refinance, external commercial borrowing, and commercial papers & non-convertible debentures in the debt market.

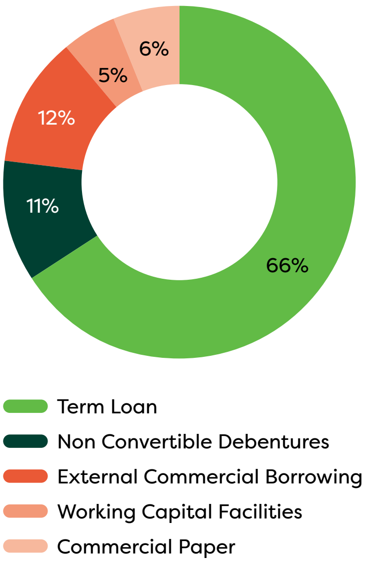
Further, the company strives to keep an appropriate balance between fixed rate and variable rate borrowings throughout the instruments to lower the weighted average cost of borrowing and preserve a reasonable spread on its loans and advances.

For the purpose of meeting its business requirements, the Company borrowed ₹ 18,079.26 crore during the year (rollovers excluded). The total borrowing book stands at ₹ 43,328.74 crore as of March 31, 2026, while it was ₹ 44,341.67 crore as of March 31, 2025.

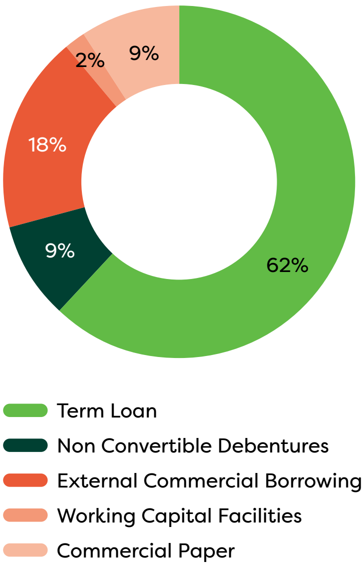
Borrowings and debt securities constituted 80.49% of the funds employed as on March 31, 2026. Out of the total borrowings, Banks and financial institutions constitute 83.09% (term loans including refinance & subordinated-unsecured Tier-II loan 65.88%, external commercial borrowing 12.17% and working capital facilities 5.04%), debt market constituted 16.91% (non-convertible debentures 10.60% and commercial paper 6.31%).

The Company maintains close relationships with more than 35 banks and financial institutions, including prominent private, PSU banks and foreign banks. Throughout the period, the Company strengthened its ties with its current lenders, not only with additional sanctions of term loans and working capital, but also by significantly increasing their exposure to ECBs/commercial papers and debentures. The average cost of borrowing was 8.2% for the year ending March 31, 2026 As against 8.6% for the year ending March 31, 2025.

Borrowing Mix FY 2025-26 (%)



Borrowing Mix FY 2024-25 (%)



Term Loans

During the FY 2025-26 the Company raised ₹ 13,670.00 crore from banks/financial institutions in the form of term loan facilities.

The term loan book stood at ₹ 28,245.17 crore as on March 31, 2026, against ₹ 27,114.33 crore as on March 31, 2025. The banks lines are rated "AA+ with stable outlook" by CRISIL, ICRA and CARE. This indicates high degree of safety with regard to timely servicing of financial obligations.

Working Capital Facilities

The Company manages the working capital facilities (secured and unsecured) from Bank/financial institutions amounting to ₹ 3,355.00 crore as on March 31, 2026. The working capital facilities book stood at ₹ 2,183.28 crore as on March 31, 2026 against ₹ 975.64 crore as on March 31, 2025.

External Commercial Borrowings

During the FY 2025-26, the Company raised ~USD11 Mn amounting to total ~₹ 96.36 crore. of foreign currency denominated External Commercial Borrowings (ECB) under the automatic route of the RBI. The ECBs are hedged using a Cross-Currency Swap (variable/fixed rate structure linked with applicable benchmark). The ECBs are fully hedged (interest + principal) for forex risks against the regulatory requirement of minimum 70% of the exposure as set out by RBI. The ECB book stood at ₹ 5,273.82 crore as on March 31, 2026 against ₹ 7,915.43 crore as on March 31, 2025.

Non-Convertible Debentures

During the FY 2025-26, the Company raised ₹ 1,487.90 crore from the Non-convertible debentures. The Non-convertible debenture book (comprising of Secured NCDs, Tier-I & Tier-II NCDs) stood at ₹ 4,595.07 crore as on March 31, 2026 against ₹ 4,070.56 crore as on March 31, 2025. Secured and Tier-II sub-ordinated non-convertible debentures are rated 'AA+' from CRISIL/ICRA and perpetual NCDs are rated 'AA' from CRISIL & ICRA. Though markets have witnessed high amount of NCD issuances during the last 3 years, while engaging with various market participants like investors, arrangers, etc. it was noticed that investors are more inclined towards AAA rated issuers and in case of AA+ or lower rated issuers, pricing premium/spread over AAA rated issuers was quite high at most of the times. Thus, at such instances, company decided to explore/avail other available fund-raising options which were more value accretive for the organisation.

As per Chapter XII – "Fund raising by issuance of debt securities by large corporate" of the SEBI "Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper" dated October 15, 2025, a large corporate (LC) has to raise minimum 25% of its incremental borrowings through issuance of debt securities which has to be met over a contiguous block of three years from Financial Year (FY) 2025. At the end of three years, large corporate will be incentivised in case of surplus borrowing through issuance of debt securities, and de-incentivised in case of any shortfall in borrowing through issuance of debt securities.

Commercial paper

During the FY 2025-26 the Company raised ₹ 2,825.00 crore (face value) from commercial papers. The commercial paper book stood at ₹ 2,733.29 crore as on March 31, 2026 against ₹ 3,954.97 crore as on March 31, 2025. The commercial papers are rated as "A1+" by CRISIL and ICRA, indicating very strong degree of safety regarding timely payment of financial obligations.

Subordinated Debt

To support the CRAR of the company, Tier-II NCDs (Subordinated debt) amounting to ₹ 750.00 crore (face value) were issued during the year. The outstanding subordinated debt (which includes subordinated Tier-II term loans of INR 300 crore (face value) as on March 31, 2026 stood at ₹ 2,142.60 crore as against ₹ 1,494.50 crore as on March 31, 2025. The Subordinated debt is considered as Tier II capital as per the guidelines issued by RBI for the purpose of computation of Capital Adequacy Ratio.

Perpetual Debt

The Company has the outstanding perpetual debt as on March 31, 2026 of ₹ 543.18 crore as against ₹ 541.85 crore as on as on March 31, 2025. The Perpetual debt is considered as Tier I capital as per the guidelines issued by RBI for the purpose of computation of Capital Adequacy Ratio.

Liquidity and Treasury Investment

The Company adheres to an investment strategy established by the Board. Maintaining sufficient liquidity, ensuring the seamless operation of daily cashflow while deploying excess funds (if any) are the main objectives of the investment activities.

As on March 31, 2026, the Cash & Treasury Investments amounts to ₹ 3,161.28 crore. It constituted 5.87% of total assets as on March 31, 2026. Further, the Company has maintained total liquidity of ₹ 4,336.71 crore (Standalone basis) as on March 31, 2026 which constitutes 8.06% of total assets as on March 31, 2026.

It includes cash and treasury investment of ₹ 3,161.28 crores and available bank lines of ₹ 1,175.43 crore.

The Company maintained a healthy daily weighted average LCR of above 120% during FY 2025-26 as against the regulatory threshold of 100%.

Asset liability management

The Asset Liability Management Committee oversees the ALM on a regular basis, and the Company follows a conservative ALM policy. The Company throughout the year has maintained positive mismatches across buckets up to 5 years i.e. the cumulative inflows of assets are higher than the cumulative outflows.

Capital Adequacy

The Company continues to fulfil all the norms and standards set forth by the RBI, viz. recognition of non-performing assets, capital adequacy requirements, liquidity coverage ratio, etc. The Company has been able to maintain a Capital Adequacy Ratio (CAR) of 16.80% as on March 31, 2026, which is well above the RBI mandated norm of 15%.

Information Technology

Financial Year 2025-26 marked a defining year of technology transformation for Hero FinCorp, characterized by scaled digitization, enterprise-wide adoption of Generative and Agentic AI, and strengthened platform capabilities that translated directly into measurable business impact. The Company continued to execute its 360-degree digital strategy spanning acquisition, GenAI-enabled customer servicing, cross-sell, collections, and partner engagement, delivering significant improvements in customer experience, operational efficiency, and revenue growth across all lines of business.

Digital Acquisition and Product Journeys

The Company deepened digitization across its lending stack, with substantial gains in turnaround time, straight-through processing, and customer conversion. Key highlights across product lines include:

- Two-Wheeler Loans (TWL): Achieved fully digital onboarding with 100% eKYC, biometric face-match at delivery, and sanction TAT of under five minutes. IMPS-based real-time dealer payments and Agentic AI-driven first-time-right document validation improved throughput. Motor Insurance cross-sell and Partnership-as-a-Service added meaningful new revenue streams, contributing incremental annual premiums and disbursements in the ₹ 20-30 Cr range.
- Loyalty Personal Loans (LPL / HIPL): Delivered strong multi-channel cross-sell disbursements through digital marketplaces and partners. UPI mandate penetration was scaled from ~70% to ~90%, and embedded insurance (Cyber and Digital Life) generated substantial annual revenue. The Hero Digital Lending & UPI app (Android and iOS) now processes 8+ lakh requests per month, delivering substantial monthly transactions.
- Unsecured Business Loans (UBL): Rolled out partnerships scaling from ~₹ 5-10 Cr in Year 1 towards ~₹ 40-50 Cr in Year 2. Soft-pull eligibility filters ~33% of ineligible cases at login, DigiKYC and e-Sign adoption exceeded 94% and 100% respectively, and Credit Appraisal Memo automation reduced processing effort by 20-25 minutes per case.
- New Car Loans (NCL) and Loan Against Property (LAP): Completely digitised the New Car Loan stack (including the Maruti Suzuki partnership) and implemented an AI-based credit scoring engine for LAP that delivered indicative 60-70% reduction in manual credit effort.

Generative and Agentic AI at Scale

Generative AI transitioned from proof-of-concept to full production during FY 2025-26. The Company deployed multiple AI agents in production and is transitioning towards an enterprise-wide operating model with 50+ live AI use cases planned. This positions Hero FinCorp ahead of the industry benchmark — per the RBI's recent survey, only ~21% of Indian financial institutions have deployed AI at comparable scale.

- GenAI-based document verification to reduce Not-in-Good-Order (NIGO) rates and accelerate approvals.
- AI-driven collections strategy with next-best-action and AI-based allocation optimization, delivering improved recovery and cost efficiency.
- GenAI-powered agent call feedback analysis at individual, team, and group levels for continuous quality improvement.
- GenAI content creation and omnichannel marketing outbound calls addressing journey drop-offs.
- H.Ai — the Company's GenAI chatbot (React Native SDK and WhatsApp) — handled over 18 lakh messages and delivered more than 12,500 hours of customer engagement.
- Additional initiatives in progress include AI-based TWL journeys, AI-powered automated testing, and AI coding-assist tools for the software development lifecycle.

Payments, Servicing and Customer Engagement

- Launched UPI (Hero Pay) on the Hero FinCorp mobile app in FY 2025-26 as a Third-Party Application Provider (TPAP) on the NPCI network, enabling Peer-to-Peer, Peer-to-Merchant, dynamic QR payments and autopay mandates.
- Launched IMPS-based instant disbursement for two-wheeler dealers and unsecured products, eliminating batch dependency.
- Introduced a UPI Deep-link on WhatsApp as a seamless digital collections channel, and enhanced UPI Mandates materially improving auto-EMI success rates.
- Scaled digital servicing on WhatsApp to ~75,000 requests per month (~19% of total), with meaningful collection value handled through the channel.
- IVR self-help usage grew to ~30% of overall call volume (from ~16% in FY 2024-25).
- Over 65% of servicing requests are now handled through digital channels — app, IVR, WhatsApp, and the GenAI chatbot — enabling faster resolution and lower cost-to-serve.

Data, Analytics and Enterprise Intelligence

- Built a Unified Lakehouse (One Lake) with governed access across Lending, Collections, and Customer domains.
- Established an Enterprise Intelligence Layer with Customer 360 (UCIC-PAN), Bureau Lake (CIBIL/CRIF), and Account Aggregator 2.0 for cashflow-based underwriting.
- Automated Finance, Risk, and Collections DataMarts and MIS reporting, delivering indicative 50-70% effort reduction.
- Deployed real-time FIU alerts, an ML feature scoring factory, and BI Copilot dashboards for interactive analytics.
- Launched regulatory AI agents for RBI reporting and stress testing.

Platform, Infrastructure and Resilience

- Implemented the Enterprise Loan Management System (LMS) platform covering Overdraft and LAMF products, and launched the Omnifin Onboarding & Servicing platform for the inorganic Direct Assignment business.
- Completed key infrastructure programmes: Cyber Resiliency (CR) site readiness, Cisco Core Switches Refresh, Windows 10 to Windows 11 upgrade (~1,600 endpoints), SAP Storage Upgrade, Dubai Office IT readiness, and Database Activity Monitoring (DAM) deployment.
- Sustained a secure hybrid infrastructure comprising Next-Generation Firewalls, Application Load Balancers, Internet Leased Lines, P2P / MPLS / VPN / SSL connectivity, Data Leakage Prevention with data classifier, Cloud Proxy, Endpoint Detection & Response, Wireless LAN Controllers with ISE, Mobile Device Management, Cloud Access Security Broker with Single Sign-On and IDAM, VMware / Hyper-V virtualisation, network micro-segmentation, Web Application Firewall with cyber geo-fencing, BCP/DR, and the Cyber Resiliency site.

IT Governance, Risk and Compliance (ITGRC)

- All internal, external, and regulatory audits — including IT General Controls, Internal Audit, Information Systems Audit, IT Outsourcing (Q1-Q4), Operational Risk Management, Information Security, UIDAI, IRDAI, and SDLC — were successfully completed during the year with zero audit observations.
- Implemented the Governance, Risk and Compliance (GRC) platform, streamlining alignment with SOC 2 and ISO 27001 and reducing manual compliance effort through automation.
- ISO 27001:2022 recertified by TÜV SÜD, valid through 30 June 2027, with zero non-conformities recorded during the FY 2025-26 surveillance audit.

Information Security and Data Privacy

Information Security continued to be a strategic pillar of operational resilience and customer trust. During the year, the Company advanced its security posture across detection, prevention, and response capabilities:

- AI/ML-driven behavioural analytics and automated threat correlation to proactively reduce attacker dwell time.
- AI-powered brand protection with real-time monitoring for domain spoofing, phishing sites, counterfeit listings, and social-media impersonation; automated takedown workflows have reduced resolution times from days to hours.
- Risk-based Multi-Factor Authentication (MFA) with intelligent access control that dynamically evaluates user context and risk signals.
- Sustained full compliance with RBI regulations, the Information Technology Act, ISO 27001:2022, and NBFC master directions.
- Following the notification of the Digital Personal Data Protection (DPDP) Act in November 2025, the Company has initiated a board-approved compliance programme covering Notice and

Consent Management, Data Principal Rights, Third-Party Contract alignment, Data Assurance, Data Protection, and Training & Awareness, targeting full readiness ahead of the regulatory effective date of 13 May 2027.

- Aligned the IT Outsourcing policy and framework with the RBI (NBFC – Managing Risks in Outsourcing) Directions, 2025, notified in November 2025, with enhanced governance, due-diligence, contractual controls, and monitoring mechanisms.

Technology Strategy Outlook

Hero FinCorp's technology strategy will continue to enable the Company's business ambitions through a flexible, open, and secure platform that promotes AI-led capabilities to simplify customer experiences while safeguarding customer data. The Company is transitioning towards an AI-first, autonomous acquisition model — encompassing Instant Disbursal 2.0, agentic DIY journeys for TWL, Virtual Sales Executive avatars, and end-to-end zero-touch closures — supported by a governed data backbone, self-service AI for business teams, and industry-leading cybersecurity and compliance posture. This foundation positions the organization to deliver differentiated customer outcomes, scale new products responsibly, and continue leading amongst peer NBFCs.

Risk Management

At Hero FinCorp, risk management is embedded as a core strategic capability that underpins sustainable growth, capital preservation, and long-term stakeholder value creation. It is deeply embedded in our daily transactions and decision-making processes. Operating across diverse credit segments including Retail Finance, MSME lending, and Corporate Finance verticals, the Company is inherently exposed to a wide spectrum of risks encompassing credit, liquidity, market, operational, and technology domains.

The Company's risk management framework is anchored in a Board-approved Risk Appetite, which defines acceptable thresholds across key risk dimensions and ensures alignment between growth objectives and risk-taking capacity. This framework is operationalised through robust governance structures, integrated risk systems, and data-driven decision-making processes that enable proactive identification, assessment, monitoring, and mitigation of risks.

Risk management is not viewed as a control function alone but as a strategic enabler that facilitates calibrated growth, supports product innovation, and enhances competitive positioning. Advanced Analytics, Early Warning System, and Portfolio Monitoring tools are leveraged to strengthen predictive capabilities and enable proactive interventions.

Global economy in FY 2025-26 navigated another year of heightened uncertainty, marked by geopolitical tensions, trade fragmentation, supply chain realignments, elevated public debt levels and evolving monetary policy dynamics. While the global economy entered 2026 with expectations of a gradual recovery supported by easing inflation and improving investment activity, the escalation of the West Asia conflict significantly altered the macroeconomic landscape. The conflict disrupted critical maritime trade routes, particularly around the Strait of Hormuz, one of the world's most strategic energy corridors. The resulting increase in crude oil prices, shipping costs and insurance premiums reignited inflationary concerns globally and weakened business confidence. Supply chain disruptions extended beyond energy markets to petrochemicals, fertilisers, chemicals, industrial gases and semiconductor-related inputs, creating ripple effects across manufacturing ecosystems.

Amid global uncertainties, particularly developments surrounding West Asia conflict, IMF World Economic Outlook in April 2026 projected a slowdown in global growth from 3.4% in 2025 to 3.1% in 2026 reflecting the impact of rising trade barriers, supply chain disruptions, elevated commodity prices and geopolitical fragmentation with emerging impacts being felt across geographies. The IMF expects global inflation to rise to approximately 4.4% in 2026 compared with earlier expectations of 3.8%, largely driven by increase in global energy prices.

Amidst a challenging global environment, India continued to reinforce its position as the world's fastest-growing major economy during FY 2025-26. Supported by strong domestic demand, sustained public investment, improving private capital expenditure and a resilient services sector, India's real GDP in FY 2025-26 expanded by approximately 7.7%.

Domestic consumption remained the primary growth engine. Private Final Consumption Expenditure contributed the largest share to GDP growth, supported by stable urban demand, improving rural consumption and favourable demographic trends. Rising household incomes, moderation in inflation during most of the year, GST rationalisation measures and income tax relief initiatives further strengthened consumer sentiment. Government maintained its infrastructure-led development strategy, with budgeted capital expenditure increasing by approximately 9% to ₹ 12.2 lakh crore for FY 2026-27. Investments across roads, railways, logistics, urban infrastructure, renewable energy and manufacturing ecosystems continued to crowd in private investment and improve economic competitiveness.

Inflation remained well contained for most of FY 2025-26. Retail inflation averaged near historical lows, aided by favourable food prices, lower fuel costs and GST rationalisation. However, inflationary risks resurfaced towards the end of the year owing to rising global commodity prices, escalating geopolitical tensions and concerns around potential El Niño-related weather disruptions.

India enters FY 2026-27 from a position of considerable strength. Domestic demand remains resilient, public investment continues to support growth and private sector investment activity is showing signs of revival. While India's domestic growth drivers provide considerable resilience, the economy remains exposed to several transmission channels arising from the West Asia conflict. India imports more than 85% of its crude oil requirements. Sustained elevation in crude prices increases inflationary pressures, widens the current account deficit and affects household purchasing power. Consequently, the RBI expects GDP growth to slow to 6.6% in FY 2026-27 and inflation to average approximately 5.1% during FY 2026-27.

The BFSI and NBFC sector in India delivered resilient yet calibrated growth in FY 2025-26, supported by strong credit demand, improving asset quality, and stable macroeconomic conditions. System credit growth remained robust at around 15-16%, with NBFCs continuing to play a pivotal role in retail, MSME, vehicle finance, and gold loan segments. Retail lending remained the primary growth driver, aided by digital adoption and consumption demand, while MSME financing benefited from economic formalisation. However, asset quality trends showed early signs of divergence, with emerging stress in unsecured retail lending, microfinance, and select MSME segments, prompting lenders to shift focus toward secured portfolios and strengthen underwriting standards.

Profitability remained stable but was impacted by elevated cost of funds and competitive pressures, while liquidity conditions stayed tight due to credit growth outpacing deposit mobilisation. NBFCs continued to diversify funding sources through banks, capital markets, and securitisation. Regulatory oversight increased, particularly around unsecured lending and governance practices, reinforcing a shift toward risk-calibrated growth. Despite these challenges, the sector remained well-capitalised with strong structural drivers, including financial inclusion and digitalisation. Overall, FY 2025-26 marked a transition toward disciplined, risk-aware expansion, positioning the sector for sustainable long-term growth. NBFCs remain central to advancing financial inclusion across rural and semi-urban geographies

Amid evolving risk dynamics in the economy and BFSI sector, heightened uncertainty and geopolitical disruptions, Hero FinCorp responded by strengthening underwriting standards, timely risk actions, enhancing liquidity buffers and intensifying monitoring of vulnerable segments. Focused actions such as tightening of credit filters in select portfolios, scenario-based stress testing and risk-based pricing recalibration enabled the Company to maintain portfolio quality and financial resilience.

Building on the transformation agenda initiated in FY 2025-26, the Company is accelerating its transition towards an AI-first, predictive risk management paradigm in FY 2026-27, aimed at embedding intelligence across the entire risk lifecycle. The focus is on developing a unified, data-centric enterprise risk ecosystem powered by advanced analytics, agentic AI models, and centralised data architectures that enable real-time insights, dynamic decision-making, and forward-looking risk assessment. AI-driven capabilities are being scaled across portfolio analytics, stress testing, and early warning system, enabling a shift from lag indicators to anticipatory risk signals. Across business verticals, this approach is complemented by granular, data-led underwriting, adaptive policy frameworks, and enhanced monitoring mechanisms that respond dynamically to emerging risks. In parallel, the Company is strengthening AI-enabled fraud prevention, cybersecurity, and operational resilience through intelligent screening, behavioural analytics, anomaly detection, enterprise-wide de-duplication, and real-time monitoring of sourcing and transaction patterns. AI-powered identity verification and digital KYC validation further enhance fraud prevention, supported by robust incident response frameworks for timely detection and resolution.

Digital transformation remains integral to the Company's operating model, driving scale, efficiency, and superior customer experience. End-to-end digitised processes across loan origination and servicing reduce manual intervention, enhance accuracy, and mitigate operational risks, while automation and intelligent workflows improve turnaround times and strengthen control frameworks. The Company has also established a comprehensive cybersecurity architecture incorporating advanced threat detection, continuous vulnerability assessments, data encryption, and secure access controls. With increasing reliance on digital platforms and data, strong emphasis is placed on data privacy and governance through stringent controls to safeguard customer information and ensure regulatory compliance.

The Company continues to foster a strong risk culture wherein risk ownership resides with business teams, supported by independent oversight and assurance mechanisms. Performance management frameworks incorporate risk-adjusted metrics, reinforcing accountability and disciplined execution.

Overall, the Company's risk management approach is forward-looking, integrated, and adaptive, enabling it to navigate uncertainties while capitalising on growth opportunities in a dynamic financial services landscape.

Board Oversight

The Board of Directors exercises oversight of the Company's risk management framework through the Risk Management Committee (RMC). The RMC supports the Board in setting and reviewing risk management policies, strategies, risk appetite, and mitigation frameworks within the broader corporate governance structure.

The Committee periodically reviews key risk indicators including portfolio quality, macroeconomic developments and their potential impact, emerging trends across products and segments, adherence to risk appetite thresholds, Expected Credit Loss (ECL), ICAAP, and collections performance. This structured oversight ensures that risk considerations remain closely aligned with business strategy and evolving external conditions.

The Company operates a comprehensive and integrated risk management framework designed to proactively identify, assess, and manage all material risks - including credit, operational, liquidity, compliance, and information security risks - within defined risk appetite boundaries.

Credit Risk

Credit risk remains the most significant risk for the Company, arising from the potential failure of borrowers to meet their financial or contractual obligations across retail, MSME, and corporate segments. The Company manages this risk through a comprehensive, data-driven framework encompassing prudent underwriting standards, structured credit appraisal, and continuous portfolio monitoring. Risk is assessed at multiple levels - individual borrower, group exposure, and portfolio level - supported by defined credit parameters, exposure limits, and concentration thresholds across borrowers, industries, and sensitive sectors. Advanced credit models leveraging bureau, financial, and alternative data enhance risk assessment, while diversification across geographies, products, and customer segments mitigates concentration risks. A robust early warning system, increasingly powered by analytics, enables early identification of stress and timely intervention. Risk-based pricing ensures alignment of returns with underlying risk, and periodic stress testing assesses resilience under adverse scenarios. These measures, complemented by independent model validation and a digitally enabled collections infrastructure, support sustained asset quality, effective recovery, and controlled credit costs.

Operational Risk

Operational risk arises from failures in internal processes, systems, people, or external events, and is inherent across all business activities. The Company has implemented a comprehensive Operational Risk Management (ORM) framework that facilitates systematic identification, assessment, and mitigation of such risks. The framework strengthens internal controls, enhances process standardisation, and improves resilience against disruptions.

It also provides the Board with a consolidated view of operational risk exposure and resilience preparedness, while enabling continuous learning through feedback loops and incorporation of lessons from past incidents. This ensures ongoing strengthening of the Company's operational risk posture.

Compliance Risk

Compliance risk refers to the potential for legal or regulatory sanctions, financial loss, or reputational damage arising from failure to adhere to applicable laws, regulations, and internal codes of conduct.

The Company maintains a strong compliance framework anchored by an independent Compliance Function led by a Chief Compliance Officer. A structured Compliance Risk Management Program ensures adherence to regulatory requirements issued by RBI, SEBI, and other authorities, as well as internal governance standards.

Ongoing monitoring, periodic reviews, and a strong compliance culture across the organisation ensure timely identification and mitigation of regulatory risks.

Liquidity Risk

Liquidity risk arises from the inability to meet financial obligations as they fall due, or to fund asset growth at an optimal cost and tenure. The Company actively manages liquidity through a well-defined Asset Liability Management (ALM) framework overseen by the Asset Liability Management Committee (ALCO). Assets and liabilities are regularly mapped across maturity buckets to identify and manage mismatches, with a particular focus on short-term gaps. The Company maintains a proactive approach to liquidity planning through forward-looking funding strategies aligned with disbursement pipelines and liability maturities. A diversified funding profile - across banks, financial institutions, and capital markets - ensures access to stable and cost-effective resources. Continuous monitoring of liquidity buffers enhances the

Company's ability to meet obligations under varying market conditions.

Interest Rate Risk

Interest rate risk arises from adverse movements in interest rates impacting earnings and economic value, primarily due to mismatches in the repricing of assets and liabilities. The Company manages this risk by optimising the mix of fixed and floating rate exposures and balancing short- and long-term borrowings. Assets and liabilities are classified into time buckets based on repricing and maturity profiles, and periodic interest rate sensitivity analyses are undertaken. The ALCO closely monitors interest rate exposures and formulates strategies to mitigate impact, ensuring stability of margins and efficient capital utilisation despite external volatility driven by macroeconomic and regulatory factors.

Information and Cyber Security Risk

With increasing digitalisation and reliance on data-driven platforms, information and cyber security risks have emerged as critical focus areas. The Company has established a robust information security framework encompassing data protection, system security, and cyber resilience. Key measures include advanced threat detection systems, continuous vulnerability assessments, data encryption, secure access controls, and real-time monitoring of IT infrastructure.

A structured governance framework ensures adherence to regulatory and industry standards on data privacy and security. Regular system audits, employee awareness programs, and incident response protocols strengthen preparedness against cyber threats. Ongoing investments in technology and controls enable the Company to proactively manage evolving cybersecurity risks while safeguarding customer data and maintaining operational integrity.

Risk Management Framework - Three Lines of Defence

The Risk Management Department (RMD) at Hero FinCorp operates on a well-defined 'Three Lines of Defence' model, which forms the foundation of the Company's risk governance architecture. This model clearly delineates roles and responsibilities across functions, ensuring effective risk ownership, independent oversight, and robust assurance mechanisms.

First Line of Defence - Execution and Ownership:

Business and operational teams constitute the first line of defence and are directly accountable for identifying, assessing, and managing risks inherent in their activities. These teams ensure strict adherence to approved credit policies, underwriting standards, and operational controls at the point of origination and throughout the transaction lifecycle. Increasingly supported by digital platforms, automated decision engines, and data-driven workflows, the first line embeds risk awareness into day-to-day operations. It is responsible for maintaining data accuracy, ensuring compliance with internal and regulatory guidelines, and proactively identifying emerging risks at source, thereby balancing growth objectives with asset quality.

Second Line of Defence - Oversight and Risk Stewardship:

The second line comprises independent risk management and compliance functions that are responsible for defining risk frameworks, policies, and limits in alignment with the Board-approved risk appetite. This layer drives comprehensive risk identification, measurement, and monitoring through advanced portfolio analytics, and monitoring. It provides effective challenge to business decisions, ensures adherence to regulatory and internal standards, and facilitates timely escalation of emerging risks. With increased adoption of analytics and AI-led monitoring tools, the second line is progressively shifting towards more forward-looking and predictive risk management practices.

Third Line of Defence - Independent Assurance:

The internal audit function forms the third line of defence and provides independent and objective assurance on the effectiveness of governance, risk management, and internal control systems. Through periodic audits, thematic reviews, and control evaluations, it assesses compliance with established policies and regulatory requirements. The function identifies control gaps, recommends corrective actions, and monitors remediation progress. Its independence ensures an unbiased evaluation of the overall risk framework, thereby strengthening governance standards and enhancing stakeholder confidence.

Internal Control Systems and Their Adequacy

We maintain a robust internal control framework that is commensurate with the scale and complexity of our operations. The framework is designed to safeguard assets, ensure compliance with applicable regulations, support prudent risk management and maintain the accuracy and reliability of financial and operational reporting.

Our internal controls are supported by well-defined policies, processes and monitoring mechanisms that facilitate appropriate authorisation, recording and reporting of transactions while promoting operational efficiency and accountability across the organisation.

The effectiveness of the internal control environment is regularly assessed through a comprehensive internal audit programme. The internal audit function evaluates the adequacy and operating effectiveness of controls, identifies opportunities for process improvements and recommends measures to enhance governance and operational efficiency. The implementation of corrective actions is closely monitored, and the overall control framework is periodically reviewed by the Audit Committee to ensure its continued effectiveness and alignment with business requirements.

Internal Audit

Our Internal Audit function operates independently and reports directly to the Audit Committee of the Board, ensuring objectivity and effectiveness in the evaluation of internal controls, governance processes and risk management practices. To further enhance audit coverage and domain expertise, we engage leading chartered accountancy firms and specialised professionals, as required. Concurrent audits are also conducted across selected areas to provide additional assurance and strengthen oversight.

We adopt a risk-based and systematic approach to the development and execution of the annual internal audit plan. The audit framework encompasses periodic assessments of regulatory, operational, technology and market-related risks, with a focus on evaluating control effectiveness and identifying opportunities for process improvement. Insights from audit reviews support the continuous strengthening of our control environment, enabling the organisation to respond effectively to evolving business and regulatory challenges.

Material Development in Human Resources

Guiding Principles at Hero FinCorp:

At Hero Fincorp, our people are rooted with the core guiding principles - united in action and values, play to win, own the outcome, and have the confidence in making things happen.

These principles drive a culture of accountability and collaboration. 'Own the Outcome' emphasises collective decision-making and alignment with leadership. 'In sync with Businesses - Play to Win' ensures efforts tie back to overall business goals. 'Do It-Move It-Make it Happen' promotes enthusiasm across all business aspects. 'United in Actions' underscores adaptability and collaboration, with priorities adjusted regularly. These principles collectively foster success through a cohesive and agile approach. All this is based on the most important principle - 'United in Values' which helps the company to have a common value system, social impact, responsible lending, high ethical standards, etc.

Constantly driving towards a better future

Our 'Hero Parivar' has grown from the last year. Overall, the people strength has increased by 7% from the last year. We strongly believe that our people are at the heart of our strategy. We are always on a lookout for new avenues of personnel growth and to provide a platform for our people on new ways of working. With these growing numbers, there were few interventions/ transformations that helped us in being stable yet agile.

Performance Management System

HFCL recognises its people as the most important asset and believes in supporting employee's duties done in the best interest of the organisation and compensating appropriately. The 'Rewards Philosophy' is aligned with the credible performance management process. 'Pay for Performance' culture has been incorporated in Performance Management philosophy and execution.

a) Employees' Performance Rating is completely based on the goal achievement, with the department and organisation rating as an overriding factor to provide them with the added incentive of company and department performance

b) All promotions cases are determined by role change and role expansion and are assessed independently with external vendor assessments

c) All progressions cases are decided in terms of their relevant career growth in the organisation

Keeping employee well-being (social, physical and mental) as the top-most priority

- 'Heroes Instaconnect' - Hi5 App - Engagement at the fingertips for employees across the organisation
- Employee engagement and collaboration drives any organisation forward and HFCL has taken steps to promote the same. Our Hi5 app ensures all this and more
- Hi5 is the Hero FinCorp's digital engagement framework with the aim to enable social collaboration and engagement, enable speed by helping each of us be more connected and engaged through real time recognition, pulse surveys
- Hero Fitness League focusing on physical wellness saw a number of Heroes participate in activities such as Stepathon
- Unique benefits are provided to all Heroes to meet their social wellbeing in terms of employee loan by policy providing salary advance and contingency loans are available to meet unforeseen exigencies. Personal Loans are provided to the employees at a lower rate than what Hero FinCorp lends in the market.

Relocation benefits in place for new employees as well as existing employees who are transferred for business reasons

- Employee Assistance Programme - Holistic Wellness is one of the pivotal aspects of employee care and this year too, we have stayed highly invested in it giving equal focus to not only physical wellness but also mental wellness:

  a) We continue our journey in providing the benefit of much-needed Employee Assistance Programme in partnership with the industry EAP offering leader - 1to1help.com. Keeping in mind the importance of mental health and employee welfare. This is a unique counselling service which helps in providing support to all our employees as they meet life's many challenges

  b) In partnership with our EAP partner 1to1help, various sessions were throughout the year with our heroes participating from across the country

Careers to Succeed: Build vs Buy

- 'Career Progressions through Internal Mobility Programme' and role elevations including off-roll to on-roll conversions have further strengthened our talent actions to assess and recognise capability while providing them more responsibilities and job enrichment. Our Internal Mobility Programme helps in planning for the right people in the right roles at the right time. And as roles become available, we seek to identify talent internally, providing an opportunity for our employees to grow and build their careers. Detailed screening is ensured through pre-defined eligibility parameters such as performance, tenure, MPS, disciplinary proceedings, assessments, panel interview and nepotism
- Enable merit-based talent mobility through IJPs: This programme enables our people with the opportunity of mobility across functions or roles and supports horizontal and diagonal movements

Diversifying our Talent Pool:

- **Next Gen Programme -** The MT Bootcamp is where new Management Trainees directly interact with leaders during a healthy interaction. Our Campus programme is specially curated to provide a comprehensive onboarding journey meant to help the MTs integrate with the organisation successfully. A detailed engagement plan of 12 months is designed to engage, onboard, and develop our workforce. The plan also includes a comprehensive development plan for the MTs to upskill and to help them hit the road running
- **Tech Centre -** To ensure organisational readiness, the Talent Acquisition team has partnered with the business towards hiring for niche skills and for enabling the setup and staffing of our new Tech Centre. Our continued focus on hiring/retention and upskilling continued relentlessly through the year
- All these interventions have not only helped in building organisation capacity with less turnaround time but also given the opportunity to diversify the talent pool

Empowering every Indian's dream of Upward Mobility:

At Hero FinCorp, we believe that every individual can make a difference if given the right platform to reach their full potential. We further give credence to the fact that there is a Hero within all of us and we can together achieve the purpose of the organisation - 'Empowering every Indian's dream of Upward Mobility'. Our leadership development philosophy is deeply anchored in our 'Winning Mindset', which form the foundation of how we nurture and grow talent across the organisation.

Winning Mindset	What we mean?
Own the Outcome	Fosters accountability and ownership among leaders
Play to Win	Encourage ambition and a results-oriented approach
United in Values and United in Action	Ensure that collaboration, integrity, and alignment remain central to how we operate as one cohesive organisation
Do it, Move it, Make it Happen	Drives a bias for action and execution excellence

These principles are not just embedded in the programme content but are actively practised through experiential learning, real business challenges, and leadership behaviours. As a result, we have been able to cultivate a strong, purpose-driven leadership pipeline aligned with our culture to deliver sustained organisational success.

The organisation's capability-building framework is thoughtfully anchored in Ram Charan's Leadership Pipeline Model, which provides a structured and practical roadmap for developing leaders across all career stages. This model recognises that leadership growth is not incremental but requires distinct transitions - each demanding a shift in skills, time focus, and underlying work values.

Leading Large Teams/ LOB heads	Lead Business Unit or Division	Band 1	Coaching Intervention/ IDPs
Leading Manager/Large teams	Oversee Department/Function Expertise	Band 2	Ivy League Program
Managing Others/ Leading Managers	Mid-level Management	Band 3	GROW 2.0/GROW 1.0
Managing Others/Managing Self	Transition to Manager	Band 4	GROW 1.0
Managing Self	Personal Performance & Expertise	Band 5	SmartServe, Role-specific & Functional Trainings

Our flagship programmes are designed to build capability across the management lifecycle:

- **Ivy League -** A high-potential (HiPo) programme for mid-level managers and leads, aimed at accelerating readiness for senior leadership roles through an intensive learning journey. In the endeavour to build future leaders, to fill key positions and build a pipeline of qualified leaders, HFCL has an award-winning Hi-Po development program called 'Ivy League'. This is a 12-month developmental journey to groom the league members both professionally and personally. Selected employees undergo a structured Assessment Centre to qualify at two levels, 'Manager Ready and 'Talent People Leader' for employees at various levels. This programme also offers international exposure in terms of industry visit & learning sessions in association with one of the premium B-school university in London. Upon successful completion of the program, an Ivyite has the opportunity of becoming a part of the CEO Circle where they will act as a think tank for the MD & CEO and can run strategic cross functional projects
- **GROW 2.0 -** Enabling seasoned managers to lead with strategic impact. GROW 2.0 is designed to support experienced managers in transitioning from operational excellence to strategic leadership. The programme focuses on expanding mindset and capability across strategic thinking, coaching for performance, and cross-functional collaboration. It equips leaders to navigate complexity, influence beyond their immediate teams, and drive long-term business outcomes. Through immersive learning experiences, real-world problem solving, and peer learning, GROW 2.0 strengthens the ability to build high-impact teams, foster innovation, and align efforts to organisational priorities, thereby enabling managers to lead with vision, agility, and enterprise thinking
- **GROW 1.0 -** Building strong foundations for first-time managers. GROW 1.0 aims to build managerial effectiveness among first-time managers by equipping them with essential leadership skills required to succeed in their new role. The program focuses on key areas such as goal setting, delivering feedback, stakeholder management, and driving team engagement. It helps managers transition from individual contributors to people leaders by strengthening their ability to communicate clearly, build trust, and manage performance effectively. Through structured learning journeys and practical application, GROW 1.0 empowers new managers to create a positive team environment, foster accountability, and contribute meaningfully to team and organisational success
- **SmartServe -** SmartServe is a structured learning programme designed to ensure employees remain up to date on products, regulatory requirements, and customer service standards. It reinforces a culture of continuous learning and operational excellence by providing regular, relevant, and accessible content. The program enhances employees' ability to deliver consistent, compliant, and high-quality customer experiences across touchpoints. By integrating product knowledge with service excellence and compliance awareness, SmartServe supports employees in building confidence, minimising risks, and improving service delivery – ultimately contributing to stronger customer trust and business performance

- **Role-specific and Functional Trainings -** Role-specific and Functional Trainings are targeted capability-building interventions designed to strengthen expertise aligned to specific roles and functions. These programmes focus on enhancing technical, regulatory, and behavioural competencies required to perform effectively in specialised areas. By addressing unique skill requirements, they enable employees to deepen domain knowledge, improve efficiency, and deliver high-quality outcomes. Delivered through a blend of structured learning, practical application, and continuous upskilling, these trainings ensure alignment with evolving business needs and industry standards, ultimately driving individual effectiveness and contributing to sustained organisational performance
- **CEO Tank -** Our other interventions like the CEO Tank that helps in identifying and nurturing individuals for expanded roles has enhanced the organisation's agility and capability

Propelling Digital Mindset

- **PRIDE** (mandatory) modules in Vernacular languages: Another remarkable feat that we have achieved, like no other organisation, is the ongoing PRIDE modules in eleven vernacular languages. There cannot be a better example of implementation of Innovation and Speed at the same time. To facilitate learning for all staff across the length and breadth of the country, we have facilitated trainings on the PRIDE modules in 10 vernacular languages thereby enabling 100% compliance across all staff
- **Conflict of Interest disclosures:** Last year we have automated the COI Disclosures for all employees. We also made the COI disclosure available in eleven vernacular languages
- **Paperless onboarding:** New Joiner On-Boarding portal - In continuation to create a WOW new joiner digital experience and keeping our core value of 'Innovation & Speed' in mind, we utilise 'Employee On-Boarding' portal. The tool helps us to digitise the process of hiring and onboarding of new joiners end-to-end thus removing the need for physical joiner kits and contributing to environment by saving paper. This tool enables a time saving effort of almost 94% in comparison to manual processes
- **E-Learning Modules:** The adoption of self-paced digital learning propelled learning massively as the platform itself has generated 27,810 Learning Hours

Creating TRUST and TRANSPARENCY - constant partnering with business

- 1:1 meeting - These forums are a reliable source of seeking insights from the employees and ground sensing, thereby providing support for them to perform well
- Fresh-eye sessions - for the new joiners where to understand their settling in experience or supporting them with goal setting
- Town Halls - members of our senior management address their respective departments on key organisational updates followed by a Q&A session with the employees. The employee concerns raised during these Town Halls are then actioned suitably. Such Town Halls reinforce that the employee feedback is valued at Hero FinCorp and their views do not go unheard
- Policy clinics, led by HR, are meetings around discussion of policies and practices are conducted in partnership with business. Inputs from the policy clinics are then actioned to ensure people safety & well-being
- Skip Level conversations - which helps in facilitating discussion on Performance, Well-being, and Development between teams. This forum gives an opportunity to raise concerns and seek support from managers for career development and relevant opportunities to gain experience thus ensuring an approachable mindset in the organisation
- Dealership visits - our HR business partnering teams takes this platform as a great opportunity to meet more than 8,000+ employees deputed at multiple locations for sharing their concern and voice their opinion
- Working Together Survey - We ensure that we find a way of assessing the camaraderie amongst the functions and capture the internal Voice of Customer. It is only when we put the experience of people together, each bringing their unique knowledge and skills, that businesses flourish. We utilise this program to understand the cross departmental collaboration and working togetherness aspect of each department with a scientific approach in collaboration with great people managers as our partners. This annual program enhances cross-functional performance and coordination

Safe and fair environment

a) Ethics Committee: a committee is constituted by the Company/Audit Committee for receiving Disclosures/Reports/Complaints ('Disclosure/s') from Whistle Blowers, making inquiries and/or investigation on the Disclosures and recommending its findings/appropriate action to the Audit

b) Whistleblower Policy: This policy is intended to provide a mechanism for reporting genuine concerns or grievances and ensure that deviations from the Company's Business Conduct Manual and Values are dealt with in a fair and unbiased manner

c) POSH (Prevention of Sexual Harassment at Workplace): A dedicated Internal Complaint Committee has been formed to address any workplace harassment cases. A dedicated email id has been created to deal with any Sexual Harassment related grievance which is displayed along with the ICC members list. All our offices are compliant from a safety standard protocol

d) Staff Accountability Policy - To strengthen accountability across the organisation, the Staff Accountability Policy has been implemented. A Staff Review Team has been constituted, including an external member, to independently assess the accountability of involved team members and recommend appropriate actions. A comprehensive Consequence and Disciplinary Matrix has been finalised to ensure consistency and fairness in decision-making. The final decision-making authority rests with the Ethics Committee. The policy has been duly reviewed and approved by the Board of Directors

Thanking & Celebrating

Given the distributed nature of our workforce, it is imperative that we involve ALL in any and every way possible. As we believe in the culture of Hero Parivar, we believe in including everyone in all the organisation events.

Whether it is recognition or celebrations, we not only cover all but also involve them in designing such events.

Rewards & Accolades:

Our commitment to make HFCL a great place to work roots from our basic tenets that run in our organisational DNA, our values, and guiding principles.

Continued focus on striving for excellence in HR, our undeterred hard work and keen focus on employee well-being has led us to get certified as a Great Place to Work for the 9th time in a row as well as feature among the Top 50 BFSIs to work for.

Further, the HR team were recognised by Confederation of Indian Industry at the 16th National HR Excellence Awards 2025-2026 recognised for significant achievement in the HR Excellence award category. It was perhaps the summation of the Employee Experience that we have created in the organisation along with the strategic business partner role the HR team plays on a day-to-day basis.

Cautionary Statement

This report contains forward-looking statements that reflect our current views regarding future events and business performance. These statements are based on information available from public sources, including government and industry publications, and are subject to various risks and uncertainties. Actual results may differ materially from those expressed or implied due to changes in economic, regulatory, market or other relevant factors. Readers are advised to read these statements in conjunction with the financial statements and accompanying notes. The Company does not undertake any obligation to update or revise such statements.

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Hero FinCorp, our corporate governance philosophy is rooted in fairness, transparency, accountability, ethical conduct, robust risk oversight, and commitment to long-term stakeholder value creation. In line with evolving regulatory expectations for NBFCs in India and best practices observed in the financial services sector, our governance framework goes beyond legal compliance to embed a strong culture of responsibility, integrity and resilience throughout the organisation.

We strive to uphold the highest standards of governance by aligning our systems, processes, policies and disclosures with applicable laws, Reserve Bank of India's Regulatory framework for NBFCs, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') (as amended), and global governance benchmarks.

Key Elements of Corporate Governance at Hero FinCorp include:

- **Strong Legal & Regulatory Compliance:** Rigorous implementation of applicable laws, regulatory directives and internal governance policies that ensure timely compliance and transparent disclosures in all statutory filings and Board reports, including those mandated under RBI's revised NBFC governance norms and SEBI Listing Regulations.
- **Balanced and Skilled Board Composition:** The Board comprising an optimal mix of Executive, Non-Executive and Independent Directors with diverse expertise in finance, risk management, compliance, strategy and technology, ensuring independent oversight and objective decision-making.
- **Robust Oversight & Risk Governance:** Enhanced Board-level focus on comprehensive risk management including credit, liquidity and operational risks, supported by strong internal controls and independent audit functions – consistent with RBI guidance urging NBFCs to strengthen risk controls and Board oversight.
- **Proactive Board Information & Decision Support:** Adequate, timely and relevant information is provided to the Board and its committees in advance to support balanced, informed and forward-looking decisions on company strategy, business performance, risk exposures and compliance matters.
- **Committees & Functional Governance Mechanisms:** Well-constituted Board Committees (Audit, Risk Management, Nomination & Remuneration Committee, etc.) drive specialised oversight, ensuring alignment with "fit and proper" criteria and best-in-class governance standards.
- **Compliance Culture & Independent Functions:** Appointment of a senior Chief Compliance Officer (CCO) supported by an independent compliance function to cultivate a robust compliance culture, enforce policies and monitor regulatory adherence.
- **Ethical Standards & Stakeholder Interests:** A firm commitment to ethical business practices, fair treatment of customers (including transparent lending disclosures), protection of shareholder rights, employee engagement, and attention to environmental, social and governance (ESG) principles in strategic decision-making.
- **Continuous Improvement & Benchmarking:** Periodic review of governance practices against evolving regulatory expectations, technological advancements, global best practices and industry standards to ensure governance mechanisms remain future-ready.

The Company recognises its role as a responsible corporate citizen and is committed to continuously enhancing its corporate governance framework in line with evolving market standards, regulatory expectations and global best practices. Our governance practices are shaped by the belief that sustainable growth must be grounded in transparency, ethical conduct, rigorous risk management and accountability to all stakeholders – including customers, employees, investors, regulators, partners and communities we serve.

The Company's journey has been anchored in values and purpose – driven not merely by financial outcomes but by the conviction that businesses have a broader role to play in addressing economic and societal challenges. We are committed to conducting business responsibly and ethically, guided by a culture that emphasises fairness, integrity, honesty and respect for all stakeholders. This ethos has been further strengthened through industry-wide advancements in governance expectations for NBFCs, including enhancements in Board oversight, risk governance and compliance frameworks.

The Company's corporate governance framework enables the Board and management to guide and monitor the affairs of the Company efficiently and in a disciplined manner with the objective of maximising long-term stakeholder value. Our governance practices are designed not only to comply with applicable legal and regulatory requirements under the Companies Act, 2013, the SEBI Listing Regulations and relevant NBFC governance norms, but also to adopt emerging best practices in corporate governance, risk oversight and transparency.

As an integral part of the Hero Group, the Company draws upon a strong legacy of fair, transparent and ethical governance practices. We continue to reinforce this heritage by embedding governance principles into our decision-making processes and organisational culture.

The Company's governance framework is further strengthened by adherence to a comprehensive suite of policies and mechanisms which articulate our values, standards, and expectations of conduct, including:

- A robust Code of Conduct that defines the ethical and business principles guiding Directors, Key Managerial Personnel and employees;
- A well-defined Vigil Mechanism/Whistleblower Policy to enable reporting of concerns in confidence and without fear of retaliation;
- A structured Fair Practices Code and customer-centric policies promoting transparency and fairness in lending and service delivery;
- A Policy on Prevention of Sexual Harassment at the workplace to uphold dignity, equality and safe work environment;
- Fit and Proper Criteria for assessing the suitability of Directors at the time of appointment and on a continuing basis in accordance with regulatory expectations;
- A Code of Conduct for Directors affirming their role in safeguarding governance standards;
- Internal Guidelines on Corporate Governance, Anti-Bribery and Anti-Corruption Policy, and other governance, risk and compliance policies that serve as the backbone of our internal control systems.

The Corporate Governance Code adopted by the Board provides a comprehensive framework within which the Board of Directors, Board Committees and Management operate to drive accountability, strategic alignment and ethical conduct across the organisation. The Board is committed to robust governance and plays a pivotal role in overseeing how management serves the short- and long-term interests of shareholders and stakeholders. To support this, the Company maintains an effective, informed and independent Board with balanced composition, reinforced by specialised Board Committees such as the Audit Committee, Risk Management Committee, Nomination & Remuneration Committee and others.

Governance at Hero FinCorp is viewed as a dynamic and evolving discipline. We regularly review and benchmark our practices against emerging market trends, regulatory developments and global best practices — fostering stronger risk governance, deeper transparency, and enhanced accountability. This includes advancing frameworks for risk oversight, compliance monitoring, technology and data governance, and sustainability-linked governance imperatives that increasingly define stakeholder expectations in the financial services sector.

At Hero FinCorp Limited, corporate governance is about responsibly achieving strategic goals, ensuring fiscal accountability, and upholding the highest standards of ethical and transparent conduct. We take pride in belonging to an organisation whose founders embedded strong governance as a foundational principle, and we remain steadfast in building on that legacy to meet the challenges of a complex and evolving financial ecosystem.

The Company is steadfast in its commitment to achieving the highest standards of corporate governance, guided by its core values of:

- Customer-Centricity
- Transparency
- Integrity
- Professionalism

These values are embedded into everything we do and serve as the foundation of our governance philosophy. We believe that robust governance is not only about compliance with laws and regulations but also about responsibly managing risks, upholding ethical conduct, and enhancing long-term stakeholder trust.

In today's dynamic financial landscape, particularly in the Indian NBFC sector, regulators have emphasised stronger Board-level oversight, enhanced risk management frameworks, independent decision-making, and transparent disclosures. This includes comprehensive governance guidance issued by the Reserve Bank of India which mandates greater Board involvement in risk oversight, the appointment of specialised oversight roles such as Chief Risk Officer, Head – Internal Audit, Chief Information Security Officer and Chief Compliance Officer, and enhanced "fit and proper" criteria for Directors and senior management.

In line with these expectations, the Company continually works to strengthen its governance architecture by implementing resilient, best-in-class practices across all operations and decision-making processes — ensuring that enterprise-wide risks are proactively identified, managed and disclosed.

The Board of Directors ('the Board') is responsible for and deeply committed to sound corporate governance. The Board exercises strategic oversight over how management serves the short- and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we:

- Maintain an effective, informed and independent Board with appropriate representation of Executive, Non-Executive and Independent Directors in compliance with the SEBI Listing Regulations;
- Continuously strengthen Board composition with Directors who bring diverse skills, experience and independence to support balanced decision-making;

- Ensure that Board and committee charters clearly delineate responsibilities, including risk management, compliance, audit oversight and remuneration governance;
- Periodically review the Board's performance and governance practices against evolving regulatory guidance and emerging industry benchmarks; and
- Place a priority on greater transparency through timely and accurate disclosures in governance reports and regulatory filings in accordance with applicable laws.

We keep our governance practices under continuous review, regularly calibrating them to reflect regulatory developments, market expectations and global best practices. This ensures that the Company remains resilient, transparent and accountable — attributes essential for managing the complexities of the financial services sector and for protecting the interest of all stakeholders.

BOARD OF DIRECTORS

At Hero FinCorp, the Board of Directors and its Committees play a significant role in upholding and furthering the principles of good governance which translates into ethical business practices, transparency and accountability in creating long-term stakeholder value. The Board is committed to protect the long-term interests of all Company's stakeholders, and considering this, it provides objective and prudent guidance to the management. The Board has ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. To ensure the effective functioning of the Company, the Board has delegated the operational conduct of the business to the Whole-time Director and Managing Director & Chief Executive Officer of the Company.

COMPOSITION OF THE BOARD

The Board of your Company comprises highly experienced persons of repute, eminence and has a good and diverse mix of Executive and Non-Executive Directors. The composition of the Board is in conformity with the applicable provisions of Companies Act, 2013 ("the Act"), SEBI Listing Regulations and RBI Regulations as amended from time to time.

As on date of this Annual Report, the Board consists of Ten (10) Directors comprising Two Executive Directors, Three Non-Executive Directors and Five Non-Executive Independent Directors including Two Non-Executive Independent Women Directors.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board as part of its succession planning exercise, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long term needs of the Company.

CHANGES IN THE BOARD DURING THE FINANCIAL YEAR 2025-26

During the year under review, there was no change in the Composition of Board of Directors.

PROFILE OF BOARD OF DIRECTORS

Dr. Pawan Munjal
(DIN: 00004223)

Dr. Pawan Munjal serves as the Chairman and Non-Executive Director of our Company. He holds a bachelor's degree in Mechanical Engineering from Kurukshetra University and was awarded an honorary doctorate by the National Institute of Technology, Kurukshetra. Dr. Munjal has been associated with our Company since December 20, 1991. An eminent industrialist with over 45 years of leadership experience across diverse sectors, he serves as the Executive Chairman and Whole-time Director of Hero MotoCorp Limited.

Dr. Munjal's leadership is distinguished by a fusion of technology, sustainability, social impact, and global vision. His leadership has earned him numerous accolades, including the AIMA JRD Tata Corporate Leadership Award, Best CEO—Auto Sector by Institutional Investor and Business Leader of the Year by The Economic Times. He has been repeatedly recognized for his contributions to business, design, sustainability, and sports.

Dr. Munjal's journey is one of purpose-driven leadership—where enterprise meets empathy, technology serves humanity, and mobility powers a sustainable, inclusive future.

Renu Munjal
(DIN: 00012870)

Renu Munjal is the Whole-time Director of our Company. She holds a bachelor's degree in home science from South Delhi Polytechnic College for Women, Delhi, New Delhi. She has been associated with our Company since June 16, 1992. She has over 33 years of experience in the banking and finance sectors. She is currently associated with Bahadur Chand Investments Private Limited, Hero Electronix Private Limited and Hero Future Energies Private Limited, among others.

Abhimanyu Munjal
(DIN: 02822641)

Abhimanyu Munjal is the Managing Director and Chief Executive Officer of our Company. He has completed the International Foundation Programme in Business Management from the Warwick University, United Kingdom. He has completed a senior executive programme from the Wharton School, University of Pennsylvania, Pennsylvania, USA. He has been associated with our Company since 2011 in different roles. He was appointed as the Chief Operating Officer of our Company on June 4, 2013 and thereafter as the Joint Managing Director and Chief Executive Officer of our Company with effect from May 5, 2015. He is currently the Managing Director and Chief Executive Officer of our Company. He has over 14 years of experience in the banking and finance sector. He is currently associated with Hero Housing Finance Limited, RKMFT Private Limited and Foodcraft India Private Limited, among others, as a Director. He is a member of national council at the Confederation of Indian Industry's National Council and is the chair on the CII's committee on NBFCs & HFCs. Abhimanyu Munjal was announced as part of the "Top 25 Financial Technology CEOs of Asia" published by the Financial Technology Report in 2020. He was the recipient of the 'Most Promising Business Leaders' in 2019 by the Economic Times and also received recognition under '40 under Forty' published by The Economic Times. He was also awarded "India's Best Leaders in Times of Crisis" by Great Place to Work in 2021.

Pradeep Dinodia
(DIN: 00027995)

Pradeep Dinodia is a Non-Executive Director of our Company. He holds a bachelor's degree in economics from University of Delhi. He also holds a bachelor's degree in law from the University of Delhi. He was admitted as an associate of the Institute of Chartered Accountants of India in 1978 and as a fellow of the Institute of Chartered Accountants of India in 1983. He has been felicitated with a gold medal by the Institute of Chartered Accountants of India for receiving the 'R.V.K Umarjee Prize' in cost accounting. He has been associated with our Company since May 29, 2016. He is the founder chairperson and managing partner of S.R. Dinodia & Co. LLP. He is currently on the Board and committees of Hero MotoCorp Limited, DCM Shriram Limited and SPR Auto Technologies Limited (formerly known as Shriram Pistons & Rings Limited) among others.

Sanjay Kukreja
(DIN: 00175427)

Mr. Sanjay Kukreja is part of the founding team of ChrysCapital, India's leading Private Equity Firm with over $8 bn in AUM across ten funds. He is currently a Managing Partner at ChrysCapital, overseeing all the firm's investment activities.

Mr. Kukreja holds an M.B.A. from the Indian Institute of Management, Bangalore, and a bachelor's degree in economics from the Shriram College of Commerce, Delhi University.

Apart from investing, Sanjay is passionate about Education and is a Founder & Trustee at Ashoka University and Plaksha University & also Chairs the Private Equity Committee of FICCI. He is also a member of Young Presidents' Organization (YPO), associated with YPO Gurgaon Chapter.

Amar Raj Singh Bindra
(DIN: 09415766)

Amar Raj Singh Bindra is an Independent Director of our Company. He holds a bachelor's degree in commerce from Sydenham College of Commerce, Mumbai, Maharashtra and a master's degree in management studies from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has also completed the Wharton advanced management programme from the Wharton School, University of Pennsylvania, Pennsylvania, USA. He has been associated with our Company since May 1, 2023. He is currently also associated with CRISIL Limited as an independent Director, among others. He has previously been associated with Citibank N.A. as the regional head and with the Australia and New Zealand (ANZ) Banking Group Limited as the head of credit and capital management.

Paramdeep Singh
(DIN: 03579758)

Paramdeep Singh is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in arts from Tufts University, Massachusetts, USA. He has been associated with our Company since May 1, 2023. He is the co-founder and is currently the Director of JioSaavn. He is currently also associated with Authorgen Technologies Private Limited.

Anuranjita Kumar
(DIN: 05283847)

Anuranjita Kumar is a Non-Executive Independent Director of our Company. She holds a bachelor's degree in arts (psychology) from the University of Delhi. She has a post graduate diploma in personnel management and industrial relations from XLRI Jamshedpur. She has been associated with our Company since February 5, 2024. She is the founder and currently the Chief Executive Officer of WE-ACE. She has had various roles across India, Singapore and the United Kingdom in Citibank N.A.

Aparna Popat Ved
(DIN: 08661466)

Aparna Popat Ved is a Non-Executive Independent Director of our Company. She holds a bachelor's degree in commerce from the University of Mumbai, Mumbai, Maharashtra and holds a master's degree in business administration from Sikkim Manipal University, Gangtok, Sikkim, India. She has been associated with our Company since June 27, 2024. She is a former professional badminton player and has received an Arjuna Award for "best sportsperson" from the Ministry of Youth Affairs and Sports and has also received a certificate of recognition from the World Olympians Associations. She was the co-founder and was previously the Chief Operating Officer of All Is Well of Meboki Technologies Private Limited. She has also previously been associated with Badminton Gurukul Private Limited as a Director of academies, with Evosports Management Private Limited as a Director of instructions, with Olympians Association of India as an executive Director and with Indian Oil Corporation Limited as a manager (administration).

Kaushik Dutta
(DIN: 03328890)

Mr. Kaushik Dutta is a Non-Executive Independent Director of our Company. He has passed an examination for his bachelor's degree in commerce from St. Xavier's College, University of Calcutta, Kolkata, and has passed the examination held by the Institute of Chartered Accountants of India. He has been associated with our Company since June 27, 2024. He has previously been associated with the Indian Institute of Corporate Affairs as an expert, with the Ministry of Corporate Affairs (Serious Frauds Investigation Office) as a consultant.

He sits on the Board/Management committees of not-for-profit organisations - Helpage, PSI and DPS Society and is an audit committee member of Akshayapatra.

DETAILS OF BOARD MEETINGS AND BOARD ATTENDANCE

During FY 2025-26, the Board met five (5) times i.e. on April 29, 2025, July 29, 2025, October 31, 2025, November 14, 2025 and January 27, 2026.

The attendance of the Board members at the Board meetings and the Annual General Meeting of the Company held during financial year 2025-26, is as follows:

Name of Director	Held during the Tenure	Total Attended	April 29, 2025	July 29, 2025	October 31, 2025	November 14, 2025	January 27, 2026	AGM held on July 28, 2025
Chairperson and Non-Executive Director								
Dr. Pawan Munjal (Non-Executive, Promoter)	5	5	✓	✓	✓	✓	✓	✓
Executive Directors								
Mrs. Renu Munjal (Executive, Promoter)	5	4	✓	✓	✓	×	✓	✓
Mr. Abhimanyu Munjal (Executive, Promoter)	5	5	✓	✓	✓	✓	✓	✓
Non-Executive Directors								
Mr. Pradeep Dinodia	5	4	✓	✓	✓	✓	×	✓
Mr. Sanjay Kukreja	5	5	✓	✓	✓	✓	✓	✓
Independent Directors								
Mr. Amar Raj Singh Bindra	5	5	✓	✓	✓	✓	✓	✓
Mr. Paramdeep Singh	5	5	✓	✓	✓	✓	✓	✓
Ms. Anuranjita Kumar	5	5	✓	✓	✓	✓	✓	✓
Ms. Aparna Popat Ved	5	5	✓	✓	✓	✓	✓	✓
Mr. Kaushik Dutta	5	5	✓	✓	✓	✓	✓	✓

Notes:

1) Relationship between Directors:

- Dr. Pawan Munjal is the father-in-law of Pradeep Dinodia's son;
- Dr. Pawan Munjal is the brother-in law of Renu Munjal; and
- Renu Munjal is the mother of Abhimanyu Munjal

DIRECTORSHIPS AND MEMBERSHIPS OF BOARD COMMITTEES

TABLE 1: Number of Directorship/Committee positions of Directors as on March 31, 2026

Name of Director	No. of Directorships	Directorships		Committee positions in Listed and Unlisted Public Companies	
		Equity Listed Companies	Unlisted Companies	As Member (including Chairperson)	As Chairperson
Dr. Pawan Munjal	8	1	7	0	0
Abhimanyu Munjal	7	0	7	1	0
Renu Munjal	7	0	7	1	0
Pradeep Dinodia	7	3	4	6	3
Sanjay Kukreja	3	0	3	0	0
Amar Raj Singh Bindra	2	1	1	2	1
Paramdeep Singh	3	0	3	1	0
Kaushik Dutta	10	4	6	6	4
Anuranjita Kumar	6	3	3	5	2
Aparna Popat Ved	3	1	2	1	0

Note: For the purpose of considering the limit of committees in which a Director can serve, all public limited companies, whether listed or not, have been included; whereas all other companies including private limited companies, foreign companies, high value debt listed entities and companies under section 8 of the Act/section 25 of the Companies Act, 1956 have been excluded. Only the Audit Committee and the Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.

TABLE 2: Name of Equity listed entities where Directors of the Company held Directorships as on March 31, 2026

Name of Director	Name of Listed Entity	Category
Dr. Pawan Munjal	Hero MotoCorp Limited	Executive Director
Abhimanyu Munjal	Nil	-
Renu Munjal	Nil	-
Pradeep Dinodia	DCM Shriram Limited	Non-Executive Non-Independent Director
	SPR Auto Technologies Limited	Non-Executive Non-Independent Director
	Hero MotoCorp Limited	Non-Executive Non-Independent Director
Sanjay Kukreja	Nil	-
Amar Raj Singh Bindra	Crisil Limited	Non-Executive Independent Director
Paramdeep Singh	Nil	-
Kaushik Dutta	Eternal Limited	Non-Executive Independent Director
	Ather Energy Limited	Non-Executive Independent Director
	Blackbuck Solutions Limited	Non-Executive Independent Director
	PB Fintech Limited	Non-Executive Independent Director
Anuranjita Kumar	ICRA Limited	Non-Executive Independent Director
	Acme Solar Holdings Limited	Non-Executive Independent Director
	TBO Tek Limited	Non-Executive Independent Director
Aparna Popat Ved	Eternal Limited	Non-Executive Independent Director

COMMITTEES OF THE BOARD

Board Committees as on March 31, 2026, includes the following:

AUDIT COMMITTEE

- Mr. Kaushik Dutta (Chairperson)
- Mr. Pradeep Dinodia
- Mr. Amar Raj Singh Bindra
- Mr. Paramdeep Singh

RISK MANAGEMENT COMMITTEE

- Mr. Abhimanyu Munjal (Chairperson)
- Mr. Pradeep Dinodia
- Mr. Amar Raj Singh Bindra
- Mr. Sanjay Kukreja

NOMINATION & REMUNERATION COMMITTEE

- Mr. Paramdeep Singh (Chairperson)
- Dr. Pawan Munjal
- Ms. Anuranjita Kumar

STAKEHOLDERS RELATIONSHIP COMMITTEE

- Mr. Pradeep Dinodia (Chairperson)
- Mrs. Renu Munjal
- Mr. Abhimanyu Munjal
- Mr. Kaushik Dutta

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- Mrs. Renu Munjal (Chairperson)
- Dr. Pawan Munjal
- Mr. Pradeep Dinodia
- Mr. Abhimanyu Munjal
- Ms. Aparna Popat Ved

IT STRATEGY COMMITTEE

- Mr. Paramdeep Singh (Chairperson)
- Mr. Pradeep Dinodia
- Mr. Abhimanyu Munjal
- Mr. Sanjay Kukreja
- Mr. Sajin Purushothaman Mangalathu

Chairperson Member

BOARD LEVEL COMMITTEES

(i) AUDIT COMMITTEE

Pursuant to the Act, SEBI Listing Regulations and RBI Regulations, the Company has an Audit Committee. All members of the Committee are Non-Executive Directors. Members of the Committee are considered financially literate and are deemed to have necessary accounting or financial management related expertise in terms of SEBI Listing Regulations. Pursuant to the provisions of Section 177 of the Companies Act, 2013 (the Act) and SEBI Listing Regulations, the Audit Committee of the Company comprises of four Directors viz., Mr. Kaushik Dutta, Mr. Pradeep Dinodia, Mr. Paramdeep Singh and Mr. Amar Raj Singh Bindra, two third of them are Independent Director. Mr. Kaushik Dutta, an Independent Director, is the Chairperson of the Audit Committee.

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing the risks. The Committee regularly interacts with the statutory auditors, internal auditors and auditees in dealing with matters falling within its terms of reference.

The Board reviews the working of the Committee from time to time to bring about greater effectiveness and to ensure compliance with the various requirements under the Act, SEBI Listing Regulations and RBI Regulations.

Meeting, Composition and Attendance

During the year under review, the Audit Committee met 10 (Ten) times, i.e. on April 24, 2025, April 29, 2025, July 23, 2025, July 29, 2025, October 27, 2025, October 31, 2025, November 14, 2025, January 22, 2026, January 27, 2026 and March 19, 2026 respectively.

MEMBER	MEETING	ATTENDANCE
4	10	97.5%

The composition of the Audit Committee as on date of this Report and the attendance details of meetings during FY 2025-26 is, given below:

Name of Member	Held during the Tenure	Total Attended	April 24, 2025	April 29, 2025	July 23, 2025	July 29, 2025	October 27, 2025	October 31, 2025	November 14, 2025	January 22, 2026	January 27, 2026	March 19, 2026
Mr. Kaushik Dutta (Chairperson)	10	10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Pradeep Dinodia	10	9	✓	✓	✓	✓	✓	✓	✓	✓	×	✓
Mr. Amar Raj Singh Bindra	10	10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Paramdeep Singh	10	10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Notes: The composition of the Audit Committee is in line with the provisions of Companies Act, 2013, RBI Regulations and SEBI Listing regulations, as applicable. All the Members have the ability to read and understand the financial statements and have relevant finance and/or audit experience.

Mr. Kaushik Dutta was present at the Annual General Meeting of the Company held on July 28, 2025, to answer the shareholders' queries, if any.

The Board has accepted all the recommendations made by the Audit Committee during the year.

The Managing Director & CEO and Chief Financial Officer of the Company and representatives of the Internal Auditors and the Statutory Auditors also attended the Committee meetings upon invitation by the Chairperson. The Company Secretary acts as the secretary to the Audit Committee.

Terms of reference

The Board has adopted an Audit committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and SEBI Listing Regulations and Guidelines issued by the Reserve Bank of India ("RBI").

The responsibilities of the Audit Committee, inter alia, include:

1. oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    b) changes, if any, in accounting policies and practices and reasons for the same;
    c) major accounting entries involving estimates based on the exercise of judgment by management;
    d) significant adjustments made in the financial statements arising out of audit findings;
    e) compliance with listing and other legal requirements relating to financial statements;
    f) disclosure of any related party transactions; and
    g) modified opinion(s) in the draft audit report.
5. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. formulating a policy on related party transactions, which shall include materiality of related party transactions;
9. reviewing, at least on a quarterly basis, the details of related party transaction entered into by the Company pursuant to each of the omnibus approvals given; approval or any subsequent material modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed. Provided that only those members of the committee, who are independent Directors, shall approve related party transactions;
10. scrutiny of inter-corporate loans and investments;
11. valuation of undertakings or assets of the Company, wherever it is necessary;
12. evaluation of internal financial controls and risk management systems;
13. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. ensuring that an information system audit of the internal systems and processes is conducted at least once in a year to assess operational risks faced by the Company;

16. discussion with internal auditors of any significant findings and follow up thereon;

17. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

18. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

19. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

20. to review the functioning of the whistle blower mechanism;

21. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

22. carrying out any other function as is mentioned in the terms of reference of the audit committee;

23. reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision;

24. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

25. carrying out any other functions and roles as provided under the Companies Act, the SEBI Listing Regulations, SEBI ICDR Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties; and

26. to carry out such other functions as may be specifically referred to the Audit Committee by the Board and/or other committees of Directors of the Company.

27. The Audit Committee shall mandatorily review the following information:

    - management discussion and analysis of financial condition and results of operations;
    - management letters/letters of internal control weaknesses issued by the statutory auditors;
    - internal audit reports relating to internal control weaknesses; and
    - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
    - statement of deviations:
      a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
      b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
    - Quarterly statement of variation for public issue, rights issue and preferential issue indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds and the actual utilisation of funds, before the submission to stock exchange(s);
    - To review the financial statements, in particular, the investments made by any unlisted subsidiary; and
    - Such information as may be prescribed under the Companies Act and the SEBI Listing Regulations.

28. Review the cases reported as Wilful Default (if any) on quarterly basis and recommend steps to be taken to prevent such occurrences and early detection. Focus on identifying root causes of wilful default and addressing deficiencies, if any.

(ii) RISK MANAGEMENT COMMITTEE

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which inter alia includes a well-structured Business Risk Management process.

Mr. Abhimanyu Munjal, Managing Director and CEO, is the chairperson of the Risk Management Committee (RMC) of the Board. RMC assist the Board in its oversight of various risks, review of compliance with risk policies, monitoring of risk tolerance limits, review and analyse the risk exposures related to specific issues and provides oversight of risk across the organization. Effective risk management is integral to Hero FinCorp's operations and is embedded in its day-to-day business transactions and activities. The framework in place seeks to identify, prioritise, mitigate, monitor and appropriately report any significant threat to the organisation's strategic objectives, its reputation, operational continuity, environment, compliance, and the health and safety of its employees.

Meeting, Composition and Attendance

During the year under review, the Risk Management Committee met 6 (Six) times, i.e. on April 28, 2025, July 28, 2025, October 29, 2025, October 30, 2025, January 22, 2026 and January 23, 2026 respectively.

MEMBER	MEETING	ATTENDANCE
4	6	87.5%

The composition of the Risk Management Committee as on date of this Report and the attendance details of meetings during FY 2025-26 is, given below:

Name of Member	Held during the Tenure	Total Attended	April 28, 2025	July 28, 2025	October 29, 2025	October 30, 2025	January 22, 2026	January 23, 2026
Mr. Abhimanyu Munjal (Chairperson)	6	4	✓	✓	×	✓	×	✓
Mr. Pradeep Dinodia	6	6	✓	✓	✓	✓	✓	✓
Mr. Amar Raj Singh Bindra	6	5	✓	✓	✓	✓	×	✓
Mr. Sanjay Kukreja	6	6	✓	✓	✓	✓	✓	✓

Notes: The composition of the Risk Management Committee is in line with the provisions of RBI Regulations and SEBI Listing Regulations, as applicable.

Terms of reference

The responsibilities of the Risk Management Committee, inter alia, include to oversee:

1. To formulate a detailed risk management policy which shall include:

    a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

    b) Measures for risk mitigation including systems and processes for internal control of identified risks.

    c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

7. To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;

8. To evaluate the overall risks faced by the Company including liquidity risk and shall report to the Board of the Company; and

9. Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. To evaluate and identify borrowers in the affected areas eligible for relief measures, in line with the decisions taken by SLBC/DCC.

11. To assess the financial impact of extending relief measures on the credit risk profile of HFCL and ensure that risks are managed appropriately.

12. To propose suitable restructuring or rescheduling options for the borrowers as per the Debt Relief Scheme.

13. To lend monies to related parties and any other facility incidental thereto.

(iii) NOMINATION & REMUNERATION COMMITTEE

Pursuant to the Act, SEBI Listing Regulations and RBI Regulations, the Company has constituted a Nomination and Remuneration Committee ('NRC').

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and RBI Regulations. These broadly include formulation of criteria for determining qualifications, positive attributes and independence of a Director, recommendation of persons to be appointed to the Board and Senior Management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual Directors, recommendation of Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other employees, formulation of criteria for evaluation of performance of Independent Directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed by the Act, SEBI Listing Regulations and RBI Regulations.

Meeting, Composition and Attendance

During the year under review, the Nomination & Remuneration Committee met 4 (Four) times i.e. on April 29, 2025, July 29, 2025, September 23, 2025 and January 27, 2026 respectively.

MEMBER	MEETING	ATTENDANCE
3	4	100%

The composition of the Nomination & Remuneration Committee as on date of this Report and the attendance details of meetings during FY 2025-26 is, given below:

Name of Member	Held during the Tenure	Total Attended	April 29, 2025	July 29, 2025	September 23, 2025	January 27, 2026
Mr. Paramdeep Singh (Chairperson)	4	4	✓	✓	✓	✓
Dr. Pawan Munjal	4	4	✓	✓	✓	✓
Ms. Anuranjita Kumar	4	4	✓	✓	✓	✓

Notes: Mr. Paramdeep Singh attended the Annual General Meeting of the Company held on July 28, 2025, to answer the shareholders' queries, if any.

Terms of reference

1. formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors of the Company (the "Board" or "Board of Directors") a policy relating to the remuneration of the Directors, key managerial personnel and other employees ("Remuneration Policy"). The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that:

a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run our Company successfully;

b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c. remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals

2. to coordinate with the Risk Management Committee (RMC) for effective alignment between compensation and risks.

3. formulation of criteria for evaluation of performance of independent Directors and the Board;

4. for every appointment of an independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent Director. The person recommended to the Board for appointment as an independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

    a) use the services of an external agencies, if required;

    b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

    c) consider the time commitments of the candidates.

    d) devising a policy on Board diversity;

5. identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every Director's performance (including independent Director);

6. whether to extend or continue the term of appointment of the independent Director, on the basis of the report of performance evaluation of independent Directors;

7. recommend to the Board, all remuneration, in whatever form, payable to senior management;

8. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable.

9. carrying out any other activities as may be delegated by the Board of Directors and functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

10. To review senior management's compensation levels to ensure they are aligned with the company's retained earnings, thereby maintaining adequate capital in accordance with ICAAP requirements.

REMUNERATION POLICY

The remuneration paid to the Executive Director(s) is recommended by the Nomination & Remuneration Committee and approved by the Board subject to the approval of the shareholders at the general meeting and such other authorities, as may be required from time to time. At the Board Meeting, only the Non-Executive Directors participate in the business pertaining to the approval of the remuneration to be paid to the Executive Directors. The remuneration is fixed considering various factors such as qualification, experience, prevailing remuneration in the industry and the current financial position of the Company.

The Non-Executive Directors of the Company are paid sitting fees of ₹ 1,00,000 for attending each meeting of the Board and Committees of the Board, other than the meeting of Committee of Directors. The Non-Executive Directors are also entitled to remuneration by way of commission aggregating upto 1% of net profits of the Company pursuant to the provisions of Section 197 and 198 of the Act in addition to the sitting fees.

The details of the remuneration paid/payable to Mrs. Renu Munjal, Whole Time Director and Mr. Abhimanyu Munjal, Managing Director and Chief Executive Officer of the Company for the financial year ended March 31, 2026, subject to approval of the shareholders, are given below:

(Amount in ₹)

Particulars	Mrs. Renu Munjal	Mr. Abhimanyu Munjal
Salary*	4,76,24,832	9,53,11,084
Contribution		
- Provident Fund	29,30,876	47,12,162
- Super Annuation Fund	36,63,595	39,26,802
Variable Pay	2,50,00,000	12,00,00,000
Total	7,92,19,303	22,39,50,048
Period of Contract	May 03, 2024 to May 02, 2029	May 03, 2024 to May 02, 2029
Notice Period and Severance Fees	Mrs. Renu Munjal is liable to retire by rotation. There is no separate provision for payment of Severance fees.	Mr. Abhimanyu Munjal is liable to retire by rotation. There is no separate provision for payment of Severance fees.
Employee Stock Options (“ESOP”)	Nil	Nil

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

The details of the remuneration paid to the Non-Executive Directors during the year ended March 31, 2026 are given below:

(Amount in ₹)

Name of the Directors	Sitting Fees	Commission	Total
Dr. Pawan Munjal	10,00,000	-	10,00,000
Mr. Pradeep Dinodia	25,00,000	90,00,000	1,15,00,000
Mr. Sanjay Kukreja	-	-	-
Mr. Paramdeep Singh	23,00,000	78,00,000	1,01,00,000
Mr. Amar Raj Singh Bindra	20,00,000	72,00,000	92,00,000
Ms. Anuranjita Kumar	9,00,000	50,00,000	59,00,000
Mr. Kaushik Dutta	16,00,000	56,00,000	72,00,000
Ms. Aparna Popat Ved	7,00,000	38,00,000	45,00,000

Details of Equity shares and Compulsorily Convertible Preference Shares (CCPS) held by Non-Executive Directors (including Independent Directors) are as follows

Name of Directors	Category	No. of Equity Shares held	No. of CCPS held
Dr. Pawan Munjal	Non-Executive Director	5,92,259	-
		36,08,812*	4,84,849*
		3,23,600**	-
		7,90,394#	18,18,181#
TOTAL		**49,91,465**	**23,03,030**

*On behalf of Brijmohan Lal Om Parkash, Partnership Firm

**On behalf of Brijmohan Lal Om Prakash, Partnership Firm through Pawan Munjal, Renu Munjal and Suman Kant Munjal (Joint Holding)

#On behalf of Pawan Munjal Family Trust

Apart from the above, none of the Non-Executive Directors (including Independent Directors) hold any shares (on their own or on behalf of any other person on beneficial basis) in the Company as on March 31, 2026.

(iv) STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the Act and SEBI Listing Regulations, the Company has constituted a Stakeholders Relationship Committee ('SRC').

This Committee specifically looks into the grievances of debenture holders and fixed deposit holders, in addition to the equity shareholders of the Company. The terms of reference of the Committee, inter alia, includes to resolve the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, etc., review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards in respect of various services rendered by the Registrar and Share Transfer Agent ('RTA') and review various measures and initiatives taken for reducing the quantum of unclaimed dividends.

Meeting, Composition and Attendance

During FY 2025-26, 1 (One) meeting of the Stakeholders Relationship Committee was held on April 28, 2025.

MEMBER	MEETING	ATTENDANCE
4	1	100%

The composition of the Stakeholders Relationship Committee as on date of this Report and the attendance details of meetings during FY 2025-26 is, given below:

Name of Member	Held during the Tenure	Total Attended	April 28, 2025
Mr. Pradeep Dinodia (Chairperson)	1	1	✓
Mrs. Renu Munjal	1	1	✓
Mr. Abhimanyu Munjal	1	1	✓
Mr. Kaushik Dutta	1	1	✓

Notes: Mr. Pradeep Dinodia attended the Annual General Meeting of the Company held on July 28, 2025, to answer the shareholders' queries.

Terms of reference

The responsibilities of the Stakeholders Relationship Committee, inter alia, include to oversee:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
5. Carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the Companies Act, 2013, SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

NAME, DESIGNATION AND ADDRESS OF THE COMPLIANCE OFFICER UNDER SEBI (LODR) REGULATIONS, 2015:

Mr. Shivendra Kumar Suman,
Company Secretary & Compliance Officer
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi – 110057
Telephone No. 011-49487150
E-mail: investors@herofincorp.com

INVESTORS COMPLAINTS

Details of Complaints received from the Equity shareholders and redressed during FY 2025-26 are, as follows:

Sr. No.	Description	Opening at the beginning of the financial year	Received during the financial year	Resolved during the financial year	Complaints not solved to satisfaction of shareholders	Closing at the end of the financial year
1.	Complaints	5	5	5^	NIL	5
	Total	**5**	**5**	**5^**	**NIL**	**5**

^ Out of 5 Complaints received during the year, 3 were accepted and resolved and 2 were rejected.

During FY 2025-26, no complaints were received from the Debenture holders of the Company.

(v) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility (CSR) Committee.

The CSR Committee is responsible for formulation and recommendation of the CSR policy of the Company. It also recommends the amount of expenses to be incurred on CSR activities and closely and effectively monitors the implementation of the policy.

Meeting, Composition and Attendance

During the year under review, the members of the Corporate Social Responsibility Committee met on April 29, 2025 and January 27, 2026.

MEMBER	MEETING	ATTENDANCE
5	2	80%

The composition of the Corporate Social Responsibility Committee as on date of this Report and the attendance details of meetings during FY 2025-26 is, given below:

Name of Member	Held during the Tenure	Total Attended	April 29, 2025	January 27, 2026
Mrs. Renu Munjal (Chairperson)	2	2	✓	✓
Dr. Pawan Munjal	2	1	×	✓
Mr. Pradeep Dinodia	2	1	✓	×
Mr. Abhimanyu Munjal	2	2	✓	✓
Ms. Aparna Popat Ved	2	2	✓	✓

Terms of reference

The responsibilities of the Corporate Social Responsibility, inter alia, include to oversee:

1. To formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, as amended;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
3. Monitor the corporate social responsibility policy of the Company and its implementation from time to time;
4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time and/or as may be required under Companies Act 2013 and other applicable law, as and when amended from time to time.

(vi) IT STRATEGY COMMITTEE

Pursuant to Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices, the Company has constituted an IT Strategy Committee.

Meeting, Composition and Attendance

During the year under review, the members of the IT Strategy Committee met 4 (Four) times on April 28, 2025, July 28, 2025, October 30, 2025, January 23, 2026 respectively.

MEMBER	MEETING	ATTENDANCE
5	4	100%

The composition of the IT Strategy Committee as on date of this Report and the attendance details of meetings during FY 2025-26 is, given below:

Name of Member	Held during the Tenure	Total Attended	April 28, 2025	July 28, 2025	October 30, 2025	January 23, 2026
Mr. Paramdeep Singh (Chairperson)	4	4	✓	✓	✓	✓
Mr. Pradeep Dinodia	4	4	✓	✓	✓	✓
Mr. Abhimanyu Munjal	4	4	✓	✓	✓	✓
Mr. Sanjay Kukreja	4	4	✓	✓	✓	✓
Mr. Sajin Purushothaman Mangalathu	4	4	✓	✓	✓	✓

Terms of reference

The responsibilities of the IT Strategy Committee, inter alia, include to oversee:

1. Ensure that the Regulated Entity (RE) has put an effective IT strategic planning process in place
2. Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy towards accomplishment of its business objectives
3. Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organization
4. Ensure that processes are in place for assessing and managing IT and cybersecurity risks
5. Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives
6. Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management.

(vii) COMMITTEE OF DIRECTORS

The Company has a Committee of Directors which presently comprises Dr. Pawan Munjal, Mrs. Renu Munjal and Mr. Abhimanyu Munjal as its members. The Committee of Directors deals with routine matters of the Company and the matters relating to allotment, transfer, transmission, transposition, issue of new/duplicate share certificates, matters relating to borrowing, investment of surplus funds, opening and closure of Bank accounts, allotment of NCDs, & other debt instrument and all other matters as prescribed and delegated to the Committee by the Board from time to time.

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

(viii) ASSET LIABILITY MANAGEMENT COMMITTEE

Pursuant to the RBI Guidelines, the Company has in place an Asset Liability Management Committee. The Committee comprises of Managing Director/Executive Directors and other senior executives of the Company. It is a management level committee.

The Managing Director & CEO chair the meetings of the Committee.

The role of the Committee is to oversee the implementation of the Asset Liability Management system and review its functionality periodically covering liquidity risk management, management of market risks, funding and capital planning, profit planning etc.

The Committee meets on a quarterly basis. The Board is updated on the decisions of the Committee.

(ix) REVIEW COMMITTEE

In line with Reserve Bank of India (Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025, the Company is required to constitute a Committee for identifying a non-cooperative borrower, i.e. identification committee, as specified in the guidelines. To review the decision of this Committee, a Review Committee of the Board has been constituted. The order shall become final only after it is confirmed by the said Review Committee. The Review Committee comprises of Mr. Abhimanyu Munjal, Mr. Kaushik Dutta and Mr. Amar Raj Singh Bindra. The Managing Director & CEO chair the meetings of the Committee.

Term of Reference

The responsibility of review committee, inter-alia, include:

1. The Review Committee shall evaluate the proposal submitted by the identification committee for classification of borrower as wilful defaulter(s).
2. The proposal of the Identification Committee along with the written representation received shall be considered by the Review Committee.
3. The Review Committee shall provide an opportunity for a personal hearing also to the borrower/guarantor/promoter/Director/persons who are in charge and responsible for the management of the affairs of the entity. However, if the opportunity is not availed or if the personal hearing is not attended by the borrower/guarantor/promoter/Director/persons who are in charge and responsible for the management of the affairs of the entity, the Review Committee shall, after assessing the facts or material on record, including written representation, if any, consider the proposal of the Identification Committee and take a decision.
4. The Review Committee shall pass a reasoned order and the same shall be communicated to the wilful defaulter.

SENIOR MANAGEMENT

The Senior Management of your Company have made disclosures to the Board confirming that there is no material, financial and commercial transactions where they have personal interest and which could have potential conflict of interest with the Company at large.

The Senior Management of the Company as on March 31, 2026 includes the following:

S. No	Name	Designation
1.	Priya Kashyap^	Chief Operating Officer, Chief of Staff and Chief Human Potential Officer
2.	Sajin Purushothaman Mangalathu^^	Chief Operating Officer, Chief Financial Officer, Chief Information Officer and Head - Operation
3.	Ajay Sahasrabuddhe	Chief Revenue Officer – Retail Finance
4.	Joydeep Basu	Chief Business Officer – Wheeled Assets
5.	Mahesh Kumar Sanghavi	Chief Business Officer – Corporate & Institutional Finance
6.	Amit Jain*	Interim Chief Risk Officer
7.	Ugen Tashi Bhutia	General Counsel
8.	Subhransu Mandal	Chief Compliance Officer
9.	Jatin Bajaj#	Head – Internal Audit
10.	Shivendra Kumar Suman	Company Secretary and Compliance Officer

Note

^Ms. Priya Kashyap ceased to be Chief of Staff and Chief Human Potential Officer w.e.f. April 28, 2026

^^With effect from April 28, 2026, Mr. Sajin Purushothaman Mangalathu has ceased to be the Chief Financial Officer of the Company and Mr. Anand Kumar Saluja has assumed the position of Chief Financial Officer

*Mr. Amit Jain appointed as Interim Chief Risk Officer w.e.f. August 11, 2025 and Chief Risk Officer w.e.f. April 28, 2026

#Mr. Jatin Bajaj appointed as Head – Internal Audit w.e.f. July 29, 2025

INDEPENDENT DIRECTORS

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee inter alia considers qualification, positive attributes, area of expertise and number of Directorship(s) and Membership(s) held in various committees of other companies and determining Directors' independence. The Board considers the Committee's recommendation and takes appropriate decision.

The Independent Directors have confirmed that they meet the criteria of independence laid down under Section 149(6) read with Schedule IV of the Act and Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The Board of Directors have taken on record the declaration and confirmation submitted by the independent Directors after undertaking due assessment of the veracity of the same and is of the opinion that they fulfill the conditions specified in the Act and the Listing Regulations and that they are independent of the management.

MEETING OF INDEPENDENT DIRECTORS

Schedule IV of the Companies Act, 2013 and the Rules made thereunder mandate that the Independent Directors of the Company shall hold at least One meeting in a year, without the attendance of Non-Independent Directors and members of the Management. At such meetings, Independent Directors inter alia discuss the issues arising out of Committee meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties and performance of the executive members of the Board, including the Chairperson. During the year, the independent Directors met without the presence of the Management.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the reporting financial year, a separate meeting of the Independent Directors of the Company, was held on April 28, 2025, where the following items as enumerated under Schedule IV to the Companies Act, 2013 were discussed:

- Review of performance of Non-Independent Directors and the Board as a whole;
- Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assessment of the quality and timeliness of flow of information between the Company management and the Board, that is necessary for the Board to effectively and reasonably perform their duties; and
- Discussion on Independent Director Familiarization Programme.

DIRECTORS' INDUCTION AND FAMILIARISATION

- The Independent Director familiarisation Programme comprises the following: -
- Induction Programme for Independent Directors;
- Immersion sessions on business and functional issues; and
- Strategy sessions.

All Independent Directors on their appointment are taken through a detailed induction and familiarisation programme when they join the Board of the Company. The induction programme is an exhaustive one that covers the history, culture and background of the Company and its growth over the last several decades, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions. The programme also covers the Company's Compass Commitments.

During the year, no Independent Director has resigned from their position.

Details of the familiarisation programme for the Independent Directors are available on the Company's website at https://www.herofincorp.com/investor-relations/disclosures-under-regulation-62-of-the-sebi-lodr/statutory-compliances.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees. The Board along with the Nomination and Remuneration Committee has laid down the criteria of performance evaluation of Board, its Committees and Individual Directors.

For Independent Directors, evaluation is carried out based on the criteria viz.

- the considerations which led to the selection of the Director on the Board and the delivery against the same;

- contribution made to the Board/Committees;
- attendance at the Board/Committee Meetings;
- impact on the performance of the Board/Committees;
- instances of sharing best and next practices, engaging with top management team of the Company;
- participation in Strategy Board Meetings, etc.

PECUNIARY RELATIONSHIP

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

DISCLOSURES

RELATED PARTY TRANSACTIONS

In terms of Section 188(1) of the Act, all related party transactions entered into by the Company during FY 2025-26 were carried out with prior approval of the Audit Committee and the approval of the Board, wherever required. All transactions were on arm's length basis and in the ordinary course of business. All the transactions are also disclosed to the Audit Committee and the Board on a quarterly basis. There were no material significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or other related parties, which may have a potential conflict with the interest of the Company at large.

The Company has a policy on Related Party Transactions. The policy on dealing with related party transactions is disclosed on the Company's website, link for which is https://www.herofincorp.com/company-policies.

ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act and Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

GENERAL BODY MEETINGS

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

DETAILS OF GENERAL BODY MEETINGS

(A) Details of the last 3 Annual General Meetings of the Company:

Financial Year	Location	Day, Date & Time	Summary of Special Resolution(s) Passed
Annual General Meeting			
2024-25	Video Conferencing (VC)/Other Audio-Visual Means (OAVM)/(e-AGM)	Monday, July 28, 2025 at 12:00 P.M.	-
2023-24	Video Conferencing (VC)/Other Audio-Visual Means (OAVM)/(e-AGM)	Wednesday, August 21, 2024 at 11:30 A.M	**Special Resolution(s):** · Appointment of Ms. Aparna Popat Ved (DIN: 08661466) as an Independent Director of the Company. · Appointment of Mr. Kaushik Dutta (DIN: 03328890) as an Independent Director of the Company. · Re-Designation of Mr. Pradeep Dinodia (Din: 00027995) As Non-Executive Director.
2022-23	Video Conferencing (VC)/Other Audio-Visual Means (OAVM)/(e-AGM)	Wednesday, August 02, 2023 at 3:00 P.M	**Special Resolution(s):** · Approval for Adoption of Amended and Restated Articles of Association of the Company. · Approval for alteration of ESOP Scheme of the Company · Appointment of Mr. Paramdeep Singh (DIN:03579758) as an Independent Director of the Company. · Appointment of Mr. Amar Raj Bindra (DIN:09415766) as an Independent Director of the Company.

The shareholders who participated at the last e-AGM sought clarifications on wide-ranging subjects such as Company strategy for IPO, Pre-IPO fund raising through equity shares, Company Strategy, plans for growth and expansion, update on Hero Housing Finance Limited's business, etc.

(B) Details of special business passed through Postal Ballot during last year

<table>
<tr><th>Particulars of Matter</th><th>Date of Notice</th><th>Date of Approval</th><th>Person who conducted Postal Ballot</th><th colspan="2">Voting Results</th></tr>
<tr><td rowspan="4">To Approve the issuance of equity shares by way of Preferential Issue on a private placement basis (Pre-IPO Placement)</td><td rowspan="4">April 29, 2025</td><td rowspan="4">June 7, 2025</td><td rowspan="4">Mr. Abhimanyu Munjal, Managing Director & CEO and Mr. Shivendra Suman, Company Secretary and Compliance Officer</td><td>Particulars</td><td>Percentage</td></tr>
<tr><td>Assent</td><td>99.99996</td></tr>
<tr><td>Dissent</td><td>0.00004</td></tr>
<tr><td>Total</td><td>100</td></tr>
</table>

(C) Person/entity who/which acted as scrutinizer to the Postal Ballot(s):

Mr. Devesh Kumar Vasisht (CP No. 13700), Partner of M/s. DPV & Associates LLP, Practicing Company Secretaries, New Delhi.

(D) Procedure for Postal Ballot:

- Pursuant to the provisions of the Act, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'). Postal ballot notices and forms are delivered to members/beneficial owners through email at their registered email IDs.
- The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.
- Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairperson and the voting results are announced by the Chairperson by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for remote e-voting.

FINANCIAL CALENDAR

Financial Year of the Company: April 01, 2025 to March 31, 2026

For the financial year ended March 31, 2026, the financial results of the Company were announced on:

For the Financial Year 2025-26		
a.	First quarter ended June 30, 2025	July 29, 2025
b.	Second quarter ended September 30, 2025	October 31, 2025
c.	Third quarter ended December 31, 2025	January 27, 2026
d.	Fourth quarter ended March 31, 2026	April 28, 2026

For the year ending March 31, 2027, the financial results of the Company are likely to be announced on (Tentative and Subject to Change):

For the Financial Year 2026-27		
a.	First quarter ending on June 30, 2026	Last week of July, 2026
b.	Second quarter ending on September 30, 2026	Last week of October, 2026
c.	Third quarter ending on December 31, 2026	Last week of January, 2027
d.	Fourth quarter ending on March 31, 2027	Second week of April, 2027

MEANS OF COMMUNICATION

(a) Results:

The Company's website, viz., Investor Relation - HeroFinCorp under the section of 'investor relations', contains all important information including financial results, various policies framed/approved by the Board, presentations made to the media, analysts and institutional investors, schedule and transcripts of earnings call with investors, matters concerning the shareholders, etc.

(b) Newspapers wherein results are normally published:

The quarterly/half-yearly/annual financial results were published in 'Financial Express (English) Newspaper & Jansatta (Hindi) Newspaper.

(c) Website, where displayed:

The financial results and the official news releases are also placed on the Company's website www.herofincorp.com in the 'Investors' section on the following link - https://www.herofincorp.com/investor-relations/financial-performance

(d) Annual Report

The Annual Report containing, inter-alia, the audited financial statements (standalone & consolidated), Board's Report, Auditors' Report, Management Discussion and Analysis (MDA) report and other important information is circulated to shareholders and other stakeholders and is also available on the Company's website at www.herofincorp.com in the 'Investors' section.

(e) Reminder to Investors

Periodical reminders for unclaimed shares and unpaid dividends are sent to shareholders as per records of the Company. These details are also uploaded on website of the Company at www.herofincorp.com in the 'Investors' section on the following link - https://www.herofincorp.com/investor-relations/financial-performance.

(f) Official news releases

All financial releases and documents under the SEBI Listing Regulations are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

GENERAL SHAREHOLDERS' INFORMATION

i) Annual General Meeting - date, time and venue: Annual General Meeting (for the Financial Year 2025-26)

Day: Friday
Date: July 31, 2026
Time: 12:00 PM
Venue: Through Video Conferencing

ii) Financial Year:

The Financial Year of the Company will be from April 01, 2025 to March 31, 2026.

iii) Dividend Payment Date

The Board has not recommended any dividend for the Financial year 2025-26.

iv) Name and address of stock exchange(s) at which securities of the Company are listed

The Non-Convertible Debentures issued on private placement basis and the Commercial Papers of the Company are listed on

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

The Company has paid Annual Listing Fees for FY 2025-26 to the stock exchange within the stipulated time.

v) In case the securities are suspended from trading, the Directors report shall explain the reason thereof:

Not Applicable

vi) Registrar to an issue and Share Transfer Agent

For Equity Shares and Compulsorily Convertible Preference Shares: MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited)

For Debt Securities: Kfin Technologies Limited

vii) Share transfer system:

In terms of Regulation 61(4) of SEBI Listing Regulations read with the notification dated September 10, 2018 issued by Ministry of Corporate Affairs (MCA), it is compulsory for every holder of the securities of unlisted public companies who intends to transfer such securities on or after October 2, 2018 shall get such securities dematerialized before the transfer. Further, a special window has been provided by the SEBI vide their circular no. HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30, 2026, from February 5, 2026 till February 4, 2027 through which physical securities can be transferred and dematerialized which were sold/ purchased prior to April 01, 2019. Shareholders desirous of availing these services are requested to refer to the detailed procedure hosted on the website at https://www.herofincorp.com/investor-relations/disclosures-under-regulation-62-of-the-sebi-lodr/unclaimed-unpaid-dividend.

The Share transfer job is being handled by the Registrar and Transfer Agent of the Company i.e. M/s. MUFG Intime India Private Limited. All requests for transfer and/or dematerialisation of securities held in physical form, should be lodged with the office of the Company's Registrar and Transfer Agent for dematerialisation. During the year 2025-26, 37,182 equity shares were transferred (including transmission) and the said transfers were affected within the prescribed period. Shares under objection were returned to respective shareholder.

viii) Distribution of Shareholding as on 31st March 2026:

Categories	No. of Equity Shares held				No. of Compulsorily Convertible Preference Shares (CCPS) held			
	No. of fully paid up equity shares held	No. of partly paid up equity shares held	Total no. of equity shares held	Percentage of Shareholding	No. of fully paid up CCPS held	No. of partly paid up CCPS held	Total no. of CCPS held	Percentage of Shareholding
Promoters and Promoter group Holding	10,12,67,553	0	10,12,67,553	78.12	1,81,81,815	0	1,81,81,815	50.00
Non - Promoters' Holding	2,83,59,483	0	2,83,59,483	21.88	1,81,81,821	0	1,81,81,821	50.00
Grand Total	**12,96,27,036**	**0**	**12,96,27,036**	**100.00**	**3,63,63,636**	**0**	**3,63,63,636**	**100.00**

ix) Dematerialization of Shares and liquidity

The notification dated September 10, 2018 issued by Ministry of Corporate Affairs (MCA), made compulsory for every holder of the securities of unlisted public companies who intends to transfer such securities on or after October 2, 2018 shall get such securities dematerialized before the transfer or who subscribes to any securities of an unlisted public company (whether by way of private placement or bonus shares or rights offer) on or after October 02, 2018 shall ensure that all his existing securities are held in dematerialized form before such subscription.

The shares of the Company are traded in compulsory demat segment. As on March 31, 2026, 12,88,92,256 Equity Shares (99.43%) and 3,63,63,636 CCPS (100%) of the total share capital was held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

x) Outstanding Global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

Not Applicable

xi) Commodity price risk or foreign exchange risk and hedging activities:

Not Applicable

xii) Plant locations:

Plant locations: Being a financial service sector entity, the Company is not having any plant.

xiii) Address for correspondence:

Shareholders/investors can correspond with the Company at the following address:

Sr. No	Particulars	Address	Purpose	Contact details
1.	Company	Hero Fincorp Limited, 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057	General Correspondence	Company Secretary and Compliance Officer Mr. Shivendra Kumar Suman Tel. No.: 011-4948 7150 Email: investors@herofincorp.com Website: www.herofincorp.com
2.	Registrar and Share Transfer Agent	M/s MUFG Intime India Pvt. Ltd. Plot Number NH-2, Noble Height, C1 Block, LSC Near Savitari Market, Janakpuri, New Delhi-110058	Equity Shares and Compulsorily Convertible Preference Shares	Tel. No.: 011-41410592-94; Fax No. 011-41410591
		M/s KFin Technologies Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032	Non-Convertible Debentures and Commercial Papers	Phone: 040 -67162222, Fax: 040-23001153
3.	Debenture Trustee	Vistra ITCL (India) Limited The Qube, 2nd floor, A wing, 202, Hasan Pada Road, Mittal Industrial Estate, Marol, Andheri (East), Mumbai, Marol Naka, Mumbai, Mumbai, Maharashtra - 400059	Debenture related matters	Contact Person: Mr. Jatin Chonani. Tel. No.: +91 22 69300000 Fax No.: +91 22 28500029 Website: www.vistraitcl.com Email address: mumbai@vistra.com

xiv) List of all credit ratings obtained by the entity along with any revisions hereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:

The list of credit ratings for all instruments has been provided in the Directors' Report.

xv) Dates of book closure:

Not Applicable

xvi) Dividend Payment:

The Company has not declared any dividend for the year under review, however, the equity shares of the Company were not listed on the stock exchanges and hence certain details are not applicable to the Company.

UNCLAIMED DIVIDENDS

As per section 124(5) of the Companies Act, 2013 (the 'Act'), any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund (the 'Fund') set up by the Central Government. Accordingly, the unpaid/unclaimed dividends for the previous financial years have already been transferred by the Company to the said Fund from September 2015 onwards.

Unpaid/unclaimed dividend for the year 2018-19 shall be due for transfer to the Fund in October 2026. Members are requested to verify their records and send their claim, if any, for 2018-19, before such amounts become due for transfer.

Communications are being sent to members who have not yet claimed dividend for 2018-19, requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

The followings are the details of unclaimed dividends which are due to be transferred to the Fund in the coming years including current year. Further, members who have not claimed the dividends till date are requested to verify their records and send their claim, if any, before the same becomes due for transfer to IEPF:

TABULAR DISTRIBUTION OF DIVIDEND PAYMENT SINCE 2018-19

Year	Dividend %age	Date of Declaration	Date of Payment	Last Date of claiming of Unpaid Dividend
2024-25	11	28/07/2025	21/08/2025	28/08/2032
2023-24	100	21/08/2024	13/09/2024	21/09/2031
2022-23	81	02/08/2023	11/08/2023	02/09/2030
2021-22	Nil	-	-	-
2020-21	10	14/09/2021	17/09/2021	14/10/2028
2019-20	25.5	15/09/2020	18/09/2020	15/10/2027
2018-19	42.50	06/09/2019	09/09/2019	06/10/2026

The Company has uploaded the details of unclaimed dividend on the Company's website https://www.herofincorp.com/and also on website specified by the Ministry of Corporate Affairs http://www.iepf.gov.in/IEPF/services.html

TRANSFER/TRANSMISSION/TRANSPOSITION OF SHARES

The Securities and Exchange Board of India (SEBI), vide its Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009 and Circular No. MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010 made it mandatory that a copy of the PAN Card is to be furnished to the Company in the following cases:

- deletion of name of deceased shareholder(s) where shares are held jointly in the name of two or more shareholders;
- transmission of shares to the legal heirs where shares are held solely in the name of deceased shareholder; and
- transposition of shares where order of names of shareholders are to be changed in the physical shares held jointly by two or more shareholders.

Investors, therefore, are requested to furnish the self-attested copy of PAN card, at the time of sending the physical share certificate(s) to the Company, for execution of any of the above stated requests.

Shareholders are also requested to keep record of their specimen signature before lodgment of shares with the Company to avoid probability of signature mismatch at a later date.

CONSOLIDATION OF MULTIPLE FOLIOS

Shareholder(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

NOMINATION FACILITY

Provision of Section 72 of the Companies Act, 2013 read with rule 19(1) of the rules made thereunder extends nomination facility to individuals holding shares in the physical form. To help the legal heirs/successors get the shares transmitted in their favour, shareholder(s) are requested to furnish the particulars of their nomination in the prescribed Nomination Form. Shareholder(s) holding shares in Dematerialized form are requested to register their nominations directly with their respective DPs.

UPDATE YOUR CORRESPONDENCE ADDRESS/ BANK MANDATE/EMAIL ID

To ensure that all communications/monetary benefits are received promptly, all shareholders holding shares in physical form are requested to notify to the Company the following:

Change in their address/bank details/email Id instantly by written request under the signatures of sole/first joint holder.

Shareholder(s) holding shares in dematerialized form are requested to notify change in bank details/address/ email Id directly with their respective DPs.

QUOTE FOLIO NO./DP ID NO.:

Shareholders/Beneficial Owners are requested to quote their Folio Nos./DP ID Nos., as the case may be, in all correspondence with the Company.

Shareholders are also requested to quote their Email IDs, Contact/Fax numbers (landline/cell phone) for prompt reply to their correspondence.

TRANSFER OF UNCLAIMED SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the 'Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, as amended, all shares in respect of which dividend has remained unclaimed by the shareholders for seven consecutive years or more are required to be transferred to the Investor Education and Protection Fund (IEPF).

During the year, notices were sent to the concerned shareholders whose shares were liable to be transferred to IEPF/Suspense Account under the said Rules for taking appropriate action and full details of such shareholders and shares due for transfer to IEPF Authority/Suspense Account have also been uploaded on Company's website at link https://www.herofincorp.com/investor-relations/unclaimed-unpaid-dividend

An option to claim from IEPF Authority, all unpaid/ unclaimed dividends or other amounts and the unclaimed shares transferred to IEPF, is available to members. Members may make their claim by following the due procedure for refund as prescribed under the said rules. Details of refund process are also available on website of the Company at https://www.herofincorp.com/investor-relations/unclaimed-unpaid-dividend.

Details of dividends remaining unpaid/unclaimed have been duly uploaded on the website of the Company at www.herofincorp.com and at the website of IEPF authority at www.iepf.gov.in.

VOTING THROUGH ELECTRONIC MEANS

In accordance with the Companies (Management and Administration) Rules, 2014 and MCA circulars, the Company will also provide e-voting facility for members attending the ensuing AGM through VC or OAVM. Shareholders who are attending the AGM through VC or OAVM and who have not already cast their votes by remote e-voting shall be able to exercise their right of voting at the meeting. The cut-off date to determine the number of shareholders who are eligible to vote thereat, as per the said Rules, shall be Friday, July 24, 2026 and the remote e-voting shall be open for a period of 3 (Three) days, from Tuesday, July 28, 2026 (9.00 a.m. IST) till Thursday, July 30, 2026 (5.00 p.m. IST) (both days inclusive).

Detailed procedure is given in the Notice of AGM and is also placed on the Company's website www.herofincorp.com

Shareholders may get in touch with the Company Secretary and Compliance Officer at investors@herofincorp.com for further assistance.

The Company has appointed Mr. Devesh Kumar Vasisht (CP No. 13700), Partner of M/s. DPV & Associates LLP, Practicing Company Secretaries, New Delhi as the Scrutinizer for scrutinizing the remote e-voting & e-voting process to ensure that the process is carried out in a fair and transparent manner.

OTHER DISCLOSURES:

Particulars	Details
Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.	There are no material related party transactions during the year under review that have potential conflict with the interest of the Company.
Details of non-compliance by the Company, penalties, strictures imposed on the listed entity by Stock Exchange(s) or the Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years.	Nil
Details of establishment of Vigil Mechanism/Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee.	In compliance with the applicable provisions of the Companies Act, 2013 and other applicable regulations, the Audit Committee of the Company recommended the Board of Directors for the approval of the policy/mechanism on dealing with whistle blowers. However, the Audit Committee reviews Whistle Blower cases on quarterly basis. During the year, no individual was denied access to the Audit Committee for reporting concerns, if any. The said policy/mechanism is disclosed on the Company' website, link for which is https://www.herofincorp.com/company-policies. The Company has put in place a whistle blower policy to support the Code of Conduct. The details about the vigil mechanism forms part of the Board's report.
Web link where policy for determining 'material' subsidiaries is disclosed.	The policy for determining 'material' subsidiaries is disclosed on the Company' website, link for which is https://www.herofincorp.com/company-policies
Web link where policy on dealing with related party transactions;	The policy on dealing with related party transactions is disclosed on the Company' website, link for which is https://www.herofincorp.com/company-policies
Disclosure of commodity price risks and commodity hedging activities.	Not Applicable
Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).	Not Applicable
A certificate from a company secretary in practice that none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.	The Company has obtained certificate from M/s SGS Associates LLP that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is reproduced at the end of this report and marked as Annexure I.
Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof.	During FY 2025-26, all the recommendations of the various Committees of the Board were accepted by the Board.
Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.	M/s. Deloitte Haskins & Sells LLP (Firm Registration No: 117366W/W-100018) and M/s. MM Nissim & Co. LLP (Firm Registration No: 107122W/W100672) were appointed as the Joint Statutory Auditors of the Company with effect from May 29, 2024. The particulars of fees to Statutory Auditors for FY 2025-26 is given below: **Particulars** — **Amount (in ₹ crore)** Audit Fees* — 1.41 Limited Review — 0.92 Certification Fees — 0.07 Out of pocket expenses — 0.22 **Total** — **2.62** * In addition, during the year ended March 31, 2026, an amount of ₹ 1.96 crore was paid to the auditors towards Euro Medium Term Note (EMT Note) bond issue and an amount of ₹ 4.28 crores (March 31, 2025 ₹ 2.10 crores) was paid to the auditors towards proposed IPO of the Company. Further no fees were paid by any entity in the network firm/network entity of which the Statutory Auditor is a part.

Particulars	Details
Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.	No. of Complaints received during the Financial Year: 3 No. of Complaints disposed of during the Financial Year: 2 No. of Complaints pending as on end of the Financial Year: 1
Disclosure by the Company of 'Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount.	Nil
Details of material subsidiaries of the listed entity, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.	Not Applicable

Compliance of Mandatory and Discretionary requirements

During the year under review, the Company has complied with all the mandatory requirements of the SEBI Listing Regulations, as applicable to the entity.

The Company has also adopted and complied with the following discretionary requirements, as outlined in Part E of schedule II of the SEBI Listing Regulations:

a) Independent Women Director

The Company has Two Independent Women Directors, namely Ms. Anuranjita Kumar and Ms. Aparna Popat Ved on its Board.

b) Modified Opinion(s) in Audit Report

The Financial statements of the Company carry an unmodified audit opinion from the Statutory Auditors.

c) Reporting of Internal Auditor

The Internal Auditor of the Company reports directly to the Audit Committee, thereby ensuring independence and effective oversight.

DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013:

During the year under review there has been no instances of default in compliance with the requirements of the Act, including with respect to compliance with accounting and secretarial standards.

DECLARATION SIGNED BY THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER STATING THAT THE MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL HAVE AFFIRMED COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT:

The Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. The Code is available on the Company's website (www.herofincorp.com).

All the Directors of the Board and Senior Management Personnel of the Company have affirmed compliance with the respective Codes. A declaration signed by the Managing Director & CEO to this effect is reproduced at the end of this report and marked as Annexure II.

COMPLIANCE CERTIFICATE FROM EITHER THE AUDITORS OR PRACTICING COMPANY SECRETARIES REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE SHALL BE ANNEXED WITH THE DIRECTORS' REPORT:

The Company has obtained compliance certificate from the Practising Company Secretaries M/s SGS Associates LLP, Company Secretaries confirming compliance of conditions of Corporate Governance. This certificate forms part of the Directors' Report and is annexed accordingly.

Annexure – I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Hero Fincorp Limited
CIN U74899DL1991PLC046774
34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi - 110057

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hero Fincorp Limited having CIN U74899DL1991PLC046774 and having its registered office at 34, Community Center, Basant Lok, Vasant Vihar, New Delhi - 110057 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors of the Company as stated below for the Financial Year ending on 31st March, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Dr. Pawan Munjal	00004223	16/12/1991
2.	Ms. Renu Munjal	00012870	11/07/1992
3.	Mr. Abhimanyu Munjal	02822641	01/06/2016
4.	Mr. Pradeep Dinodia	00027995	29/05/2016
5.	Mr. Sanjay Kukreja	00175427	15/09/2016
6.	Mr. Paramdeep Singh	03579758	01/05/2023
7.	Ms. Anuranjita Kumar	05283847	05/02/2024
8.	Mr. Amar Raj Singh Bindra	09415766	01/05/2023
9.	Mr. Kaushik Dutta	03328890	27/06/2024
10.	Ms. Aparna Popat Ved	08661466	27/06/2024

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SGS ASSOCIATES LLP
Company Secretaries
FRN L2021DE011600

CS D.P. GUPTA
FCS: 2411
M.NO: 1509
ICSI PR: 7547/2025
ICSI UDIN: F002411H000207495

Place: New Delhi
Date: April 28, 2026

Annexure – II

Declaration by the Managing Director

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the financial year ended March 31, 2026.

For Hero FinCorp Limited

Abhimanyu Munjal
Managing Director & CEO

Place: Gurgaon
Date: April 28, 2026

Annexure – C

INFORMATION TO BE DISCLOSED PURSUANT TO PROVISIONS OF SECTION 62(1)(B) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES ON ESOP DISCLOSURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

Sr. No.	Particulars	ESOP Scheme 2017 (As on March 31, 2026)	ESOP Scheme 2017 (For the Financial Year 2025-26)
1.	Options Granted	23,94,201*	1,92,911
2.	Options Vested	14,14,625	3,61,048
3.	Options Exercised	1,06,085	Nil
4.	The total no. of shares arising as a result of exercise of option	1,06,085	-
5.	Options Lapsed	-	2,68,034
6.	The Exercise Price	INR 495/INR 780	Not Applicable
7.	Variation of terms of Options	Nil	Nil
8.	Total No. of Options in Force	23,00,949	Not Applicable
9.	Employee wise details:		
	i) Key Managerial Personnel	2,13,900	-
	ii) any other employee who receives a grant of options in any one year of option amounting to five per cent or more of option granted during that year.	Nil	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	Nil

*Total ESOPs granted to all active options holder as on 31st March 2026

Annexure – D

Nomination and Remuneration Policy

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'), the Board of Directors is required to constitute the Nomination and Remuneration Committee. Hero FinCorp Limited ("Company" or "HFCL") has already constituted Nomination & Remuneration Committee.

The Nomination and Remuneration Policy herein is formulated in compliance with Section 178 ofthe Companies Act, 2013 read along with the applicable rules thereto, Regulation 19/62G read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Reserve Bank of India (Non-Banking Financial Companies -Governance) Directions dated November 28, 2025, as amended from time to time.

Nomination and Remuneration Committee.

(1) The board of directors shall constitute the Nomination and Remuneration Committee as follows:

(a) the committee shall comprise of at least three directors;

(b) all directors of the committee shall be non-executive directors; and

(c) at least two-thirds of the directors shall be independent directors

(2) The Chairperson of the Nomination and Remuneration Committee shall be an independent director.

Provided that the chairperson of the listed entity, whether executive or non- executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

(3) The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

(4) The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

(5) The nomination and remuneration committee shall meet at least once in a year.

(6) The role of the nomination and remuneration committee shall be as specified as in Part D of the Schedule II.

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to Directors, Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) and shall consist of a fixed component and a variable component linked to the long-term vision, medium term goals and annual business plans.

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

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

II. OBJECTIVE

The Key Objectives of the Committee would be:

a) To guide the Board in relation to appointment and removal of Directors, KeyManagerial Personnel and Senior Management.

b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.

c) To recommend to the Board on Remuneration payable to the Directors, KeyManagerial Personnel and Senior Management.

III. DEFINITIONS

- **"Board of Directors"** or **"Board"**, means the collective body of the Directors of the Company;
- The expression "senior management" means personnel of the Company who are
  - (i) Members of the Core Management Team other than the Board of Directors including Functional Heads,
  - (ii) Reporting to the Board, including those who are heads of Control, Assurance and Vigilance functions. This would include all members of management one level below the executive directors.
- "Company" means **"Hero FinCorp Limited "**
- "CTC" means cost that occurs to the Company in a year on each employee.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- "Key Managerial Personnel" (KMP) means
  - (i) Chief Executive Officer or the Managing Director or the Manager,
  - (ii) Company Secretary,
  - (iii) Whole-time Director,
  - (iv) Chief Financial Officer;
  - (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (vi) Such other officer as may be prescribed.
- "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and SEBI Regulations.
- "Policy or This Policy" means, "Nomination and Remuneration Policy."
- "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

Clawback: As per Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions dated November 28, 2025 (herein after referred as "RBI Directions")'

1. A clawback is a contractual agreement between the employee and the NBFC in which the employee agrees to return previously paid or vested remuneration to the NBFC under certain circumstances

Malus: As per RBI Directions Malus means an arrangement permits the organization to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.

IV. INTERPRETATION

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

V. GUIDING PRINCIPLES

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel, senior management and otheremployees of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
- There is effective governance of Compensation and alignment of compensation practices with prudent risk taking
- The Compensation practices are within the regulatory framework stipulated from time to time
- Minimize complexity and ensure transparency
- Link to long term strategy as well as annual business performance of the company
- Promotes a culture of meritocracy and is linked to key performance and business drivers and
- Reflective of line expertise, market competitiveness so as to attract the best talent

VI. ROLE OF THE COMMITTEE

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

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the "Board" or "Board of Directors") a policy relating to the remuneration of the directors, key managerial personnel and other employees ("Remuneration Policy"). The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that:

2. of the directors, key managerial personnel and other employees ("Remuneration Policy"). The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that:

    a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;

    b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

    c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals

3. to coordinate with the Risk Management Committee (RMC) for effective alignment between compensation and risks.

4. to review senior management's compensation levels to ensure they are aligned with the company's retained earnings, thereby maintaining adequate capital in accordance with ICAAP requirements.

5. formulation of criteria for evaluation of performance of independent directors and the Board;

6. for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

    a. use the services of an external agencies, if required;

    b. consider candidates from a wide range of backgrounds, having due regard to diversity;

    c. consider the time commitments of the candidates; and

    d. devising a policy on Board diversity

7. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent director);

8. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

9. recommend to the Board, all remuneration, in whatever form, payable to senior management;

10. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable.

11. carrying out any other activities as may be delegated by the Board of Directors and functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

VII. MEMBERSHIP

a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least two-third shall be independent.

b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013, SEBI Regulations and applicable statutory requirement.

c) Membership of the Committee shall be disclosed in the Annual Report.

d) Term of the Committee shall be continued unless terminated by the Board of Directors.

VIII. CHAIRPERSON

a) Committee shall be chaired by an Independent Director.

b) Chairperson of the Company, if any, may be appointed as a member of the Committee but shall not Chair the Committee.

c) Members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

d) Chairperson of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders'queries.

IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may berequired under the Act and SEBI Regulations.

X. COMMITTEE MEMBERS' INTERESTS

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

XI. VOTING

a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

XII. QUORUM

The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.

2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.

3. The Company shall appoint/re-appoint as Managing Director & CEO/Whole-time Director/ Manager in Compliance with the provisions of the Companies Act, 2013, Guidelines issued by Reserve Bank of India, SEBI Regulations and other Regulatory Authorities from time to time. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term/Tenure:

1. Managing Director & CEO/Whole-time Director/ Manager (Managerial Personnel)

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

2. Independent Director

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

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

- Removal: Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations. The removal of personnel in Senior management shall be reviewed by MD & CEO.
- Retirement: The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XIII REMUNERATION PAID TO EXECUTIVE DIRECTORS

- The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the Section 178, 196 and 197 and Schedule V of the Companies Act 2013 and any other provisions as may be applicable.

Remuneration Policy Structure

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

(i) Basic Salary

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

(ii) Commission/Incentives

- Executive Directors will be allowed remuneration, by way of commission which is in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.
- Subject to the condition that the amount of commission shall not exceed 5% of net profit (Profit Before Tax) of the company in a particular financial year in the manner referred in Section 197 & 198 of Companies Act, 2013.
- The amount of commission shall be paid subject to recommendation of the Nomination and Remuneration committee and approval of the Board of Directors.
- In the event there are no profits or inadequate profits then an amount, in the form of Incentive Payment, as recommended by NR Committee and approved by the Board of Directors shall be paid to the Executive Directors and in compliance with regulatory provisions as applicable.

(iii) Perquisites and Allowances

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

(iv) Contribution to Provident and Other funds

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

- Contribution to Provident and Superannuation Funds Gratuity

(v) Employee Stock Option Plans

The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the Nomination & Remuneration Committee.

XIV REMUNERATION PAYABLE TO NON-EXECUTIVE & INDEPENDENT DIRECTORS

The Non-Executive Directors of the company would be paid sitting fees of INR 1,00,000 for each meeting of the Committees and Board.

The Non-Executive and/or Independent Directors will also be entitled to remuneration by way of commission aggregating up to 1%/3% of net profits of the Company, as the case may be, pursuant to the provisions of Sections 197 and 198 of the Companies Act, 2013 in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.

The payment of the commission to the Non-Executive and/or Independent Directors will be placed before the Board every year for its consideration and approval. The sitting fee payable to the Non- Executive and/or Independent Directors for attending the Board and Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.

Keeping with evolving trends in industries and considering the time and efforts spent by specific Non- Executive and/or Independent Directors, the practice of paying differential commission will be considered by the Board.

Independent Directors will not be eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.

Non-Executive and/or Independent Directors are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending meetings of the Company.

The remuneration payable by the Company to Non-Executive and/or Independent Directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

XV REMUNERATION PHILOSOPHY FOR KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT

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

The compensation will inter alia, include basic salary, allowances, perquisites, loans and/or advances as per relevant HR policies, retirement benefits, performance linked payout, benefits under welfare schemes, etc. besides long term incentives/ESOPS/RSUs/Performance Shares or such other means as maybe decided by the Nomination & Remuneration Committee.

To meet the organization objective of attracting, rewarding and retaining talent, compensation is delivered through a holistic composition of instruments as given below:

a. Fixed Pay

b. Performance based Variable Pay

c. Non-cash Benefits

d. Guaranteed/Committed/Discretionary bonus/Ex-gratia

Fixed Pay

Fixed Pay comprises of Basic Salary, Allowances, Retirals and other benefits each of which have a monetary ceiling.

Performance based Variable Pay:

Performance-based Variable Pay reflected as part of the CTC in the Appointment Letter is an indicative amount, calculated on the assumption of 'On-Target' performance at the Company, Department/LOB, and Individual levels. The actual payout of the Annual Performance-based Variable Pay shall be determined at the end of the Performance Year, subject to eligibility criteria and performance measures as prescribed by the Company from time to time. Depending on performance outcomes, the variable pay may be reduced to nil, in any given financial year. These provisions ensure that compensation outcomes remain aligned and symmetric with risk and performance outcomes.

Deferral of Variable Pay:

a. RBI Directions advises that a certain portion of variable pay, as decided by the Board of the company, may be deferred and this deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Also, deferral period for such an arrangement may be decided by the Board of the company.

b. Of the two components of variable pay, the approved ESOP scheme of the company follows a 4-year vesting schedule post the grant (10%: 25%: 30%: 35%) and thus deferral is designed in it and is in line with best practices followed in the banking industry. Example, if an employee is granted 1,000 ESOPs in Year 1, 10% (100 options) vest at the end of Year 1, 25% (250 options) vest at the end of Year 2, 30% (300 options) vest at the end of Year 3, and the remaining 35% (350 options) vest at the end of Year 4, subject to continued service and applicable scheme conditions.

c. So far Company has followed 100% payout of cash component of Actual variable pay (read Annual Bonus) at the end of a performance period.

d. Taking the guidelines into consideration, the compensation policy is being revised to start the deferral of cash component of variable pay. It is proposed to increase the deferred payout sequentially over a two-year horizon to facilitate the transition from 100% upfront payout to a 60% payout as is the practice in leading banks/NBFCs.

e. The payout of annual bonus is proposed to be deferred over 2 years post the year of performance as per the following schedule:

FY	Year 1 (Year of Performance)	Year 2	Year 3
FY 2025-26	75%	12.5%	12.5%
FY 2026-27	65%	17.5%	17.5%
FY 2027-28	60%	20.0%	20.0%

f. In Case of Separation/Death/Permanent Disability - The vesting of deferred cash component of variable pay would continue as per schedule even after separation of the employee from the services of the company except in the event of this separation being on account of Malus or Claw back conditions and in the event of death or permanent disability of the individual, unvested portions of variable pay will vest immediately except in situations where provisions of Malus/Claw back as defined in clause XVIII may apply.

Non-cash benefits:

Additional rewards may be determined based on specific projects that the Company may undertake towards given objectives. Achievement of such objectives may result in the team member(s) getting duly recognized and rewarded.

Guaranteed/Committed/Discretionary bonus/Ex-gratia:

Such bonuses are not consistent with the principles of meritocracy and the Company shall not encourage such payouts, limiting its usage to a case to case basis, where such a payout ismade for the purpose of retention/attraction for a fixed term not being part of CTC/Performance based Variable pay. However, in case of special circumstances the CHRO in consultation with Managing Director & CEO may consider and allow such payment.

XVI PERFORMANCE FRAMEWORK

In HFCL Meritocracy is the backbone of the performance and potential recognition framework. The Performance Management and pay Policy revolves around the Four ‘P’ approach:

- People
- Position
- Performance
- Potential

All employees of Hero FinCorp will be subject to annual performance review as per approved performance management process of the Company. Meritocracy will be promoted by ensuring rigorous performance differentiation.

The performance ratings of all employees within the Company shall be allocated in accordance with a normal distribution curve. Employees shall be evaluated based on the achievement of defined goals and overall performance. The frequency of performance reviews and the corresponding weightages shall vary depending on the employee’s level within the organizational hierarchy, as determined by Management from time to time.

The performance rating obtained by an employee shall serve as a key input in determining compensation-related decisions. Compensation, whether in the form of fixed pay or performance-based rewards, may also be influenced by specific skill sets identified as critical to the Company’s success. Such compensation structures are established based on management’s assessment of prevailing market demand and supply conditions. The performance-based variable pay shall be determined through a combination of individual, departmental, and organizational performance metrics. The Company maintains grade-wise differentiation in the ratio of variable to fixed pay, thereby reinforcing the principles of risk and reward.

For the reason of a specific job role (such as driver, runner, any other role which does not have a direct impact on business) or cases of long leave or medical condition or for employees where an investigation is under process, there could be cases of employees “Not Rated’ in the cycle, which would not be part of Distribution curve.

HFCL encourages constant review culture. Communicating frequently with employees and providing them with valuable feedback on a regular-basis helps us become agile as an organization. It also helps us ensure alignment between employees, managers and organization as a whole. Accordingly, HFCL will promote quarterly and half yearly reviews and will deploy suitable reward, recognition, performance-based variable pay programs following the review.

Appropriate salary band and grade structure will be designed to ensure the organization is managed efficiently and effectively. The structure will be reviewed by the Company's leadership from time to time.

Compensation review may happen during mid-year or otherwise on a case to case basis. For compensation revision and/or annual performance-based variable payout and/or any other discretionary bonus/reward, employee must be in good standing as determined by the Company in its sole discretion, without violation of any company policy and/or procedure, in each case.

Deferred compensation (performance based Variable Pay/Incentives) earned by employees may be subject to claw back in the event of subdued or negative financial performance of the Company and/or the relevant line of business or employee misconduct as described in the Employee Progressive Disciplinary Policy, in any year.

The compensation structure and/or any cases as mentioned above maybe reviewed and determined by the Chief Human Potential Officer and Chief of Staff (CHPO & COS) from time to time and approved by MD & CEO where MD & CEO is the L1 manager and for all other full- time staff by CHPO & COS.

Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the company.

XVII DELEGATION OF AUTHORITY

The delegation of authority to review, approve and ratify any compensation intervention at a Company or individual level has been laid down, unless otherwise mentioned in the Compensation Policy. Any special compensation intervention not mentioned in the authorisation schedule that may be taken up at a Company, function or individual level is subject to the approval of the Managing Director & CEO and CHPO & COS, and shall be informed to the NRC.

XVIII MALUS AND CLAW BACK

Compensation will be aligned to both financial and non-financial indicators of performance including controls like risk management, process perspective, customer perspective and others. The variable pay part of compensation will be subject to Malus and Clawback arrangements in the event of certain circumstances.

Circumstances under which application of Malus and Clawback is to be considered:

1) Material breach of company's Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance for which the NRC, in its discretion, deems it necessary to apply Malus or/and Clawback provisions.

2) Fraud, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information.

3) Wilful misinterpretation/misreporting of financial performance of the company.

4) Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement or of criminal nature.

5) Non-disclosure of material conflict of interest by the employee or any misuse of official powers.

6) An act of wilful, reckless, grossly negligent conduct which is detrimental to the interest or reputation of the company.

7) Malus may also be applied in the situation of significant deterioration of financial or risk performance from one financial year to the next.

    a) The performance measures defined as part of goal setting process of the company, business threshold metric and sustainable business strategy framework would form the primary considerations for evaluating the application of Malus in this condition.

    b) The NRC may duly take into consideration factors that were within the control of the person, and/or beyond reasonable control, on account of conditions such as macro events, market conditions, industry performance, changes in legal/regulatory requirements, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions etc.

8) Above events are to be considered by the NRC for application of Malus and Clawback where

they result in significant loss to the company or its shareholders.

9) Circumstances that may trigger Malus or Clawback provisions will be reviewed periodically by the NRC.

Application of Malus & Clawback provisions

1) The NRC will review the requirement to invoke the Malus or Clawback provisions in the event one or more of the circumstances come to light.

2) The review by the NRC will aim to determine involvement, accountability, severity and wilful nature of the act of the concerned person/s.

3) Bonafide errors of judgment will not be subject to Malus provisions.

4) The provision of a Malus arrangement would entail cancellation of deferred portion of variable pay. The NRC may decide to apply Malus on part, or all of the unpaid cash portion of variable pay or unvested ESOPs basis level of involvement, proportionality and impact.

5) The provision of Clawback arrangement would entail return of already paid variable pay in cash and/or ESOPs attributable to a given reference year to which circumstances triggering the provisions of Malus and Clawback are related.

6) The NRC may decide to apply Clawback on part, or all of variable pay basis level of involvement, proportionality and impact.

Malus/clawback clause can be applied for a period of 4 years after the date of grant of Total Variable Pay.

XIX DIVERSITY OF BOARD

The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national originor ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

Accordingly, the Committee shall:

- assess the appropriate mix of diversity, skills, experience and expertise required onthe Board and assess the extent to which the required skills are represented on the Board.
- make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
- periodically review and report to the Board requirements, if any, in relation to diversity on the Board

XX. REPORTING TO RBI WITHIN 2 DAYS POST THE DATE OF EXIT/SEPARATION OF KEY MANAGERIAL PERSONNEL (KMP) & SENIOR MANAGEMENT PERSONNEL (SMP)

Company shall be required to inform to RBI within two working days on the exit of KMP &SMP.

The following information required to be furnished to RBI on exit of any KMP & SMP:

a) Name and Contact details of the SMP/Non-Executive Director (NED).

b) Designation of SMP.

c) Manner of exit and its effective date.

d) Reasons cited by the SMP/NED for resignation

e) Tenure of SMP/NED in the last held position.

f) Portfolios handled by the SMP for three years prior to exit

g) Time period of association of the SMP/NED with the entity.

XXI MINUTES OF COMMITTEE MEETING

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

XXII DEVIATIONS FROM THIS POLICY

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

XXIII REVIEW

This policy will be reviewed by the NRC and Board as and when required or at least once in a year. The utility and interpretation of this policy will be at the sole discretion of the NRC/Board.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure – E

Annual Report on CSR Activities for the FY 2025-26

1. Brief outline on CSR Policy of the Company.

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

A) HFCL's CSR Programme, inter alia, includes achieving one or more of the following -enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people especially those from disadvantaged sections of society in rural and urban India and preserving and promoting sports;

B) To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are pre-requisites for social and economic development;

C) To carry out CSR Programme in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;

2. Composition of CSR Committee:

Sl No.	Name of Director	Designation/Nature of Directorship	No. of meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1	Mrs. Renu Munjal	Whole Time Director & Chairperson	2	2
2	Dr. Pawan Munjal	Chairman - Board of Directors & Member	2	1
3	Mr. Abhimanyu Munjal	MD & CEO and Member	2	2
4	Mr. Pradeep Dinodia	Non-Executive Director & Member	2	1
5	Ms. Aparna Popat Ved	Independent Director & Member	2	2

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The policy and CSR Projects approved by the board are available on the Company's website, www.herofincorp.com on the following link: https://www.herofincorp.com/investor-relations/company-policies.

The Composition of CSR Committee is available on the Company's website, www.herofincorp.com on the following link: https://www.herofincorp.com/about-us

4. Provide the Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

During F.Y 2025-26, Not applicable. Average CSR obligation for the three immediately preceding financial years has been lesser than ₹ 10,00,00,000/-.

5. (a) Average net profit of the company as per sub-section (5) of section 135.

2022-23	₹ 953.61 crore
2023-24	₹ 1211.54 crore
2024-25	₹ 394.42 crore
Total	**₹ 2559.57 crore**
Average Net Profit	**₹ 853.19 crore**

(b) Two percent of average net profit of the company as per sub-section (5) of section 135– ₹ **17,06,37,976**

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years- **NIL**

(d) Amount required to be set off for the financial year, if any – **NIL**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)] – ₹ **17,06,37,976**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - ₹ **17,03,70,790**

(b) Amount spent in Administrative Overheads – **26,27,032**

(c) Amount spent on Impact Assessment, if applicable – **NA**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)) – ₹ **17,29,97,822**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso tosub-section (5) of section 135		
	Amount (in ₹)	Date of transfer	Name of the Fund	Amount.	Date of transfer.
17,29,97,822	NIL	NA	NA	NIL	N.A.

(f) Excess amount for set-off, if any: **NIL**

Sl. No.	Particular	Amount (in ₹)
(1)	**(2)**	**(3)**
(i)	Two percent of average net profit of the company as per section 135(5)	17,06,37,976
(ii)	Total amount spent for the Financial Year	17,29,97,822
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	23,59,846
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	23,59,846

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (In ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per subsection (5) of section 135, if any.		Amount remaining to be spent in succeeding Financial Years. (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer.		
	Total	0	0	0				

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year

● Yes ○ No

If Yes, enter the number of Capital assets created/acquired: 9

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
1	1 Mobile Health Clinic Vehicle, its Fabrication, Insurance and storage container: Sadhguru Sannidhi Bangalore	562101	20-Sep-2025	29,86,198	CSR00009670	Isha Outre ach	Isha Yoga Center, Velliang iri Foothills, Ishana Vihar Post, Coimba tore, Tamil Nadu, 641114
2	2 Mobile Health Clinic Vehicles, their fabrication, insurance and GPS Tracker for Mobile Health Unit, Coimbatore	641114	20-Sep-2025	58,19,066	CSR000 09670	Isha Outre ach	Isha Yoga Center, Velliang iri Foothills, Ishana Vihar Post, Coimba tore, Tamil Nadu, 641114
3	Equipment such as Stabilizer, Laptops, Mobile Phone, battery and Software for Isha Rural Health Clinic, Alandurai		20-Mar-2026	8,13,516	CSR000 09670	Isha Outre ach	Isha Yoga Center, Velliang iri Foothills, Ishana Vihar Post, Coimba tore, Tamil Nadu, 641114
4	Mobile Toilet and Washing Machine : Isha Rural Health Clinic, Kullapanayakanur, Salem	636204	21-Mar-26	4,49,623	CSR000 09670	Isha Outre ach	Isha Yoga Center, Velliang iri Foothills, Ishana Vihar Post, Coimba tore, Tamil Nadu, 641114
5	Laptops and Software: Isha Yoga Centre, Coimbatore	641114	24-Dec-25	1,64,719	CSR000 09670	Isha Outre ach	Isha Yoga Center, Velliang iri Foothills, Ishana Vihar Post, Coimba tore, Tamil Nadu, 641114
6	Construction of Skill Development Building at RKMF, 67 km stone, Delhi-Jaipur Highway, VPO Sidhrawali, Gurugram, Haryana	122413	30-Mar-26	2,31,48,148	CSR00004870	Raman Kant Munjal Foundation	67 km stone, Delhi-Jaipur Highway, VPO Sidhrawali, Gurugram, Haryana- 122413
7	Infrastructure Support such as ECO Van, RO system, fire alarms, desks, shelves, standee, LEDs, Podium, UPS battery, fridge and thermal fogger,to RMVM School, 67 km stone, Delhi-Jaipur Highway, VPO Sidhrawali, Gurugram, Haryana	122413	30-Mar-26	82,27,325	CSR00004870	Raman Kant Munjal Foundation	67 km stone, Delhi-Jaipur Highway, VPO Sidhrawali, Gurugram, Haryana- 122413

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
8	Laptop, Printer and Tablet for DhanCharcha-Financial Literacy Initiative at RKMF, 67 km stone, Delhi-Jaipur Highway, VPO Sidhrawali, Gurugram, Haryana	122413	20-Jan-26	11,45,799	CSR00004870	Raman Kant Munjal Foundation	67 km stone, Delhi-Jaipur Highway, VPO Sidhrawali, Gurugram, Haryana- 122413
9	Infrastructure Support such as Furniture and ACsfor Hunar-Skill development initiative at Plot no. 67, Monika Library, Bhagwati Market, Jaipur, Rajasthan-303002	303002	30-Mar-26	8,08,005	CSR00004870	Raman Kant Munjal Foundation	67 km stone, Delhi-Jaipur Highway, VPO Sidhrawali, Gurugram, Haryana- 122413

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: N.A.

For Hero FinCorp Limited

Renu Munjal
Chairperson, CSR Committee & Whole-Time Director
DIN: 00012870

Place: New Delhi
Date: April 28, 2026

Annexure – F

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026

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

To,
The Members
Hero Fincorp Limited
CIN U74899DL1991PLC046774
34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi - 110057

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2026 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed with Regulatory Authorities, and other records maintained by the Company for the financial year ended on 31st March 2026 according to the provisions of:

(i) The Companies Act, 2013 (the "Act") and the rules made there under.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions 2025.

(vi) The Following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 – **(Not applicable to the Company during the period under review.)**

2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended to date.

3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time.

4. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

5. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021.

6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client.

7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations,2021 **(Not Applicable to the Company during the period under review)**;

8. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018 – **(Not applicable to the Company during the period under review.)** and

9. The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations 2015.

(vii) The Company is a Non-Banking Financial Company – ML registered under the Reserve Bank of India Act, 1934. The company is primarily engaged in providing financing activities of various kinds of personal, SMEs & corporate loans, etc. Accordingly, the rules, regulations, and directions issued by the Reserve Bank of India from time to time are specifically applicable to the Company.

The Company was previously identified as a High Value Debt Listed Entity (HVDLE) under the SEBI (LODR) Regulations. However, pursuant to the issuance of SEBI Circular No. SEBI/LAD-NRO/GN/2015-16/013 dated January 22, 2026, the Company no longer qualifies as a HVDLE.

We have reviewed the compliances on test check basis and the compliances of the applicable laws placed in the meetings of the Board; we are of the view that the Company has adequate systems to ensure the compliances of the Laws specifically applicable to it.

We have also examined compliance with the applicable clauses of the Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India and report that the Company generally complied with the same regarding the Board of Directors, their committees, and the meetings of the shareholders of the Company.

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Director(s), Non-executive Directors, Independent Directors, and Woman Director(s). The changes in the composition, if any, of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except where the consent was obtained to place the same at shorter notice) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be, and the abstain notes, if any, due to conflict of interest or otherwise have been duly recorded in the Minutes Book.

We further Report that the Company has Seven major events during the year under review as follows:

(i) The company has raised funds through the issue of Non-Convertible Debentures (NCDs) on Private Placement on regular basis during the period under review to maintain the capital adequacy ratio as follows:

a. 9.10% 15,000 subordinated Tier-II NCDs for ₹ 1,00,000/- each for ₹ 150/- crore, On 2nd June 2025

b. 8.42% 15,000 NCDs for ₹ 1,00,000/- each for ₹ 150/- crore, On 2nd June 2025

c. 7.99% 24,000 NCDs for ₹ 1,00,000/- each amounting to ₹ 240/- crores on 6th August 2025.

d. 9.10% 10,000 NCDs of ₹ 1,00,000/- each at ₹ 1,01,916.55/- each amounting to ₹ 101,91,65,500.00/- on 22nd August 2025.

e. 9.10% 25,000/- NCDs of ₹ 1,00,000/- each amounting to ₹ 250/- crore, on 20th November 2025.

f. 7.80% 25,000/- NCDs of ₹ 1,00,000/- each amounting to ₹ 250/- crore, on 4th December 2025.

g. 9.10% 15,000/- NCDs of ₹ 1,00,000/- each at ₹ 1,02,549.24/-amounting to ₹ 1,53,82,38,600/- on 6th March 2026.

h. 9.10% 10,000/- NCDs of ₹ 1,00,000/- each amounting to ₹ 100/- crore, on 6th March 2026.

i. 8.09% 9,790/- NCDs of ₹ 1,00,000/- each amounting to ₹ 97.90/- crore, on 16th March 2026.

(ii) The Company has raised funds through issue of commercial papers during the year under review to maintain the capital adequacy requirements.

(iii) The company has redeemed the NCDs issued on Private Placement during the period under review.

(iv) A Postal Ballot during the year under review and has complied with the provisions relating to passing of the business through postal ballots in compliance with the provisions of section 110 of the Act and the rules made thereunder;

(v) The Company has secured approval of the Securities & Exchange Board of India (SEBI) consequent to Draft Red Herring Prospectus (DRHP) for making Public Issue of equity shares during the year under review.

(vi) The Company has filed addendum dated November 17, 2025 to the draft red herring prospectus dated July 31, 2024 for making Public Issue of equity shares during the year under review.

(vii) The Company has issued and allotted 22,14,277/- Equity Shares of ₹ 10/- each at a premium of ₹ 1,390/- per Equity Share through preferential issue as pre-IPO allotment during the year under review.

(viii) There have changes in the senior management team during the year under review as follows:

a. Mr. Anurag Agarwal resigned as Head-Internal Audit during the year under review and Mr. Jatin Bajaj has been appointed in his place as Head-Internal Audit.

b. Ms. Srishti Sethi, resigned as Chief Risk Officer and Mr. Amit Jain has been appointed as Interim Chief Risk Officer during the year under review.

c. Ms. Priya Kashyap being the Chief of Staff and Chief Human Potential Officer has been additionally appointed as Chief Operating Officer of the Company during the year under review.

d. Mr. Sajin Purushothaman Mangalathu being CFO, the chief information officer and the Head – operations has been additionally appointed as Chief Operating Officer of the Company during the year under review.

e. Mr. Subhransu Mandal has been re-appointed as Chief Compliance Officer during the year under review.

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

For SGS ASSOCIATES LLP
Firm Regn No. L2021DE011600
Company Secretaries

CS D.P. Gupta
M. N. FCS 2411 C P No. 1509
ICSI PR No. 7547 of 2025
UDIN: F002411H000207440

Place: New Delhi
Date: 28th April 2026

Note: This report is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of the Report.

Annexure – A

ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE (UNQUALIFIED)

To
The Members
Hero FinCorp Limited
CIN U74899DL1991PLC046774
34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi - 110057

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of the laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test check basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For SGS ASSOCIATES LLP
Firm Regn No. L2021DE011600
Company Secretaries

CS D.P. Gupta
M. N. FCS 2411 C P No. 1509
ICSI PR No. 7547 of 2025
UDIN: F002411H000207440

Place: New Delhi
Date: 28th April 2026

Annexure – G

Policy on Materiality of Related Party Transaction & on Dealing with Related Party Transaction

1. INTRODUCTION

Hero FinCorp Ltd. (hereinafter referred to as HFCL or the Company) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23/62K of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (" SEBI (LODR) Regulations, 2015") as amended from time to time and Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) Directions, 2025 as amended from time to time, HFCL has adopted a policy on materiality of related party transactions and dealing with related party transactions.

This Policy is formulated to regulate transactions between the Company and its Related Parties based on the applicable laws, rules and regulations, as amended from time to time and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company ("Board") based on the recommendations of the Audit Committee.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the basis of identifying related parties of the Company as well as related party transactions, (b) the materiality thresholds for related party transactions and (c) the manner of entering into transactions between the Company and its related parties based on the Act read with the SEBI (LODR) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

These definitions shall be read in conjunction with the definitions provided under the SEBI (LODR) Regulations, 2015, and the Act. In the event of any conflict or inconsistency, the definitions under the said Regulations and the Act shall prevail.

i. "Act" means the Companies Act, 2013 as amended time to time.

ii. **"Associate Company"** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

iii. **"Audit Committee"** shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI (LODR) Regulations, 2015.

iv. **"Arm's length transaction"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

v. **"Board"** means the Board of Directors of Hero FinCorp Limited

vi. **"Company"** means Hero FinCorp Limited.

vii. **"Designated Securities** means specified securities, non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares, compulsorily convertible preference shares, indian depository receipts, securitised debt instruments, security receipts, units issued by mutual funds, Zero Coupon Zero Principal Instruments and any other securities as may be specified by the Board.

viii. **"Director"** means a person as defined in Section 2(34) of the Act.

ix. **"High Value Debt Listed Entity"** ('HVDLE') is defined as a Listed Entity that had listed its non-convertible debt securities on a recognized stock exchange and had an outstanding value of ₹ 5000 crore or more and does not have any listed specified securities.

x. **"Key Managerial Personnel"** shall be as defined in Section 2(51) of the Act.

xi. **"Listed Entity"** means an entity which has listed, on a recognized stock exchange(s), the designated securities issued by it or designated securities issued under schemes managed by it, in accordance with the listing agreement entered into between the entity and the recognized stock exchange(s).

xii. **"Material modifications"** means any modification to a related party transaction that results in a significant change in the nature, scope, purpose, or value of the transaction as originally approved by the Audit Committee or Shareholders. A modification shall be deemed material if the change in transaction value exceeds 10% or more of the originally approved amount, or if it otherwise alters the terms and conditions in a manner that changes the overall character of the transaction.

xiii. **"Material Related Party Transaction"**

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹ 20,000 crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹ 20,000 crore to upto ₹ 40,000 crore	₹ 2,000 crore + 5% of theannual consolidated turnover of the listed entity above ₹ 20,000 crore
(III) More than ₹ 40,000 crore	₹ 3,000 crore + 2.5% of the annual consolidated turnover of the listed entity above ₹ 40,000 crore or ₹ 5000 crores, whichever is lower

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

Notwithstanding the above, a transaction involving payments made to related party with respect to brand usage or royalty shall be considered material, if the transactions to be entered into individually or taken together with the previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

xiv. **"Material Subsidiary"** means a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

xv. **"Ordinary course of business"** includes, but is not limited to, activities that are necessary, normal, and incidental to the business of the company. These are common practices and customs of commercial transactions. In law, it covers the usual transactions, customs, and practices of a certain business or firm. Indicative factors for determining whether a transaction is in the ordinary course of business include:

a) It is normal or otherwise customary for the company's particular business (i.e., features in your system, processes, advertising, staff training, etc.).

b) It is frequent and regular.

c) It involves significant amounts of money.

d) It is a source of income for the business.

e) It involves significant allocation of resources.

f) It is involved in a service or product that is offered to customers.

g) It is consistent with the objects and activities permitted under the Memorandum of Association (MOA) and Articles of Association (AOA) of the company

xvi. **"Promoter"** means the person/entity as defined in regulation 2(1)(oo) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or a person as defined in section 2(69) of the Act.

xvii. **"Promoter Group"** means the person/entity as defined in regulation 2(1)(pp) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

xviii. **"Relative"** with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder and Regulation 2(1)(zd) of SEBI (LODR) Regulations, 2015.

xix. **"Related Party"** means a related party as defined under sub-section (76) of section 2 of the Act, or under the applicable accounting standards/Indian Accounting Standards or under Regulation 2(1)(zb) of SEBI (LODR) Regulations, 2015 as amended from time to time.

xx. **"Related Party Transaction"** shall be as per Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015. Accordingly, a related party transaction is a transaction involving transfer of resources, services, or obligations between:

i. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

ii. a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, regardless of whether a price is charged.

A "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract. Provided that the following shall not be a related party transaction:

a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

c) acceptance of fixed deposits by banks/ Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

e) retail purchases from any listed entity or its subsidiary by its directors of Key Managerial Personnel of the listed entity or its subsidiary, and relatives of such director or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees, directors, Key Managerial Personnel and relatives of directors or key managerial personnel.

Section 188 of the Companies Act, 2013 encompasses all contracts or arrangements with a Related Party with respect to:

a. sale, purchase or supply of any goods or materials;

b. selling or otherwise disposing of, or buying, property of any kind;

c. leasing of property of any kind;

d. availing or rendering of any services;

e. appointment of any agent for purchase or sale of goods, materials, services or property;

f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

g. underwriting the subscription of any securities or derivatives thereof, of the company

xxi. "SEBI (LODR) Regulations, 2015" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amended from time to time.

xxii. Subsidiary Company" means subsidiary company as defined in Section 2(87) of the Act. Accordingly, "subsidiary company" or "subsidiary", in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or

(ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules framed there under and SEBI (LODR) Regulations, 2015, as amended from time to time.

4. APPLICABILITY

This policy shall be applicable on all related party transactions entered into by and between Hero FinCorp Limited and its related parties.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee. Further, members of the audit committee who are Independent Director shall approve related party transaction and member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of such transaction.

Framework for RPT approval is given below:

5.1 Audit Committee approval:

a) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity in accordance with regulation 23/62K of SEBI (LODR) Regulations, 2015, provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

b) a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:

(i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or

(ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI (LODR) Regulations, 2015.

c) In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

(i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or

(ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI (LODR) Regulations, 2015:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: — For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in clause (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

e) remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of SEBI (LODR) Regulations, 2015.

5.1.1 Details to be provided to Audit Committee

The following details/information shall be provided to the Audit Committee for entering into Related Party Transaction(s):

a) Type, material terms and particulars of the proposed transaction.

b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise).

c) Tenure of the proposed transaction (particular tenure shall be specified).

d) Value of the proposed transaction.

e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided).

f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:

   a. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

   b. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.

g) Justification as to why the RPT is in the interest of the listed entity.

h) A copy of the valuation or other external party report, if any such report has been relied upon.

i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis.

j) Any other information that may be relevant

The Audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Further, if a transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten crore, whichever is lower, the listed entity shall provide 'Minimum information to the Audit Committee for approval of Related Party Transactions' as specified in Circular No.: SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/135 dated October 13, 2025.

Further, the Company is also required to comply with Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions.#

The above requirements, shall not be applicable to transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed ₹ 1 crore.

#Applicable after the listed of equity shares on the recognized stock exchange.

5.1.2 Omnibus Approval

Audit Committee may grant the omnibus approval for Related Party Transactions to be entered into by the listed entity subject to the following conditions:

1) Transactions are frequent/regular/ repetitive in nature and are in the normal course of business of the Company.

2) Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.

3) Omnibus approval shall specify:

   i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that can be entered into,

   ii. the indicative base price/current contracted price and the formula for variation in the price, if any, and

   iii. such other conditions as the Audit Committee may deem fit.

   Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ One crore per transaction.

4) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the listed entity or its subsidiary pursuant to each of the omnibus approval given.

5) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year from the date of approval.

6) The Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

5.1.3 Consideration by the Audit Committee

While approving, the Audit Committee may, inter-alia, consider the following factors:

a) all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party.

b) whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis, at the time of entering into the transaction.

c) business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.

d) whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or KMP of the Company.

e) any other matter the Audit Committee deems relevant.

5.2 Approval of the Board and Shareholders-Mechanism

5.2.1 Under the Companies Act, 2013

In case of specified Related Party Transaction(s) as per section 188(1) of the Act read with applicable Rules under the Act as amended and as mentioned in the table below, prior approval of Board and/or Shareholders is required as per the following:

a. Prior approval of the Board at a meeting – Transactions which are not in ordinary course of business or not on arm's length basis.

b. Prior approval of the Shareholders, by way of resolution – Transactions which are not in ordinary course of business or not on arm's length basis and beyond the following threshold limits:

S.No.	Specified RPT(s) u/s 188(1) of the Act	Threshold limits forapproval of Shareholders
a)	sale, purchase or supply of any goods or materials, directly or through appointment of agent,	amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188.
b)	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188.
c)	leasing of property of any kind	amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188.
d)	availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.
e)	Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	at a monthly remuneration exceeding two and a half lakh rupees.
f)	remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	exceeding one percent of the net worth.

Explanation(s):

- Limits specified in sub-clauses a) to d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- Turnover or net worth shall be computed on the basis of the audited financial statement of the preceding financial year.

5.2.2 Under SEBI (LODR) Regulations, 2015

All material related party transactions and subsequent material modifications as defined in this policy shall require prior approval of the shareholders through resolution. No related party shall vote to approve such resolutions irrespective of whether the entity is a related party to a particular transaction or not.

All material related party transactions and subsequent material modifications shall require prior No-Objection Certificate from the Debenture Trustee and the Debenture Trustee shall in turn obtain No-Objection from the debenture holders who are not related with the Issuer and hold at least more than fifty percent of the debentures in value, on the basis of voting including e-voting, in the manner specified by the Board. After obtaining approval of the debenture holders, approval of the shareholders through resolution shall be obtained.

Explanation (1): — If the No-Objection Certificate has been withheld, the matter shall not be taken forward for shareholders' consideration.

Explanation (2): — This No-Objection Certificate from Debenture Trustee and debenture holders shall be obtained in respect of listed debt securities issued on or after April 01, 2025:

Provided that in case of outstanding listed debt securities as on March 31, 2025, No-Objection Certificate from Debenture Trustee and debenture holders shall not be required for existing or prospective material related party transactions.

Provided further that prior approval of shareholders and No- objection certificate from Debenture Trustee as mentioned above shall not required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23/62K of SEBI (LODR) Regulations, 2015 complied by listed subsidiary.

Explanation (3): — For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the shareholders and No-objection Letter from Debenture Trustee of the listed subsidiary shall be obtained:

Provided that the requirement under this point shall not apply in respect of resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of resolution plan being approved.

5.2.3 Details to be provided to the Board and Shareholders

The information provided to the Audit Committee in 5.1.1 above shall also be provided to the Board for approval of Related Party Transaction(s).

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Act, include the following information as a part of the explanatory statement:

- Name of the related party;
- Name of the Director or KMP who is related, if any;
- Nature of relationship;
- Nature, duration, material terms, monetary value and particulars of the contract or arrangement
- A summary of the information provided by the management of the listed entity to the audit committee as specified in point 5.1.1 above.
- Justification for why the proposed transaction is in the interest of the listed entity.
- Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under para 5.1.1 (f) above.
- A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis.
- Any other information relevant or important for the members to take a decision on the proposed resolution.

Further, if a transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten crore, whichever is lower, the listed entity shall provide 'Minimum information to the Shareholders for approval of Related Party Transactions' as specified in Circular No.: SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/135 dated October 13, 2025.

The above requirements, shall not be applicable to transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed ₹ 1 crore.

5.3 Summary of the approval mechanism under SEBI (LODR) Regulations, 2015 and the Act:

S.No.	Details of Transaction(s)	Approving Authority
1	All Related Party Transactions and any subsequent modification	Audit Committee
2	RPTs at 5.2.1 above which are not in ordinary course of business or not on arm's length basis or both (less than threshold limits)	Approval and recommendation by Audit Committee to the Board and Approval by the Board.
3	RPTs at 5.2.1 above which are not in ordinary course of business or not on arm's length basis or both (beyond threshold limits)	Approval and recommendation by Audit Committee to the Board; Approval and recommendation by the Board to Shareholders and No-Objection Certificate from the Debenture Trustee and Approval of the Shareholders, by way of resolution
4	Material RPTs at 5.2.2 above	

6. RATIFICATION OF RPTS

Subject to the provisions of the Act and SEBI (LODR) Regulations, 2015, in the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be referred to the Audit Committee.

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed ₹ 1 crore;

ii. the transaction is not material in terms of the provisions of SEBI (LODR) Regulations, 2015 and the Act;

iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of regulation 23(9) of SEBI (LODR) Regulations, 2015;

v. any other condition as specified by the Audit Committee:

Any failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other Director, the Director(s) concerned shall indemnify the listed entity against any loss incurred by it.

7. EXEMPTIONS UNDER THE ACT AND SEBI (LODR) REGULATIONS, 2015

The requirement of passing the resolution by the shareholders as per the Act and requirement of approval of the Audit Committee and the shareholders shall not be applicable to:

a. transactions entered into between two public sector companies.

b. transactions entered between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

c. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

d. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

e. transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

8. DISCLOSURE

a) Every contract or arrangement entered with Related Parties with the approval of Board/ Shareholders in line with Section 188 of the Act shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.

b) Details of all Material Related Party Transactions shall be disclosed quarterly alongwith the compliance report on corporate governance to be submitted to stock exchanges.

c) The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

d) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large in the Corporate Governance Report.

e) Disclosures in the financial statements as required under Ind AS 24.

f) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party as required under the Companies Act, 2013.

g) The Company shall submit such disclosures along with its standalone financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for financial results to the stock exchanges and publish the same on its website.

9. REVIEW OF THE POLICY

Such policy shall be reviewed by the Audit Committee annually and updated accordingly, subject to approval of Board of Directors.

10. DISCLAIMER

In case of any discrepancy between the above Policy, the Act and SEBI (LODR) Regulations, 2015 or any rule or regulations made there under or under any other applicable statutory enactment of law, the enacted law/rule/regulation/provision shall prevail over the above Policy. Any subsequent amendment/modification in the SEBI (LODR) Regulations, 2015, Act and/or applicable law in this regard shall automatically apply to this Policy.

Annexure – H

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:

Name of Directors/Key Managerial Personnel ("KMP") and Designation	Remuneration of Director/KMP for FY 2025-26 (₹ crore)	Percentage (%) increase in Remuneration in FY 2025-26	Ratio of the remuneration to the median employee's remuneration
Executive Directors			
Mrs. Renu Munjal	7.92	(21.97)	79.76
Mr. Abhimanyu Munjal –Managing Director & CEO	22.4	(22.44)	225.58
Non-Executive Directors^			
Dr. Pawan Munjal	0.10	(16.67)	1.01
Mr. Sanjay Kukreja	-	-	-
Mr. Pradeep Dinodia	1.15	(12.88)	11.58
Non-Executive and Independent Directors^			
Mr. Amar Raj Singh Bindra	0.92	15	9.26
Mr. Paramdeep Singh	1.01	21.69	10.17
Ms. Anuranjita Kumar	0.59	321.43	5.94
Mr. Kaushik Dutta	0.72	554.55	7.25
Ms. Aparna Popat Ved	0.45	650.00	4.53
Employees & KMP			
Mr. Sajin Purushothaman Mangalathu– Chief Financial Officer^^	5.95	53.35	59.92
Mr. Shivendra Suman - Company Secretary ^^	2.0	30.71	20.14

^Includes sitting fees and commission

^^Includes LTIP payout

2. Independent Directors are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. Remuneration details for Independent Directors in the above table, is comprised of sitting fees and commission.

3. Mr. Sanjay Kukreja, Non-Executive Director, did not receive any sitting fees or any other remuneration.

4. The median remuneration of employees of the Company during the FY was ₹ **9.93** lakhs.

5. Median salary of employees in current year has increased by **11.6%** in comparison to the previous year.

6. The number of permanent employees on the rolls of Company as on March 31, 2026, was **3511** (previous year 3400).

7. Average percentage increase made in the salary of employees other than the managerial personnel in last FY i.e. 2024-25 was **7.26%**

8. It is hereby affirmed that remuneration to Key Managerial Personnel and Employees of the Company is in line with the Remuneration Policy of the Company

Independent Auditor's Report

To The Members of Hero FinCorp Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Hero FinCorp Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2026 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, its loss and other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1.	**Assessment of impairment loss allowance basis expected credit losses (ECL) on Loans** **(Refer Notes 8, 30 and 43.2 of the standalone financial statements)** The loan balances aggregating to ₹ 49,396.88 crores and the associated impairment allowances aggregating to ₹ 1,706.81 crores as at March 31, 2026 are significant to the standalone financial statements and involve exercise of judgement by the management of the Company around the determination of the impairment allowance in line with the Expected Credit Loss ('ECL') model specified under Ind AS 109 'Financial Instruments'. Impairment allowances under the ECL model include management's estimate of the expected losses within the loan portfolios at the balance sheet date and involves judgement in two main variables, viz. 'Probability of Default' and 'Loss given Default' as specified under Ind AS 109.	The audit procedures performed by us to assess appropriateness of the impairment allowance under ECL on loans included the following: • We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over: i) the assumptions used in the calculation of ECL and its various aspects such as determination of Probability of Default, Loss Given Default, Exposure at Default, Staging of Loans, etc. ii) the completeness and accuracy of source data used by the management in the ECL computation; and iii) Computation of ECL • We verified the appropriateness of the methodology and models used by the Company and reasonableness of the assumptions used within the computation process to derive the impairment allowance in line with the Board approved ECL policy;

Sr. No.	Key Audit Matters	Auditor's Response
	Quantitative factors like days past due, behaviour of the portfolio, historical losses incurred on defaults and macro-economic data points and qualitative factors like nature of the underlying loan, deterioration in credit quality, reduction in the value of security, correlation of macro-economic variables to determine expected losses, uncertainty over realisability of security, judgement in relation to management overlays and related Reserve Bank of India (RBI) guidelines, to the extent applicable, etc. have been taken into account in the ECL computation. In view of significant management judgement and estimates, and the complexity of the ECL model, we determined this to be a key audit matter.	• We verified on a test check basis the completeness and accuracy of the source data used; • We recomputed the impairment allowance for a sample of loans across the portfolio, to check arithmetical accuracy and compliance with the requirements of Ind AS 109 in the ECL computation; • We evaluated the reasonableness of the judgement involved in management overlays forming part of the impairment allowance, and the related approval; and • We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements of the Company.
2.	**Information technology and general controls:** The Company is dependent on its information technology ('IT') systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environment. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting has been considered to be a key audit matter.	With the assistance of our IT specialists, we obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: • We tested the design, implementation, and operating effectiveness of the Company's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Company's controls over segregation of duties and access rights being provisioned/ modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit. • We also tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to standalone financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the standalone financial statements.
3.	**Valuation of Financial Instruments (Level 3) issued by the Company** **Refer Notes 18, 29 and 42 to the standalone financial statements** The Company has issued financial instruments which are measured at fair value in accordance with the fair value hierarchy as specified in Ind AS 113 'Fair Value Measurement' and the corresponding fair value change is recognised in the Statement of Profit and Loss. These financial instruments are categorised as Level 3 in the fair value hierarchy, as their valuation is based on inputs which are not observable either directly or indirectly. As at March 31, 2026, the Company reported fair value of CCPS for ₹ 3,361.57 crores and corresponding net loss on fair value change of ₹ 537.21 crores for the year then ended.	The audit procedures performed by us with respect to this matter included the following: • We understood and evaluated the design and tested the operating effectiveness of the controls in relation to the valuation of financial instruments categorised as Level 3 in the fair valuation hierarchy. • We read the terms of agreement to identify conditions that were relevant to the classification and valuation of financial instruments. • We obtained and read the valuation report of the management's experts used by the Company to determine fair value, and assessed their competency, capability and objectivity.
	The valuation of these financial instruments involves judgement around the determination of the fair value in line with the requirements of the Ind AS 109 "Financial Instruments" and Ind AS 113. The management has engaged valuation experts (management's experts) for determination of fair values, which involves selection of appropriate valuation methodology, and use of assumptions in relation to inputs to the valuation model. In view of the complexity of the valuation methodology and inherent subjectivity in the valuation of Level 3 instruments, this has been considered as a key audit matter.	• With the involvement of the internal experts, we reviewed the reasonableness of the valuation methodology and key assumptions used by the management's experts in determining the fair valuation. Further, we tested the arithmetical accuracy of the underlying model used in determination of fair value. • We evaluated the appropriateness and adequacy of disclosures made by the Management in relation to financial instruments in the standalone financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information, identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and 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 intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements 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 standalone financial statements.

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 standalone financial statements, 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 financial controls 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 on whether the Company has adequate internal financial controls with reference to standalone 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 made by the management.

- Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. 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 standalone financial statements 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 financial controls 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for not keeping backup on a daily basis of such books of account maintained in electronic mode in a server physically located in India for one accounting software for maintaining loan records (refer Note 50 to the standalone financial statements) and in relation to compliance with the requirements of audit trail, refer paragraph (i)(vi) below.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.

    f) The modifications relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.

    g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended , in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with provisions of section 197 of the Act except for incentive/ commission payable to its directors including Non-Executive Directors as referred in note 39.1 of the financial statements, for the year ended March 31, 2026, is subject to the approval by the shareholders in ensuing Annual General Meeting through special resolution.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

   iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 49(vii) to the standalone financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 49(viii) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

   Further, the Company has not proposed final dividend for the year.

   vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended March 31, 2026 (refer note 50 of the standalone financial statements):

      a. In respect of two accounting software, one for accounting records and other for loan records, the software has a feature of recording an audit trail (edit log), and the same has operated throughout the year for all relevant transactions recorded in the software. During the course of our audit, we did not come across any instance of the audit trail feature being tampered with.

Further, the audit trail has been preserved by the Company in accordance with the statutory requirements for record retention.

b. In respect of three accounting software used for maintaining loan records, the software have a feature of recording an audit trail (edit log) and the audit trail operated throughout the year for all relevant transactions recorded in the software, except that the audit trail feature was not enabled at the database level to log any direct data changes which was enabled on January 15, 2026. During the period April 1, 2025 to January 14, 2026, the audit trail feature at the database level was enabled through a privilege access management (PAM) tool, which logs direct data changes except for the details of changes made and not retaining the log throughout the year. Accordingly, we are unable to comment whether audit trail was enabled for database during the period April 1, 2025 to January 14, 2026, or there were any instances of the audit trail feature being tampered during the said period.

Further, we did not come across any instance of the audit trail feature being tampered with during the course of our audit, where audit trail feature was enabled and operating.

As the audit trail feature was not enabled at the database level for the year ended March 31, 2025 for these software, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, with respect to preservation of audit trail as per statutory record-retention requirements, is not applicable.

c. In respect of one accounting software operated by a third-party software service provider for maintaining loan records, in the absence of an independent auditor’s System and Organization Controls (SOC) report covering audit trail requirements, we are unable to comment as to whether the audit trail feature for the said software was enabled and operated throughout the year for all relevant transactions recorded in the software, or whether there were any instance of the audit trail feature being tampered with.

Further, in the absence of an independent auditor’s SOC report covering audit trail preservation requirements, we are unable to comment on whether the audit trail has been preserved in accordance with statutory requirements for record retention.

d. In respect of one accounting software operated by a third party software service provider for maintaining loan records, based on an independent auditor’s System and Organization Controls (SOC) report covering audit trail requirements, the accounting software has a feature of recording an audit trail (edit log) and the same has operated throughout the year. No instance of the audit trail feature being tampered with was reported in the said independent auditor’s report for the aforesaid period.

Further, the audit trail that was enabled and operated for the year ended March 31, 2025, has been preserved by the Company as per the statutory requirements for record retention.

e. In respect of two accounting software operated by a third-party software service provider for maintaining payroll records, based on an independent auditor’s System and Organization Controls (SOC) report covering audit trail requirements, these software have a feature of recording audit trail (edit log) facility and the same has operated throughout the year. No instance of audit trail feature being tampered with has been reported in such independent auditor's report for the aforesaid period.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2025, has been preserved by the Company as per the statutory requirements for record retention.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(FRN. 117366W/W-100018)

Mukesh Jain
Partner
Membership No. 108262
UDIN: 26108262ZDYPML6561
Place: Gurugram
Date: April 28, 2026

For M M NISSIM & CO LLP
Chartered Accountants
(FRN. 107122W/W100672)

Navin Kumar Jain
Partner
Membership No. 090847
UDIN: 26090847GRRAUC8894
Place: Gurugram
Date: April 28, 2026

Annexure "A" to the Independent Auditor's Report

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

We have audited the internal financial controls with reference to standalone financial statements of Hero FinCorp Limited (the "Company") as at March 31, 2026 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2026, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(FRN. 117366W/W-100018)

Mukesh Jain
Partner
Membership No. 108262
UDIN: 26108262ZDYPML6561
Place: Gurugram
Date: April 28, 2026

For M M NISSIM & CO LLP
Chartered Accountants
(FRN. 107122W/W100672)

Navin Kumar Jain
Partner
Membership No. 090847
UDIN: 26090847GRRAUC8894
Place: Gurugram
Date: April 28, 2026

Annexure "B" to the Independent Auditor's Report

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that-

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of property, plant and equipment so to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some property, plant and equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on our examination of the copy of conveyance deed provided to us, duly certified by the Joint Sub Registrar, we report that the title deeds for the immovable property (other than immovable properties where the Company is the lessee, and the lease agreements are duly executed in favour of the Company) disclosed in the financial statement in property, plant and equipment is held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(e) According to information and explanations given by the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of loan receivables. In our opinion and according to the information and explanations given to us, the quarterly returns or statements filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed. During the year, the Company has no working capital limits sanctioned by the financial institutions.

(iii) The Company has not provided any guarantee or security, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. The Company has made investments and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

(a) The Company's principal business is to give loans or advances in the nature of loans, and hence reporting under clause 3(iii)(a) of the Order is not applicable.

(b) The investments made, and the terms and conditions of the grant of all the above-mentioned loans or advances in the nature of loans, during the year are, in our opinion, not prejudicial to the Company's interest.

(c) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that in respect of loans or advances in the nature of loans (referred to as 'loan assets'), the schedule of repayment of principal and payment of interest has been stipulated. Note No. 3(b) to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, certain loan assets as at March 31, 2026, were categorised as 'Stage 3' - credit impaired and 'Stage 2' - where the credit risk has increased significantly since initial recognition, the

Company has recognised necessary provisions in accordance with the aforesaid accounting policy. Disclosures in respect of such loan assets have been provided in Note No. 43.2.3 to the financial statements. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) In respect of the loan assets, the total amount overdue for more than ninety days as at March 31, 2026 is ₹ 843.54 crores. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 43.2.3 in the standalone financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2026.

(e) The Company's principal business is to give loans, and hence reporting under clause 3(iii)(e) of the Order is not applicable.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

(iv) In our opinion, the Company has complied with the provisions of section 185 and sub-section (1) of section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of granting loan and hence not commented upon.

(v) According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Further, the Company being Non-Banking Finance Company registered with RBI, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable and no order has been passed by the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services tax, Provident Fund, Income-tax, Sales Tax, cess and other material statutory dues as applicable to the Company, have been regularly deposited by it with the appropriate authorities. We have been informed that the provisions of the Employees' State Insurance Act, 1948, Service Tax, duty of Customs, duty of Excise, Value added tax are not applicable to the Company.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident fund, Income-tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value added tax, cess and other material statutory dues in arrears as at March 31, 2026 for a period of more than six months from the date they became payable.

(b) Details of dues of Value added tax, Income-tax and Goods and Services Tax which have not been deposited as on March 31, 2026, on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount unpaid (₹ in crores)*	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	3.38	2016-17	Commissioner of Income Tax (Appeals)	Amount paid under protest is ₹ 3.38 crore
Income Tax Act, 1961	Income Tax	78.11	2017-18	Income Tax Appellate Tribunal	Amount paid under protest is ₹ 14.75 crore
Income Tax Act, 1961	Income Tax	1.68	2022-23	Commissioner of Income Tax	Amount paid under protest is ₹ 1.68 crore
Income Tax Act, 1961	Income Tax	56.85	2023-24	Commissioner of Income Tax	
Goods and Services Tax, 2017	Goods and Services Tax	16.08	2017-18 to 2022-23	Goods and Services Tax Appellate Tribunal	
Goods and Services Tax, 2017	Goods and Services Tax	0.00^	2018-19	First Appellate Authority	

* Includes interest and penalty as per demand orders.

^Rounding off norms.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) As per information provided to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

(d) On an overall examination of the financial statements of the Company, funds raised on short- term basis have, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary company.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application. The Company has not made any preferential allotment or private placement of (fully or partially or optionally) convertible debentures during the year.

(xi) (a) There have been instances of fraud on the Company by its customers amounting to ₹ 5.96 crores (out of which frauds amounting to ₹ 1.54 crores have been concluded subsequent to year end) as referred in Note 46.24 to the standalone financial statements. No fraud by the Company has been noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year and provided to us, when performing our audit.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties subject to the approval of the managerial remuneration (commission/incentives) payable (as referred in note 39.1 of the financial statements) by the shareholders in the ensuing Annual General Meeting.

In our opinion and according to the information and explanation given to us, the Company has disclosed the details of related party transactions in the financial statements as required by the applicable accounting standards. Refer Note 39 of the financial statements.

(xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide certificate of Registration No.14.00266.

(b) During the year, the Company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company (CIC) as part of the group as detailed in note 39 to the standalone financial statements.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, (Asset Liability Maturity (ALM) pattern) other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

(b) As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(FRN. 117366W/W-100018)

Mukesh Jain
Partner
Membership No. 108262
UDIN: 26108262ZDYPML6561
Place: Gurugram
Date: April 28, 2026

For M M NISSIM & CO LLP
Chartered Accountants
(FRN. 107122W/W100672)

Navin Kumar Jain
Partner
Membership No. 090847
UDIN: 26090847GRRAUC8894
Place: Gurugram
Date: April 28, 2026

Standalone Balance Sheet

as at March 31, 2026

(₹ in crore)

Particulars	Note	As at March 31, 2026	As at March 31, 2025
Assets			
Financial assets			
Cash and cash equivalents	4	370.12	1,963.49
Bank balance other than cash and cash equivalents	5	61.52	52.01
Derivative financial instruments	6	570.63	114.64
Trade receivables	7	36.95	27.40
Loans	8	47,690.07	47,731.26
Investments	9	3,791.91	2,933.62
Other financial assets	10	259.41	259.20
Non-financial assets			
Current tax assets (net)	11	222.63	161.43
Deferred tax assets (net)	12	347.22	463.53
Property, plant and equipment	13	136.75	148.77
Capital work in progress	13.1	-	1.55
Right-of-use assets	13.2	81.30	90.20
Intangible assets under development	13.3	16.64	15.53
Other intangible assets	13.4	68.36	52.06
Other non-financial assets	14	176.35	108.53
Total assets		**53,829.86**	**54,123.22**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables	15		
- Total outstanding dues of micro enterprises and small enterprises; and		0.18	3.58
- Total outstanding dues of creditors other than micro enterprises and small enterprises		541.35	507.72
Debt securities	16	4,940.69	6,286.92
Borrowings (other than debt securities)	17	35,702.27	36,018.40
Subordinated liabilities	18	6,047.35	4,920.71
Lease liabilities	19	91.45	100.60
Other financial liabilities	20	567.00	420.69
Non-financial liabilities			
Current tax liabilities (net)	21	-	10.05
Provisions	22	92.24	65.82
Other non-financial liabilities	23	72.19	76.33
Total liabilities		**48,054.72**	**48,410.82**
Equity			
Equity share capital	24	129.63	127.41
Other equity	25	5,645.51	5,584.99
Total equity		**5,775.14**	**5,712.40**
Total liabilities and equity		**53,829.86**	**54,123.22**
Material accounting policies	**3**		
Notes to the standalone financial statements	**1 to 52**		

The notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Balance Sheet referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number:
117366W/W-100018

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number:
107122W/W100672

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Mukesh Jain
Partner
Membership Number: 108262
Place: Gurugram
Date: April 28, 2026

Navin Kumar Jain
Partner
Membership Number: 090847
Place: Gurugram
Date: April 28, 2026

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Standalone Statement of Profit and Loss

for the year ended March 31, 2026

(₹ in crore)

Particulars	Note	For the year ended March 31, 2026	For the year ended March 31, 2025
Income			
Revenue from operations	26		
Interest income		7,505.40	7,930.28
Dividend income		0.02	0.02
Profit on sale of investments		88.65	42.95
Insurance commission		195.41	185.53
Gain on derecognition of financial instruments under amortised cost category		149.96	82.46
Others charges		800.71	868.81
Total revenue from operations		**8,740.15**	**9,110.05**
Other income	27	11.41	42.80
Total income		**8,751.56**	**9,152.85**
Expenses			
Finance costs	28	3,308.11	3,400.75
Net loss on fair value changes	29	544.38	309.85
Impairment on financial instruments	30	2,493.49	2,865.55
Employee benefits expenses	31	676.70	604.41
Depreciation and amortization	13	81.32	77.32
Other expenses	32	1,840.09	1,696.60
Total expenses		**8,944.09**	**8,954.48**
Profit/(loss) before exceptional items and tax		**(192.53)**	**198.37**
Exceptional items	33	**21.42**	**-**
Profit/(loss) before tax		**(213.95)**	**198.37**
Tax expense:	12		
(i) Current tax		0.94	226.45
(ii) Deferred tax charge/(credit)		91.67	(85.92)
Total tax expense		**92.61**	**140.53**
Profit/(loss) after tax		**(306.56)**	**57.84**
Other comprehensive income/(loss)			
a) Items that will not be reclassified to profit or loss:-			
Remeasurement gains on defined benefit plans	35	0.03	5.61
Income tax relating to items that will not be reclassified to profit or loss	12	(0.01)	(1.41)
Sub-total (a)		**0.02**	**4.20**
b) Items that may be reclassified to profit or loss:-			
Cash flow hedge reserve		97.87	(39.76)
Income tax relating to items that may be reclassified to profit or loss	12	(24.63)	10.01
Sub-total (b)		**73.24**	**(29.75)**
Other comprehensive income/(loss) for the year, net of tax		**73.26**	**(25.55)**
Total comprehensive income/(loss) for the year, net of tax		**(233.30)**	**32.29**
Earnings per equity share	34		
Basic (in ₹)		(23.73)	4.54
Diluted (in ₹)		(23.73)	4.53
Material accounting policies	**3**		
Notes to the standalone financial statements	**1 to 52**		

The notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Statement of Profit and Loss referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number:
117366W/W-100018

For M M Nissim & Co LLP
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Date: April 28, 2026

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Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Standalone Statement of Cash Flows

for the year ended March 31, 2026

(₹ in crore)

	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A.	**Cash flow from operating activities**		
	Profit/(loss) before tax	**(213.95)**	**198.37**
	Adjustments for:		
	Interest income	(7,505.40)	(7,930.28)
	Interest on income tax refund	(2.93)	(5.36)
	Finance costs	3,308.11	3,400.75
	Depreciation and amortization	81.32	77.32
	Impairment on financial instruments	2,493.49	2,865.56
	Dividend income from investments	(0.02)	(0.02)
	Employee share based payment expense	14.63	27.52
	Net loss on sale of property, plant and equipment	1.82	1.17
	Net gain on modification of lease	(0.04)	(3.75)
	Gain on derecognition of financial instruments under amortised cost category	(149.96)	(82.46)
	Net loss on fair value changes	544.38	309.85
	Profit on sale of investments	(88.65)	(42.95)
	Cash inflow from interest on loans	7,316.44	7,636.75
	Cash inflow from interest on fixed deposits	21.58	12.31
	Cash outflow towards finance costs	(3,151.22)	(3,472.36)
	Operating profit before working capital changes	**2,669.60**	**2,992.42**
	Working capital adjustments		
	Increase in trade receivables	(7.84)	(17.33)
	Increase in loans	(2,333.65)	(5,475.32)
	Increase in bank balance other than cash and cash equivalents	(10.81)	(6.71)
	(Increase)/decrease in other financial assets	74.38	(54.36)
	Increase in other non financial assets	(65.57)	(46.17)
	Increase in other financial liabilities	145.48	19.63
	Increase in trade payables	30.23	101.12
	Increase/(decrease) in other non financial liabilities	(4.14)	7.32
	Increase in provisions	26.45	10.04
	Net cash generated from/(used in) operating activities before income tax	**524.13**	**(2,469.36)**
	Income tax paid (net of refund)	(69.25)	(259.70)
	Net cash generated from/(used in) from operating activities (A)	**454.88**	**(2,729.06)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and capital work-in-progress	(32.28)	(39.10)
	Purchase of other intangible assets and intangible assets under development	(31.69)	(64.86)
	Proceeds from sale of property, plant and equipment	3.91	3.26
	Dividend received	0.02	0.02
	Interest received on investments	94.80	105.68
	Purchase of investments	(16,317.46)	(11,394.24)
	Sale of investments	15,769.56	10,953.63
	Net cash used in investing activities (B)	**(513.14)**	**(435.61)**

Standalone Statement of Cash Flows

for the year ended March 31, 2026

(₹ in crore)

	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity shares	310.00	6.33
	Proceeds from conversion of partly paid equity shares to fully paid	-	#
	Proceeds from issue of debt securities	3,448.90	8,372.00
	Repayment of debt securities	(4,980.00)	(8,289.00)
	Proceeds from issue of borrowings (other than debt securities)	20,972.78	22,654.34
	Repayment of borrowings (other than debt securities)	(21,612.92)	(18,506.23)
	Proceeds from issue of subordinated liabilities	750.00	1,085.00
	Repayment of subordinated liabilities	(100.00)	-
	Principal portion of lease payments	(29.43)	(23.62)
	Interest portion of lease payments	(6.66)	(11.69)
	Dividend paid on equity shares	(14.26)	(127.31)
	Dividend paid on compulsorily convertible preference shares	(60.00)	(60.00)
	Share issue expenses paid	(13.52)	-
	Investment in subsidiary	(200.00)	-
	Net cash generated/(used) in financing activities (C)	**(1,535.11)**	**5,099.82**
D.	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	(1,593.37)	1,935.15
	Cash and cash equivalents at the beginning of the year	1,963.49	28.34
	Cash and cash equivalents at the end of the year*	**370.12**	**1,963.49**
	*Components of cash and cash equivalents		
	Balances with banks (current accounts)	370.12	310.19
	Deposit with banks (original maturity less than three months)	-	1,653.30
		370.12	**1,963.49**

#Below rounding off norms.

(i) The Standalone Statement of Cash Flows has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder.

(ii) The borrowing from cash credit is revolving in nature and is disclosed on net basis under financing activities.

This is the Standalone Statement of Cash Flows referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number:
117366W/W-100018

For M M Nissim & Co LLP
Chartered Accountants
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Membership Number: 090847
Place: Gurugram
Date: April 28, 2026

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Standalone Statement of Changes in Equity

for the year ended March 31, 2026

A. EQUITY SHARE CAPITAL

For the year ended March 31, 2026

(₹ in crore)

Balance at the beginning of the current reporting year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the current year	Balance at the end of the current reporting year
127.41	-	-	2.22	129.63

For the year ended March 31, 2025

(₹ in crore)

Balance at the beginning of the current reporting year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the current year	Balance at the end of the current reporting year
127.31	-	-	0.10	127.41

B. OTHER EQUITY

For the year ended March 31, 2026

(₹ in crore)

Particulars	Reserves and surplus					Other comprehensive income/(loss)			
	Statutory reserve	Securities premium	General reserve	Capital Reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve	Stock options outstanding account	Total
As at April 1, 2025	**488.77**	**3,949.61**	**131.02**	**#**	**1,011.02**	**-**	**(56.65)**	**61.22**	**5,584.99**
Profit/(loss) for the year	-	-	-	-	(306.56)	-	-	-	(306.56)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	0.02	73.24	-	73.26
Transfer to retained earnings	-	-	-	-	5.21	(0.02)	-	(5.19)	-
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**(301.35)**	**-**	**73.24**	**(5.19)**	**(233.30)**
Dividend paid on equity shares	-	-	-	-	(14.26)	-	-	-	(14.26)
Transfer from retained earnings to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer from ESOP Reserve	-	-	-	-	-	-	-	-	-
Share issue expenses	-	(13.52)	-	-	-	-	-	-	(13.52)
Securities premium received	-	307.79	-	-	-	-	-	-	307.79
Share based payment charge	-	-	-	-	-	-	-	13.81	13.81
Forfeiture of partly paid up shares	-	-	-	-	-	-	-	-	-
As at March 31, 2026	**488.77**	**4,243.88**	**131.02**	**#**	**695.41**	**-**	**16.59**	**69.84**	**5,645.51**

Below rounding off norms.

Standalone Statement of Changes in Equity

for the year ended March 31, 2026

For the year ended March 31, 2025

(₹ in crore)

Particulars	Reserves and surplus					Other comprehensive income/(loss)			
	Statutory reserve	Securities premium	General reserve	Capital Reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve	Stock options outstanding account	Total
As at April 1, 2024	**477.20**	**3,940.31**	**131.02**	**-**	**1,086.36**	**-**	**(26.90)**	**40.25**	**5,648.24**
Profit/(loss) for the year	-	-	-	-	57.84	-	-	-	57.84
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	4.20	(29.75)	-	(25.55)
Transfer to retained earnings	-	-	-	-	5.70	(4.20)	-	(1.50)	-
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**63.54**	**-**	**(29.75)**	**(1.50)**	**32.29**
Dividend paid on equity shares	-	-	-	-	(127.31)	-	-	-	(127.31)
Transfer from retained earnings to statutory reserve	11.57	-	-	-	(11.57)	-	-	-	-
Transfer from ESOP Reserve	-	3.06	-	-	-	-	-	(3.06)	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Securities premium received	-	6.24	-		-	-	-	-	6.24
Share based payment charge	-	-	-	-	-	-	-	25.53	25.53
Forfeiture of partly paid up shares	-	-	-	#					
As at March 31, 2025	**488.77**	**3,949.61**	**131.02**	**#**	**1,011.02**	**-**	**(56.65)**	**61.22**	**5,584.99**

Below rounding off norms.

Material accounting policies 3

Notes to the standalone financial statements 1 to 52

The notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Statement of Changes in Equity referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/W-100018

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number: 107122W/W100672

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Mukesh Jain
Partner
Membership Number: 108262
Place: Gurugram
Date: April 28, 2026

Navin Kumar Jain
Partner
Membership Number: 090847
Place: Gurugram
Date: April 28, 2026

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 1 Corporate information

Hero FinCorp Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on December 16, 1991. The Company is registered as a Non-Banking financial (Non deposit accepting) Company, engaged in the business of financing, bill discounting and related financial services, with the Reserve Bank of India (Registration No. 14.00266). The Company is also registered as a corporate agent under the IRDAI (Registration of Corporate Agents) Regulations, 2015 and the Insurance Regulatory and Development Authority Act, 1999 (Registration No. CA0474 valid until it is suspended or cancelled by the Authority). The address of the Company's registered office is 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057, India.

NOTE 2 Basis of preparation

2.1 Statement of Compliance

These Standalone financial statements (hereinafter referred to as 'financial statements') have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act and Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The financial statements were authorized for issue by the Company's Board of Directors on April 28, 2026.

2.2 Basis of measurement and presentation

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies), such as defined benefit plans and other long term employee benefit plans measured at fair value, financial instruments carried at fair value through profit or loss and share-based payments. The methods used to measure fair value are discussed further in notes to the financial statements.

The Balance Sheet, the Statement of Change in Equity and the Statement of Profit and Loss is presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs") that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7, Statement of Cash Flows.

The financial statements are prepared on a going concern basis as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.3 New Accounting Standards issued but not effective/Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. At the date of authorisation of these standalone financial statements, the Company has not yet applied the revised Ind AS that has been issued but is not yet effective:

Amendment to Ind AS 1: Presentation of Financial Statements:

Where a covenant breach exists on or before the reporting date and as a result, the liability becomes payable on demand on that date, the liability must be classified as current, even if the lender subsequently (i.e., after the reporting date but before the approval of financial statements) agrees not to demand payment.

The Directors do not expect that the adoption of the standard will have material impact of the standalone financial statements of the Company in the future periods.

2.4 Functional and presentation currency

These financial statements are prepared in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest crores and two decimals thereof, except as stated otherwise.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

2.5 Use of estimates and judgments

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may not be in line with these estimates. The estimates and underlying assumptions are under ongoing consideration. Revisions to accounting estimates are recognized prospectively.

Judgements, assumptions and estimation uncertainties

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which have a significant impact on the carrying amount of assets and liabilities at each balance sheet date:

Business model assessment

Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is carried out in establishing fair values. Judgments and estimates take into account liquidity and model inputs associated with such items as credit risk (own and counterparty), funding value adjustments, correlation and volatility.

Impairment of financial instruments:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based upon the Company's historical experience and credit assessment and including forward looking information.

The Company establishes criteria for determining whether credit risk of the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into the measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

Effective Interest Rate (EIR) method

The Company's EIR methodology recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given/taken and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and lifecycle of the instruments, as well expected changes to Company base rate and other fee income/expense that are integral parts of the instrument.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Measurement of defined benefit obligations: key actuarial assumptions.

The measurement of obligations related to defined benefit plans requires to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases, withdrawal rate, mortality rates etc. The management has used the past trends and future expectations in determining the assumptions which are used in measurements of obligations.

Recognition of deferred tax assets: The Company has recognized deferred tax assets/(liabilities) and concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the experience and future projections. The Company is expected to generate adequate taxable income for liquidating these assets in due course of time.

Measurement of Provisions and contingencies: The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

2.6 Measurement of fair value

The Company's certain accounting policies and disclosures require fair value measurement, for financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data to the extent possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTE 3	Material accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized at the trading date, i.e., which is the date on which the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Trade receivables that do not contain a significant financing component are recorded at transaction price.

Financial assets - Classification

On initial recognition, a financial asset is classified as measured at either of:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition, except if and during the period in which the Company changes its financial asset's business model.

A financial asset being 'debt instrument' is measured at the amortized cost, only if both of the following conditions are met and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

- A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met and is not designated as at FVTPL:
- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of Profit and Loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is recognized in Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to Statement of Profit and Loss.

Investment in subsidiaries

Investment in subsidiaries is recognized at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Derecognition

Financial asset – derecognition due to substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired (POCI).

However, if the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial asset – derecognition other than due to modification of terms and conditions

A financial asset, such as a loan to a customer, is derecognized only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the Statement of Profit and Loss.

Derecognition - Financial liability

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are amended and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and financial assets measured at FVOCI- debt investments. At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is an “impaired credit” where one or more events that adversely impact the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan by the Company on terms that the Company would not consider otherwise; or
- It is becoming probable that the borrower will enter bankruptcy or other financial re-organization

The Company applies the ECL model in accordance with Ind AS 109 for recognizing impairment loss on financial assets. For recognizing impairment loss, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly,12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is calculated on a collective basis for certain products, considering the retail nature of the underlying portfolio of financial assets. The impairment methodology applied depends on whether there has been significant increase in credit risk. When determining whether the risk of default on the financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company’s historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default (‘EAD’), probability of default (‘PD’) and loss given default (‘LGD’). Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset:

- **Stage 1 (without significant increase in credit risk since initial recognition):**

  ECL resulting from default events that are possible in the next 12 months are recognized for financial assets in stage 1. The Company has ascertained default possibilities on past behavioral trends witnessed for each homogenous portfolio using behavioral analysis and other performance indicators, determined statistically

- **Stage 2 (significant increase in credit risk):**

  The Company considers loan accounts which are overdue for more than 30 days but up to 90 days as on the reporting date as an indication of significant increase in credit risk.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, and borrower profiles. The default risk is assessed using PD derived from past behavioral trends of default across the identified homogenous portfolios. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL

- **Stage 3 (credit impaired assets):**

  The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

  - Contractual payments of principal and/or interest are past due for more than 90 days;
  - The loan is otherwise considered to be in default.
  - Loan accounts where principal and/or interest are past due for more than 90 days along with all other loan accounts of that customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.
  - Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans are upgraded to stage 1 if

    a. The loan which was restructured is not in default during the specified period as per applicable regulatory guidelines

    b. Other loans of such customer are not in default during this period.

  - Fraud cases are classified as credit impaired irrespective of their DPDs

  The Company has calculated ECL using three main components: PD, LGD and EAD. ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

  - Determination of PD is covered above for each stage of ECL.
  - EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date (together with any expected drawdowns of committed facilities).
  - LGD represents expected losses in the event of default, taking into account, among other attributes, the actual recovery adjusted for time value of money and the mitigating effect of collateral value with a suitable haircut.

The Company recalibrates above components of its ECL model on a periodical basis by using the available incremental and recent information, except where this information does not represent the future outcome. Further, the Company assesses changes required to its statistical techniques for a granular estimation of ECL.

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and make adjustments when such differences are significantly material.

The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss,

The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables and other financial assets that do not contain significant financing component in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor or borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(c) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as financial liabilities. They are recognized initially at their transaction price, net of transaction costs, and subsequently measured at amortized cost using the effective interest method where the time value of money is significant.

(e) Property, plant and equipment

Initial recognition and measurement

The cost of an item of Property, plant and equipment is recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located, after deducting trade discounts and rebates, if any.

Gains or losses arising from the retirement or disposal of a property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

The cost of property, plant and equipment not ready for their intended use is recorded as capital work-in-progress before such date. Cost of construction that relate directly to specific fixed assets and that are attributable to construction activity in general and can be allocated to specific fixed assets are included in capital work-in-progress.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method as per useful life prescribed in Schedule II of the Act and is generally recognized in the statement of profit and loss. Depreciation/amortization is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale.

Based on technical evaluation and assessment of useful lives, the management believes that its estimate of useful lives represents the period over which management expects to use these assets.

Depreciation method, assets residual values and useful lives are reviewed at each financial year/period end considering the physical condition of the assets for review and adjusted residual life prospectively.

(f) Intangible assets

Initial recognition and measurement

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. The cost of such assets includes purchase price, licensee fee, import duties and other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use. The Company's other intangible assets mainly include the value of computer software.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Amortization methods, estimated useful lives and residual value

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense of intangible assets with finite lives is presented as a separate line item in the statement of profit and loss.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortized on a straight line basis over a period of 6 years, unless it has a shorter useful life.

Subsequent expenditure is recognized as an increase in the carrying amount of the assets are carried when it is probable that future economic benefit deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

(g) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Provisions and contingencies

A provision is recognized if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of an outflow of resources is remote.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the year in which the change occurs.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(i) Revenue recognition

Interest income

Interest income on a financial asset at amortized cost is recognized on a time proportion bases taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fee received, and cost incurred approximates the effective interest rate for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets (regarded as 'Stage 3') the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs). If the financial asset is no longer credit impaired i.e. all the outstanding dues are recovered, the company reverts to calculating interest income on a gross basis.

Gain on derecognition of financial instruments under amortised cost category

Gains arising out of direct assignment transactions comprises of the difference between interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flow on execution of the transaction, discounted at the applicable rate is recorded upfront in the statement of profit and loss.

Other financial charges

Penal interest or other overdue charges which are not included in EIR are recognized on receipt basis.

Other Income

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognizes gains/losses on fair value change of financial assets measured as FVTPL and realized gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

(j) Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Benefits such as salaries, wages and bonuses etc., are recognized in the Statement of Profit and Loss in the period in which the employee provides the related service.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident Fund: Provident fund is a defined contribution plan. The Company expenses its contributions towards provident fund which are being deposited with the Regional Provident Fund Commissioner.

Superannuation Fund: Contributions are made to a scheme administered by the Life Insurance Corporation of India to discharge superannuating liabilities to the employees, a defined contribution plan, and the same is expensed to the Statement of Profit and Loss. The Company has no liability other than its annual contribution.

Defined benefit plans

The Company's gratuity scheme is an unfunded defined benefit plan. The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The present value of obligations under such defined benefit plans are based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity period approximating to the terms of related obligations.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements. Changes due to service cost and net interest cost/income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability/(asset) which comprise of actuarial gains and losses are recognized in other comprehensive income:

Other long term employee benefits

Benefits under compensated absences constitute other employee benefits. Employee entitlements to annual leave are recognized when they accrue to the eligible employees. An accrual is made for the estimated liability for annual leave as a result of services provided by the eligible employees up to the Balance Sheet date. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Expenses are recognized immediately in the Statement of Profit and Loss.

Share based payments

The Company recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 – Share-based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount.

Equity-settled share based payments:

The cost is recognized in employee benefits expenses together with a corresponding increase in employee stock option outstanding account in other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Non– market performance conditions are reflected within the grant date fair value.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions are not met.

Cash-settled share based payments:

For cash-settled share based payments, the fair value of the amount payable to employees is recognized as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefits expenses.

(k) Leases

Determining whether an arrangement contains a lease

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains,

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using incremental borrowing rates. Lease liability and ROU asset have been separately presented in the Balance Sheet.

Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit or loss, Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

(l) Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

Deferred tax

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realized.

In respect of tax deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Goods and services tax input credit

Goods and services tax input credit is recognized in the books of account in the period in which the supply of goods or service is received and when there is no uncertainty in availing/utilizing the credits.

Expenses and assets are recognized net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(m) Foreign Currency Transactions & Balances

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items are taken to the statement of profit and loss. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/loss is taken to the Statement of Profit and Loss.

(n) Dividends on ordinary shares

The Company recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is allowed when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(o) Borrowing at amortised cost

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs and amortized over the period of the facility to which it relates.

(p) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognized at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognized in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

(q) Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares, except where the results are anti-dilutive.

(r) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to and reviewed by the Company's Managing Director assisted by an executive committee.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 4 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with banks (current accounts)	370.12	310.19
Deposit with banks (original maturity less than three months)	-	1,653.30
Total	**370.12**	**1,963.49**

NOTE 5 Bank balance other than cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Earmarked balances		
- With banks (current accounts)	0.61	0.74
- Deposit with banks	11.57	-
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	49.34	51.27
Total	**61.52**	**52.01**

NOTE 6 Derivative financial instruments

(₹ in crore)

Particulars	As at March 31, 2026			
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Net Assets/ (Liabilities)
Cash flow hedge				
Cross Currency swaps	5,141.52	581.13	7.50	573.63
Interest Rate swaps	400.00	-	3.00	(3.00)
Total	**5,541.52**	**581.13**	**10.50**	**570.63**

(₹ in crore)

Particulars	As at March 31, 2025			
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Net Assets/ (Liabilities)
Cash flow hedge				
Cross Currency swaps	8,131.33	154.52	40.01	114.51
Forward Contract	12.50	0.13	-	0.13
Total	**8,143.83**	**154.65**	**40.01**	**114.64**

The Company enters into derivatives for risk management purposes (refer note 43.5 & 43.6). Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. Refer note 43.5 & 43.6 for foreign currency risk management and interest rate sensitivity on derivative financial instruments respectively.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 7 Trade receivables

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	36.95	27.40
(iii) Receivables which have significant increase in credit risk	-	1.71
(iv) Receivables - credit impaired	-	-
	36.95	**29.11**
Less: Impairment loss allowance	-	(1.71)
Total	**36.95**	**27.40**

7.1 No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Refer note 39 for receivables from related parties.

7.2 Trade Receivables - Ageing

As at March 31, 2026

(₹ in crore)

Particulars	Outstanding for						
	Unbilled Dues	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
i. Undisputed trade receivables-considered good	19.01	17.94	-	-	-	-	36.95
ii. Undisputed trade receivables-which have significant increase in credit risk		-	-	-	-	-	-
iii. Undisputed trade receivables-credit impaired		-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good		-	-	-	-	-	-
v. Disputed Trade Receivables-which have significant increase in credit risk		-	-	-	-	-	-
vi. Disputed trade receivables-credit impaired		-	-	-	-	-	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

As at March 31, 2025

(₹ in crore)

Particulars	Outstanding for						
	Unbilled Dues	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
i. Undisputed trade receivables-considered good	18.83	8.57	-	-	-	-	27.40
ii. Undisputed trade receivables-which have significant increase in credit risk		-	1.51	0.20	-	-	1.71
iii. Undisputed trade receivables-credit impaired		-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good		-	-	-	-	-	-
v. Disputed Trade Receivables-which have significant increase in credit risk		-	-	-	-	-	-
vi. Disputed trade receivables-credit impaired		-	-	-	-	-	-

NOTE 8 Loans

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
A. Loans - Amortised cost		
Bills purchased and bills discounted	2,231.21	2,034.64
Term loans*	47,162.37	45,835.19
Clearcorp Repo Order Matching System (CROMS)	-	2,003.19
Loans to employees	3.30	3.35
Total- Gross (A)	**49,396.88**	**49,876.37**
Less: Impairment loss allowance on loans	(1,706.81)	(2,145.11)
Total - Net (A)	**47,690.07**	**47,731.26**
B. Secured/Unsecured		
(a) Secured by tangible assets**	27,752.44	27,313.84
(b) Unsecured	21,644.44	22,562.53
Total - Gross (B)	**49,396.88**	**49,876.37**
Less: Impairment loss allowance on loans	(1,706.81)	(2,145.11)
Total - Net (B)	**47,690.07**	**47,731.26**
C. Out of above		
(i) Loans in India		
(a) Public sector	-	-
(b) Others	49,396.88	49,876.37
Total - Gross	**49,396.88**	**49,876.37**
Less: Impairment loss allowance on loans	(1,706.81)	(2,145.11)
Total - Net	**47,690.07**	**47,731.26**
(ii) Loans outside India	-	-
Total (i) + (ii)	**47,690.07**	**47,731.26**

* Includes exposures through debentures/debt instruments as at March 31, 2026 of ₹ 1,696.15 crores (as at March 31, 2025 ₹ 681.24 crores).

** Secured against vehicles, equipment, and plant and machinery, along with equitable or registered mortgage of immovable property and pledge of securities, etc. (refer note 43.2.4).

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

8.1 No loans and advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013) that are repayable on demand or without specifying any terms or period of repayment.

8.2 Loans receivable from private companies in which a director is a director or a member (also refer note 39 - Related party transactions)

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured, considered good	50.00	-
Unsecured, considered good	-	-

NOTE 9 Investments

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
In India		
At fair value through profit or loss		
In equity instruments (quoted)	0.69	0.51
In alternative investment Fund	0.05	0.03
In mutual funds	-	322.77
In certificate of deposits	493.75	-
In treasury bills	892.91	1,614.05
In government securities	1,404.51	196.26
Others (Refer note 9.1 below)		
Investment in Subsidiary Company	1,000.00	800.00
Total- Gross	**3,791.91**	**2,933.62**
Less: Allowance for impairment	-	-
Total- Net	**3,791.91**	**2,933.62**

9.1 The Company has elected to account for investment in subsidiary at cost in accordance with Ind AS 27.

9.2 The Company does not have any investment outside India.

9.3 The Company has received security receipt in Trust (notional value is ₹ 4.7 Crore) as part of ARC transaction valued at amortised cost for technically written off pool, therefore it is carried at the Nil value.

NOTE 10 Other financial assets

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Excess interest spread receivable on assigned loans	145.76	71.16
Security deposits (at amortised cost) (unsecured, considered good)	11.92	10.88
Receivable from collection agency	89.96	80.34
Other receivable	13.57	97.06
Total - Gross	**261.21**	**259.44**
Less: Impairment loss allowance on other financial assets	(1.80)	(0.24)
Total	**259.41**	**259.20**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 11 Current tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance income tax	1,359.24	1,094.96
Less: Provision for tax	(1,136.61)	(933.53)
Total	**222.63**	**161.43**

NOTE 12 Tax expenses & Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss

(₹ in crore)

Particulars	For the year ending March 31, 2026	For the year ending March 31, 2025
Current tax (a)		
Current year	-	226.10
Earlier year	0.94	0.35
Deferred tax (b)		
Attributable to-		
Origination and reversal of temporary differences (refer note E below)	91.67	(85.92)
Tax expense recognised in Statement of profit and loss	**92.61**	**140.53**

There is no income surrendered or disclosed as income during the current year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

B. Income tax recognised in other comprehensive income

(₹ in crore)

Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Before tax	Deferred tax expense/ (benefit)	Net of tax	Before tax	Deferred tax expense/ (benefit)	Net of tax
Remeasurements of defined benefit plan	0.03	(0.01)	0.02	5.61	(1.41)	4.20
Cash flow hedge reserve	97.87	(24.63)	73.24	(39.76)	10.01	(29.75)

C. Reconciliation of effective tax expense

(₹ in crore)

Particulars	For the year ending March 31, 2026	For the year ending March 31, 2025
Profit before tax	**(213.95)**	**198.37**
Tax using the Company's domestic tax rate	(53.85)	49.93
Effect of:		
Non-deductible expenses and exempt income*	145.97	90.87
Others	0.49	(0.27)
Effective tax expense	**92.61**	**140.53**

*majorly includes tax effect of fair valuation loss on compulsorily convertible preference shares (including dividend).

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

D. Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

(₹ in crore)

Particulars	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/ (liabilities)	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Provisions for employee benefit	23.21	16.56	-	-	23.21	16.56
Depreciation*	3.14	1.46	-	-	3.14	1.46
Impairment allowance on loans	429.94	527.97	-	-	429.94	527.97
Effect of EIR on interest income	(72.51)	(42.91)	-	-	(72.51)	(42.91)
Business Loss	8.41	-	-	-	8.41	-
Other temporary differences	(25.60)	(17.30)	19.37	22.25	(44.97)	(39.55)
Net deferred tax assets/ (liabilities)	**366.59**	**485.78**	**19.37**	**22.25**	**347.22**	**463.53**

E. Movement in deferred tax on temporary differences

(₹ in crore)

Particulars	Balance as at April 1, 2025	Recognised in profit or loss during FY 2025-26	Recognised in OCI during FY 2025-26	Balance as at March 31, 2026
Provisions for employee benefit	16.56	6.66	(0.01)	23.21
Depreciation*	1.46	1.68	-	3.14
Impairment allowance on loans	527.97	(98.03)	-	429.94
Effect of EIR on interest income	(42.91)	(29.60)	-	(72.51)
Business Loss	-	8.41	-	8.41
Other temporary differences	(39.55)	19.21	(24.63)	(44.97)
Net deferred tax assets/(liabilities)	**463.53**	**(91.67)**	**(24.64)**	**347.22**

(₹ in crore)

Particulars	Balance as at April 1, 2024	Recognised in profit or loss during FY 2024-25	Recognised in OCI during FY 2024-25	Balance as at March 31, 2025
Provisions for employee benefit	15.44	2.53	(1.41)	16.56
Depreciation*	0.73	0.73	-	1.46
Impairment allowance on loans	376.50	151.47	-	527.97
Effect of EIR on interest income	(18.59)	(24.32)	-	(42.91)
Other temporary differences	(5.06)	(44.50)	10.01	(39.55)
Net deferred tax assets/(liabilities)	**369.02**	**85.92**	**8.60**	**463.53**

*Difference between Written Down Value (WDV) of property, plant and equipment and intangible assets as per books and under Income Tax Act 1961.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 13 Property, plant and equipment

(₹ in crore)

Particulars	Own use							Total
	Building	Plant and equipment	Furniture and fixtures	Vehicles	Data processing equipment	Office equipment	Leasehold Improvements	
Cost								
As at April 1, 2024	**3.58**	**4.52**	**11.76**	**61.66**	**90.38**	**21.96**	**37.85**	**231.71**
Additions during the year	-	0.64	4.06	14.93	7.47	2.28	9.51	38.89
Disposals during the year	-	0.18	0.26	5.82	5.09	1.35	-	12.70
As at March 31, 2025	**3.58**	**4.98**	**15.56**	**70.77**	**92.76**	**22.89**	**47.36**	**257.90**
Additions during the year	-	0.09	1.60	21.15	6.16	1.76	3.23	33.99
Disposals during the year	-	-	-	7.92	17.36	0.70	-	25.98
As at March 31, 2026	**3.58**	**5.07**	**17.16**	**84.00**	**81.56**	**23.95**	**50.59**	**265.91**
Depreciation								
As at April 1, 2024	**0.41**	**0.56**	**1.63**	**16.19**	**52.51**	**5.15**	**1.85**	**78.30**
Disposals during the year	-	0.09	0.18	2.44	4.77	0.79	-	8.27
Depreciation charge for the year	0.06	0.32	1.35	8.04	14.50	3.84	10.99	39.10
As at March 31, 2025	**0.47**	**0.79**	**2.80**	**21.79**	**62.24**	**8.20**	**12.84**	**109.13**
Disposals during the year	-	-	-	3.43	16.32	0.50	-	20.25
Depreciation charge for the year	0.06	0.32	1.56	8.98	11.45	3.74	14.17	40.28
As at March 31, 2026	**0.53**	**1.11**	**4.36**	**27.34**	**57.37**	**11.44**	**27.01**	**129.16**
Net carrying amount								
As at March 31, 2025	**3.11**	**4.19**	**12.76**	**48.98**	**30.52**	**14.69**	**34.52**	**148.77**
As at March 31, 2026	**3.05**	**3.96**	**12.80**	**56.66**	**24.19**	**12.51**	**23.58**	**136.75**

Note

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company has one immovable property (building) for which title deed is held in the name of the Company. However, the original conveyance deed for the same is untraceable. The Company has filed an information report with Delhi police for the same and has initiated legal procedures for updation of records.

13.1. Capital work in progress

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital work in progress	-	1.55
Total	**-**	**1.55**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

a) Capital work in progress (CWIP) ageing schedule

(₹ in crore)

CWIP	Amount in CWIP for a period of				
As at March 31, 2026	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

CWIP	Amount in CWIP for a period of				
As at March 31, 2025	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.55	-	-	-	1.55
Projects temporarily suspended	-	-	-	-	-

The Company does not have any project temporary suspended or CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

13.2. Right-of-use assets

(₹ in crore)

Particulars	Building
Cost	
As at April 1, 2024	**146.21**
Additions during the year	57.49
Disposals/(Adjustments) during the year	60.85
As at March 31, 2025	**142.85**
Additions during the year	27.23
Disposals/(Adjustments) during the year	20.88
As at March 31, 2026	**149.20**
Accumulated depreciation	
As at April 1, 2024	**44.90**
Depreciation charge for the year	31.71
Disposals/(Adjustments) during the year	23.96
As at March 31, 2025	**52.65**
Depreciation charge for the year	26.76
Disposals/(Adjustments) during the year	11.51
As at March 31, 2026	**67.90**
Net carrying amount	
As at March 31, 2025	**90.20**
As at March 31, 2026	**81.30**

13.3. Intangible assets under development

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Intangible assets under development	16.64	15.53
Total	**16.64**	**15.53**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

a) Intangible assets under development (IAUD) ageing schedule

(₹ in crore)

IAUD	Amount in IAUD for a period of				
As at March 31, 2026	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	16.64	-	-	-	**16.64**
Projects temporarily suspended	-	-	-	-	**-**

(₹ in crore)

IAUD	Amount in IAUD for a period of				
As at March 31, 2025	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	15.53	-	-	-	**15.53**
Projects temporarily suspended	-	-	-	-	**-**

The Company does not have any project temporary suspended or any intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence intangible asset under development completion schedule is not applicable.

13.4. Other Intangible assets

(₹ in crore)

Particulars	Computer software
Cost	
As at April 1, 2024	**42.98**
Additions during the year	49.33
Disposals during the year	-
As at March 31, 2025	**92.31**
Additions during the year	30.78
Disposals during the year	3.43
As at March 31, 2026	**119.66**
Accumulated amortization/impairment	
As at April 1, 2024	**33.74**
Disposals during the year	-
Amortization charge for the year	6.51
As at March 31, 2025	**40.25**
Disposals during the year	3.23
Amortization charge for the year	14.28
As at March 31, 2026	**51.30**
Net carrying amount	
As at March 31, 2025	**52.06**
As at March 31, 2026	**68.36**

Note: The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the current and previous year.

Notes forming part of Standalone Financial Statements
for the year ended March 31, 2026

NOTE 14 Other non-financial assets

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital advances	0.01	0.17
Prepaid expenses	48.62	41.60
Others	127.72	66.76
Total	**176.35**	**108.53**

14.1 Impairment loss allowance recognised on other non-financial assets is ₹ Nil (previous year ₹ Nil).

NOTE 15 Trade payables

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	0.18	3.58
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	541.35	507.72
Total	**541.53**	**511.30**

15.1 Disclosures relating to Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.18	3.58
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	**0.18**	**3.58**

15.2 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

As at March 31, 2026

(₹ in crore)

Particulars	Unbilled	Outstanding for				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	0.18	-	-	-	0.18
ii. Others	534.17	7.14	0.04	-	-	541.35
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

As at March 31, 2025

(₹ in crore)

Particulars		Unbilled	Outstanding for: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i.	MSME	-	3.58	-	-	-	3.58
ii.	Others	483.18	24.51	0.03	-	-	507.72
iii.	Disputed Dues - MSME	-	-	-	-	-	-
iv.	Disputed Dues - Others	-	-	-	-	-	-

NOTE 16 Debt securities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 16.1 and 16.2)	2,207.40	2,331.95
Unsecured		
Commercial papers (refer note 16.3 and 16.4)	2,733.29	3,954.97
Total	**4,940.69**	**6,286.92**
Debt securities in India	4,940.69	6,286.92
Debt securities outside India	-	-
Total	**4,940.69**	**6,286.92**

16.1 Terms of fully paid up privately placed secured redeemable non convertible debentures (NCD):

(₹ in crore)

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2026: Number of NCDs	As at March 31, 2026: Amount	As at March 31, 2025: Number of NCDs	As at March 31, 2025: Amount
INE957N07617	July 14, 2021	April 15, 2025	Zero Percent (XIRR 6.57%)	-	-	500	50.00
INE957N07500	July 24, 2020	July 24, 2025	Zero Percent (XIRR 7.55%)	-	-	250	25.00
INE957N07682	July 29, 2022	July 29, 2025	7.99%	-	-	4,000	400.00
INE957N07781	May 17, 2024	September 10, 2025	8.94%	-	-	22,500	225.00
INE957N07542	November 03, 2020	November 03, 2025	6.95%	-	-	1,000	100.00
INE957N07567	January 19, 2021	January 19, 2026	Zero Percent (XIRR 6.90%)	-	-	250	25.00
INE957N07757	May 12, 2023	May 12, 2026	8.35%	5,000	50.00	5,000	50.00
INE957N07799	September 06, 2024	October 06, 2026	8.89%	35,200	352.00	35,200	352.00
INE957N07807	December 31, 2024	December 31, 2026	8.70%	31,000	310.00	31,000	310.00
INE957N07674	May 04, 2022	May 04, 2027	7.60%	3,000	300.00	3,000	300.00
INE957N07823	June 02, 2025	June 02, 2027	8.42%	15,000	150.00	-	-
INE957N07856	December 04, 2025	June 02, 2027	7.80%	25,000	250.00	-	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2026 Number of NCDs	As at March 31, 2026 Amount	As at March 31, 2025 Number of NCDs	As at March 31, 2025 Amount
INE957N07849	August 06, 2025	August 06, 2027	7.99%	24,000	240.00	-	-
INE957N07815	December 31, 2024	December 31, 2027	8.70%	6,500	65.00	6,500	65.00
INE957N07732	December 27, 2022	December 27, 2028	9.55%	2,500	250.00	2,500	250.00
INE957N07773	February 02, 2024	February 02, 2029	8.60%	2,500	25.00	2,500	25.00
INE957N07591	May 07, 2021	May 07, 2031	7.35%	250	25.00	250	25.00
INE957N07864	March 16, 2026	March 16, 2033	8.09%	9,790	97.90	-	-
Sub total				**159,740**	**2,114.90**	**114,450**	**2,202.00**
Interest accrued on Secured NCDs					93.47		130.60
EIR adjustments					(0.97)		(0.65)
Grand Total				**159,740**	**2,207.40**	**114,450**	**2,331.95**

16.2 The debentures are fully secured by first pari-passu charge by way of hypothecation of loan receivables.

16.3 Terms of Commercial papers:

Particulars	As at March 31, 2026	As at March 31, 2025
Discount rate	7.10% p.a. to 7.88%	7.95% p.a. to 8.42%
Repayment	Within 12 months	Within 12 months

16.4 No non-convertible debentures and commercial papers is guaranteed by directors and/or others.

16.5 During the year, there were no defaults in the repayment of principal and/or interest.

NOTE 17 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost		
Term loan from banks and financial institutions (Secured) (refer note 17.1)	28,245.17	27,114.33
Term loan from banks - Foreign Currency Loan (Secured) (refer note 17.2)	-	13.00
External commercial borrowings (Secured) (refer note 17.3)	5,273.82	7,915.43
Loan repayable on demand from banks		
- Cash credit (Secured) (refer note 17.4)	398.90	-
- Working capital demand loans (Secured) (refer note 17.4)	1,584.38	775.64
- Working capital demand loans (Unsecured) (refer note 17.4)	200.00	200.00
Total	**35,702.27**	**36,018.40**
Borrowings in India	30,428.45	28,102.97
Borrowings outside India	5,273.82	7,915.43
Total	**35,702.27**	**36,018.40**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

17.1 Secured term loans from banks and financial institutions are secured by a first pari-passu charge by way of hypothecation of loan receivables:

Particulars	As at March 31, 2026	As at March 31, 2025
Secured term loans (before interest accrued but not due and EIR adjustment) (₹ in Crore)	28,231.90	27,077.31
Carrying interest rate (in %)	5.69% p.a to 9.05% p.a	6.47% p.a to 9.55% p.a

Terms of repayment as at March 31, 2026:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Monthly	More than 3 years	12	105.26	6	52.63	-	-	-	-	**157.89**
Quarterly	2 to 3 Years	51	2,014.83	23	1,041.67	2	83.33	-	-	**3,139.83**
Quarterly	More than 3 years	244	7,839.01	237	6,959.58	184	5,220.98	111	3,300.27	**23,319.84**
Semi-annual	2 to 3 Years	1	100.00	-	-	-	-	-	-	**100.00**
Annually	More than 3 years	1	216.67	2	252.67	-	-	-	-	**469.34**
Bullet	2 to 3 Years	-	-	1	630.00	-	-	-	-	**630.00**
Bullet	More than 3 years	1	415.00	-	-	-	-	-	-	**415.00**
Interest accrued but not due										**28.12**
EIR Adjustments										**(14.85)**
	Total	**310**	**10,690.77**	**269**	**8,936.55**	**186**	**5,304.31**	**111**	**3,300.27**	**28,245.17**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Terms of repayment as at March 31, 2025:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Monthly	More than 3 years	24	210.53	21	184.21	6	52.63	-	-	**447.37**
Quarterly	2 to 3 Years	46	1,630.44	41	1,514.83	15	708.33	-	-	**3,853.60**
Quarterly	More than 3 years	233	6,970.64	189	5,782.60	149	4,096.83	120	3,369.09	**20,219.16**
Semi-annual	2 to 3 Years	2	200.00	1	100.00	-	-	-	-	**300.00**
Semi-annual	More than 3 years	4	229.17	2	62.50	2	62.50	-	-	**354.17**
Annually	More than 3 years	4	352.67	2	252.67	2	252.67	-	-	**858.01**
Bullet	2 to 3 Years	-	-	-	-	1	630.00	-	-	**630.00**
Bullet	More than 3 years	-	-	1	415.00	-	-	-	-	**415.00**
Interest accrued but not due										**58.38**
EIR Adjustments										**(21.36)**
	Total	**313**	**9,593.45**	**257**	**8,311.81**	**175**	**5,802.96**	**120**	**3,369.09**	**27,114.33**

17.2 Foreign currency loan are fully secured by a first pari-passu charge by way of hypothecation of loan receivables.

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying interest rate* (in %)	NA	5.58%

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender

Terms of repayment as at March 31, 2025:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet*	Upto 1 Year	1	12.82	-	-	-	-	-	-	**12.82**
Interest accrued but not due										**0.18**
EIR adjustments										**-**
	Total	**1**	**12.82**	**-**	**-**	**-**	**-**	**-**	**-**	**13.00**

*The maturity of the instrument is categorized based on the terms of foreign currency loan and estimation of prepayment of the facility.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

17.3 External commercial borrowings are secured by a first pari-passu charge by way of hypothecation of loan receivables.

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying interest rate* (in %)	4.86% p.a. to 5.50% p.a.	3.80% p.a. to 6.21% p.a.

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender

Terms of repayment as at March 31, 2026:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Quarterly	More than 3 years	-	-	1	315.80	1	316.75	-	-	**632.55**
Semi-annual	More than 3 years	1	213.38	-	-	-	-	-	-	**213.38**
Annually	More than 3 years	3	503.15	4	937.50	3	621.77	1	213.36	**2,275.78**
Bullet	2 to 3 Years	-	-	1	1,422.53	-	-	-	-	**1,422.53**
Bullet	More than 3 years	-	-	2	606.56	1	104.32	-	-	**710.88**
Interest accrued but not due										**37.69**
EIR Adjustments										**(18.99)**
	Total	**4**	**716.53**	**8**	**3,282.39**	**5**	**1,042.84**	**1**	**213.36**	**5,273.82**

Terms of repayment as at March 31, 2025:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Quarterly	More than 3 years	-	-	-	-	1	284.63	1	285.49	**570.12**
Annually	More than 3 years	1	154.35	4	645.83	3	560.36	4	752.68	**2,113.22**
Bullet	2 to 3 Years	-	-	-	-	1	1,282.13	-	-	**1,282.13**
Bullet	More than 3 years	10	3,089.78	-	-	3	831.25	-	-	**3,921.03**
Interest accrued but not due										**68.00**
EIR Adjustments										**(39.07)**
	Total	**11**	**3,244.13**	**4**	**645.83**	**8**	**2,958.37**	**5**	**1,038.17**	**7,915.43**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

17.4 As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. The secured facilities are secured by first pari-passu charge by way of hypothecation of receivables. Terms of repayment of cash credit facilities and working capital demand loans:

Instrument	Repayment	As at March 31, 2026	As at March 31, 2025
Carrying interest rate			
Cash Credit facilities	On Demand	6.33% p.a. to 9.00% p.a.	-
Working Capital demand loans	On Demand	6.29% p.a. to 8.00% p.a.	7.68% p.a. to 7.87% p.a.

17.5 No term loans, cash credit, working capital demand from banks and any other borrowings is guaranteed by directors and/or others.

17.6 During the year presented, there were no defaults in the repayment of principal and/or interest.

17.7 The term loans have been applied for the purposes for which they were obtained except for ₹ 1,575 crore (as at March 31, 2025 ₹ 2,803.47 crores) which were pending to be utilised and temporarily parked in liquid assets as at March 31, 2026.

17.8 There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory year.

17.9 The Company is subject to financial and non-financial covenants under its borrowing arrangements, which are monitored periodically as applicable. As at the reporting date, the Company has complied with all material covenants under its borrowing arrangements, with no breaches resulting in default or reclassification of borrowings. Further, there are no indications that the Company would have difficulty complying with the covenants at the next testing date, June 30, 2026.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 18 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Subordinated liabilities (unsecured)		
At amortised cost		
Perpetual non-convertible debentures (refer note 18.1)	543.18	541.85
Redeemable non-convertible debentures-Tier II (refer note 18.2 to 18.4)	1,844.49	1,196.76
Term loans-Tier II (refer note 18.5)	298.11	297.74
Designated at fair value through profit or loss		
Compulsorily convertible preference shares (CCPS) (refer note 18.6 to 18.9)	3,361.57	2,884.36
3,63,63,636 CCPS of face value ₹ 550 each		
Total	**6,047.35**	**4,920.71**
Subordinated liabilities in India	4,472.45	3,569.39
Subordinated liabilities outside India	1,574.90	1,351.32
Total	**6,047.35**	**4,920.71**

18.1 Terms of repayment of non-convertible debentures-Tier I (Perpetual Debt):

				As at March 31, 2026		As at March 31, 2025	
ISIN of NCD	Issue Date	Redemption Date#	Interest Rate	Number of NCDs	Amount ₹ in Crore	Number of NCDs	Amount ₹ in Crore
INE957N08128	May 17, 2024	May 17, 2034	9.50%	150	150.00	150	150.00
INE957N08136	June 04, 2024	June 04, 2034	9.60%	75	75.00	75	75.00
INE957N08144	August 28, 2024	September 28, 2034	9.50%	25	25.00	25	25.00
INE957N08144*	September 06, 2024	September 28, 2034	9.50%	60	60.00	60	60.00
INE957N08169	October 15, 2024	November 15, 2034	9.50%	55	55.00	55	55.00
INE957N08177	November 25, 2024	May 25, 2035	9.50%	50	50.00	50	50.00
INE957N08177*	February 12, 2025	May 25, 2035	9.50%	120	120.00	120	120.00
Interest accrued but not due					26.71		27.56
EIR adjustments					(18.53)		(20.71)
				535	**543.18**	**535**	**541.85**

*Reissuance cases

#The Company can redeem these debentures (using call option) on the maturity date, with prior approval of RBI

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

18.2 Terms of repayment of non-convertible debentures-Tier II:

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2026		As at March 31, 2025	
				Number of NCDs	Amount ₹ in Crore	Number of NCDs	Amount ₹ in Crore
INE957N08011	September 15, 2015	September 15, 2025	9.35%	-	-	1,000	100.00
INE957N08029	August 03, 2016	August 03, 2026	8.98%	1,000	100.00	1,000	100.00
INE957N08037	June 20, 2017	June 18, 2027	8.52%	1,000	100.00	1,000	100.00
INE957N08045	December 06, 2018	November 24, 2028	9.81%	1,250	125.00	1,250	125.00
INE957N08052	February 05, 2020	February 05, 2030	8.85%	1,000	100.00	1,000	100.00
INE957N08060	March 04, 2020	March 04, 2030	8.49%	250	25.00	250	25.00
INE957N08151	September 27, 2024	May 27, 2030	9.20%	20,000	200.00	20,000	200.00
INE957N08078	December 11, 2020	December 11, 2030	7.65%	450	45.00	450	45.00
INE957N08086	July 18, 2022	July 16, 2032	8.65%	100	100.00	100	100.00
INE957N08094	October 21, 2022	October 21, 2032	8.65%	55	55.00	55	55.00
INE957N08102	December 01, 2022	December 01, 2032	8.65%	100	100.00	100	100.00
INE957N08110	January 05, 2024	January 05, 2034	9.00%	5,500	55.00	5,500	55.00
INE957N08185	December 31, 2024	December 31, 2034	9.30%	5,000	50.00	5,000	50.00
INE957N08193	June 02, 2025	June 04, 2035	9.10%	15,000	150.00	-	-
INE957N08193*	August 22, 2025	June 04, 2035	9.10%	10,000	100.00	-	-
INE957N08201	November 20, 2025	January 18, 2036	9.10%	25,000	250.00	-	-
INE957N08201*	March 06, 2026	January 18, 2036	9.10%	15,000	150.00	-	-
INE957N08219	March 06, 2026	January 19, 2037	9.10%	10,000	100.00	-	-
Interest accrued but not due					61.18		45.57
EIR adjustments					(21.69)		(3.81)
				110,705	**1,844.49**	**36,705**	**1,196.76**

*Reissuance cases

18.3 No subordinated liability is guaranteed by directors and/or others.

18.4 During the year presented there were no defaults in the repayment of principal and/or interest.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

18.5 Terms of repayment of Term Loans-Tier II (subordinated):

Terms of repayment as at March 31, 2026:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet	More than 3 years	-	-	-	-	-	-	2	300.00	**300.00**
Interest accrued but not due										-
EIR Adjustments										(1.89)
	Total	-	-	-	-	-	-	**2**	**300.00**	**298.11**

Terms of repayment as at March 31, 2025:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Bullet	More than 3 years	-	-	-	-	-	-	2	300.00	**300.00**
Interest accrued but not due										-
EIR Adjustments										(2.26)
	Total	-	-	-	-	-	-	**2**	**300.00**	**297.74**

18.6 During the year ended March 31, 2023, the Company had allotted 3,63,63,636 Compulsorily Convertible Preference Shares (CCPS) (comprising of 1,70,36,363 Class A CCPS and 1,93,27,273 Class B CCPS) of face value of ₹ 550 each aggregating to ₹ 2,000 crore. As per Section 43 of the Companies Act, 2013, the preference shares are classified as part of Share Capital. However, as per Ind AS 32 'Financial Instruments: Presentation' and terms and conditions of such preference shares, they are required to be classified as a financial liability.

In accordance with Ind AS 32 'Financial Instruments: Presentation', the Company had classified these CCPS as a financial liability and presented it in accordance with Schedule III division III of the Companies Act, 2013 (disclosed under the head of Subordinated liabilities). These CCPS are subsequently measured at fair value through profit or loss as per Ind-AS 109 requirements.

If these CCPS were classified in accordance with section 43 of the Companies Act, 2013 i.e., as equity, loss after tax for the year ended March 31, 2026 would be lower by ₹ 537.21 crore (profit after tax for the year ended March 31, 2025 would be higher by ₹ 333.12 crore) resulting in profit after tax of ₹ 230.65 crores (March 31, 2025 ₹ 390.96 crore) and total equity would be higher by ₹ 3,361.57 crore (March 31, 2025 ₹ 2,884.36 crore) and subordinated liabilities would be lower by ₹ 3,361.57 crore as at March 31, 2026 (March 31, 2025 ₹ 2,884.36 crore).

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

18.7 Each CCPS is a compulsorily and fully convertible preference share, convertible into Equity Shares, as per the terms and conditions as laid out in agreement. The holders of CCPS shall not be entitled to any voting rights with respect to such CCPS, except in accordance with the Companies Act, 2013.

18.8 Subject to terms and conditions as laid out in agreement, the holder of each CCPS shall be entitled to receive dividends in cash annually, in respect of each CCPS, at minimum annual cumulative rate of 3% (Three Percent) on the face value of such CCPS upto the date of expiry of Qualified Institutional Placement Offer ("QIPO") period. The dividend payable/paid on CCPS is considered as appropriation of profit for the computation of impact on networth and profit or loss for the year for note 18.6.

18.9 As per the terms of issuance of CCPS, in the event, QIPO is not completed on or prior to the expiry of QIPO period, the coupon for the CCPS will change to 16% p.a. from 3% p.a. after the expiry of QIPO period till the date of conversion of such CCPS.

NOTE 19 Lease liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Lease liabilities (Refer note 41)	91.45	100.60
Total	**91.45**	**100.60**

NOTE 20 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Unclaimed dividend (refer note 20.1)	0.61	0.74
Book overdrafts	218.07	167.57
Other payables		
Salaries and wages payable	96.19	85.26
Security deposits	0.06	0.07
Payable to assignment partners	113.88	24.48
Margin money from customers	3.22	23.39
Others	134.97	119.18
Total	**567.00**	**420.69**

20.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2026 and March 31, 2025 which are required to be credited to the Investor Education and Protection Fund.

NOTE 21 Current tax liabilities (net)

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for income tax	-	226.10
Less: Advance tax	-	(216.05)
Total	**-**	**10.05**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 22 Provisions

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
- Provision for gratuity (refer note 35.2)	56.91	37.78
- Provision for compensated absences (refer note 35.3)	35.33	28.04
Total	**92.24**	**65.82**

NOTE 23 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Unamortised interest on margin money deposits	-	24.41
Statutory dues payable	69.60	51.92
Others	2.59	-
Total	**72.19**	**76.33**

NOTE 24 Equity share capital

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares	Amount ₹ in Crore	Number of shares	Amount ₹ in Crore
Authorised				
Equity shares of ₹ 10 each	300,000,020	300.00	300,000,020	300.00
	300,000,020	**300.00**	**300,000,020**	**300.00**
Issued				
Equity shares of ₹ 10 each	129,627,036	129.63	127,412,759	127.41
	129,627,036	**129.63**	**127,412,759**	**127.41**
Subscribed				
Equity shares of ₹ 10 each (fully paid up)	129,627,036	129.63	127,412,759	127.41
Total	**129,627,036**	**129.63**	**127,412,759**	**127.41**

24.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares	Amount ₹ in Crore	Number of shares	Amount ₹ in Crore
Equity shares of ₹ 10 each (Fully Paid up)				
Opening balance	127,412,759	127.41	127,306,110	127.31
Issued during the year*	2,214,277	2.22	106,633	0.10
Converted into fully paid up during theyear	-	-	16	#
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)				
Opening balance	-	-	564	#
Converted into fully paid up share during the year ₹ 10 each	-	-	(16)	#
Forfeited during the year	-	-	(548)	#
Outstanding at the end of the year	**129,627,036**	**129.63**	**127,412,759**	**127.41**

#Below rounding off norms.

* During the year ended March 31, 2026, the Company, pursuant to the approval by the Board of Directors and shareholders, has made private placement offer and issued 22,14,277 equity shares with the face value of ₹ 10 each at a premium of ₹ 1,390 per share.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

24.2 Terms/rights, preference and restriction attached to equity shares of ₹ 10 each

(i) The Company has only one class of equity share having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share held.

(ii) The dividend proposed by the Board of Directors which is subject to approval of shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.

(iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to capital paid upon such equity share.

24.3 Detail of shareholder holding more than 5% shares in the Company:

	As at March 31, 2026		As at March 31, 2025	
Name of Shareholder	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Equity shares				
Hero MotoCorp Ltd.	52,431,893	40.45	52,431,893	41.15
Bahadur Chand Investment Pvt. Ltd.	25,896,764	19.98	25,896,764	20.33
Otter Limited	12,882,170	9.94	12,882,170	10.11
Mr. Pawan Munjal (refer note 24.4 below)	3,608,812	2.78	3,608,812	2.83
Ms. Renu Munjal (refer note 24.4 below)	4,094,737	3.16	4,094,737	3.21
Ms. Santosh Munjal (refer note 24.4 below)	-	-	323,600	0.25
Mr. Pawan Munjal* (refer note 24.4 below)	323,600	0.25	-	-
Mr. Suman Kant Munjal (refer note 24.4 below)	4,094,737	3.16	4,094,737	3.21
Total	**12,121,886**	**9.35**	**12,121,886**	**9.50**

*Jointly held with Ms. Renu Munjal and Mr. Suman Kant Munjal

24.4 Holding shares on behalf of Brijmohan Lal Om Parkash (partnership firm)

24.5 Shareholding of Promoters

		As at March 31, 2026			As at March 31, 2025		
S.No.	Promoter Name	No. of shares	Percentage of total shares (in %)	Percentage of change during the year	No. of shares	Percentage of total shares (in %)	Percentage of change during the year
1	Hero Motocorp Limited	52,431,893	40.45	(0.70)	52,431,893	41.15	(0.04)
2	Bahadur Chand Investments Private Limited	25,896,764	19.98	(0.35)	25,896,764	20.33	(0.01)
3	Brijmohan Lal Om Parkash (partnership Firm)	12,121,886	9.35	(0.16)	12,121,886	9.51	(0.01)
4	Hero Investcorp Private Limited	3,433,008	2.65	(0.04)	3,433,008	2.69	(0.01)
5	Pawan Munjal	592,259	0.46	-	592,259	0.46	(0.01)
6	Renu Munjal	410,740	0.32	-	410,740	0.32	-
7	Suman Kant Munjal	184,534	0.14	-	184,534	0.14	(0.01)
8	Abhimanyu Munjal	151,229	0.12	-	151,229	0.12	-
9	Renuka Munjal	16,373	0.01	-	16,373	0.01	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

S.No.	Promoter Name	As at March 31, 2026			As at March 31, 2025		
		No. of shares	Percentage of total shares (in %)	Percentage of change during the year	No. of shares	Percentage of total shares (in %)	Percentage of change during the year
	Promoter Group						
1	Munjal Acme Packaging Systems Private Limited	1,921,968	1.48	(0.03)	1,921,968	1.51	-
2	Pawan Munjal Family Trust**	790,394	0.61	(0.01)	790,394	0.62	-
3	RK Munjal and Sons Trust#	790,394	0.61	(0.01)	790,394	0.62	-
4	Annuvrat Munjal	342,945	0.26	(0.01)	342,945	0.27	-
5	Sunil Kant Munjal	319,002	0.25	-	314,502	0.25	-
6	Survam Trust ^	243,905	0.19	-	243,905	0.19	-
7	Ujjwal Munjal	224,420	0.17	(0.01)	224,420	0.18	-
8	Rahul Munjal	224,166	0.17	(0.01)	224,166	0.18	-
9	Supria Munjal	190,978	0.15	-	190,978	0.15	-
10	Vasudha Dinodia	190,978	0.15	-	190,978	0.15	-
11	Akshay Munjal	187,324	0.14	(0.01)	187,324	0.15	-
12	Munjal Family Trust *	150,682	0.12	-	150,682	0.12	-
13	Radhika Uppal	104,805	0.08	-	104,805	0.08	-
14	Vidur Munjal	99,531	0.08	-	99,531	0.08	-
15	Geeta Anand	99,423	0.08	-	99,423	0.08	-
16	Aniesha Munjal	91,704	0.07	-	91,704	0.07	-
17	Vinod Ahuja Huf	32,000	0.02	(0.01)	37,000	0.03	0.03
18	Love Kumar Khosla	15,544	0.01	-	15,544	0.01	0.01
19	Vandana Raheja	7,204	0.01	-	7,204	0.01	0.01
20	Savita Grover	1,500	0.00	-	1,500	0.00	-

* Beneficial Owner of these shares is Abhimanyu Munjal

** Beneficial Owner of these shares is Pawan Munjal

Beneficial Owner of these shares is Renu Munjal

^ Beneficial Owner of these shares is Renuka Munjal

24.6 There are no shares issued by way of bonus shares or issued for consideration other than cash and no shares were bought back during the period of 5 years immediately preceding the reporting date.

24.7 Employee stock options

Terms attached to stock options granted to employees are described in Note 45 regarding share based payments.

24.8 Compulsorily convertible preference shares (CCPS)

Refer note 18.6 to 18.9 for terms and rights attached to Compulsorily convertible preference shares (CCPS).

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 25 Other equity

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities premium		
Opening balance as at reporting date	**3,949.61**	**3,940.31**
Add: Additions during the year	307.79	6.24
Less: Share issue expenses	(13.52)	-
Add: Transfer from stock options outstanding account (ESOP Reserve)	-	3.06
Closing balance as at reporting date	**4,243.88**	**3,949.61**
Statutory reserve		
Opening balance as at reporting date	**488.77**	**477.20**
Add: Transferred from retained earnings	-	11.57
Closing balance as at reporting date	**488.77**	**488.77**
Stock options outstanding account (ESOP Reserve)		
Opening balance as at reporting date	**61.22**	**40.25**
Add: Charge during the year	13.81	25.53
Less: Transfer to retained earnings	(5.19)	(1.50)
Less: Transfer to securities premium	-	(3.06)
Closing balance as at reporting date	**69.84**	**61.22**
General reserve		
Opening balance as at reporting date	**131.02**	**131.02**
Add: Transfer from retained earning	-	-
Closing balance as at reporting date	**131.02**	**131.02**
Capital Reserve		
Opening balance as at reporting date	**#**	**-**
Add: Shares forfeited during the year	-	#
Closing balance as at reporting date	**#**	**#**
Other comprehensive income/(loss)		
Opening balance as at reporting date	**-**	**-**
Add: Other comprehensive income/(loss) for the year, net of tax	0.02	4.20
Less: Transferred to retained earnings	(0.02)	(4.20)
Closing balance as at reporting date	**-**	**-**
Cash flow hedge reserve		
Opening balance as at reporting date	**(56.65)**	**(26.90)**
Add: Other comprehensive income/(loss) for the year, net of tax	73.24	(29.75)
Closing balance as at reporting date	**16.59**	**(56.65)**
Retained earnings		
Opening balance as at reporting date	**1,011.02**	**1,086.36**
Add: Profit/(loss) for the year	(306.56)	57.84
Add: Other comprehensive income/(loss) for the year, net of tax	0.02	4.20
Add: Transfer from stock options outstanding account (ESOP Reserve)	5.19	1.50
Less: Dividend paid on equity shares	(14.26)	(127.31)
Less: Transfers to general reserves	-	-
Less: Transfers to statutory reserve	-	(11.57)
Closing balance as at reporting date	**695.41**	**1,011.02**
Total	**5,645.51**	**5,584.99**

#Below rounding off norms.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Nature of other equity:

Securities premium:

Securities premium is used to record the premium on issuance of shares. Securities premium can be utilised as per the provision of the Companies Act, 2013.

Statutory reserve:

"Statutory reserve is used to record reserve in accordance with section 45-IC of the Reserve Bank of India Act, 1934. The statutory reserves can be utilised for the purpose as specified by the RBI from time to time. During the current financial year, the Company has incurred loss after tax; accordingly, no amount has been transferred to the Statutory Reserve."

Stock options outstanding account:

Stock option outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the company for employees of the Company and its subsidiary. The reserve is used to recognise the fair value of the options issued to employees under Company’s employee stock option plan. Refer note 45 for further detail of this plan.

General reserve:

Free reserve to be utilized as per provision of the Companies Act, 2013.

Capital Reserve:

The Company has transferred money received for forfeited partly paid-up shares to Capital reserve at the time of re-issue of these shares, in accordance with the provision of the Companies Act, 2013 and will be utilised in accordance with the provisions of the Companies Act, 2013.

Cash flow hedge reserve:

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Retained earnings:

Retained earnings is used to record profit/(loss) for the year. This amount is utilised as per the provision of Companies Act, 2013.

NOTE 26 Revenue from operations

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on:		
- Loans (at amortised cost)	7,361.44	7,817.04
- Investments (FVTPL)	123.68	99.57
- Fixed deposits (at amortised cost)	20.28	13.67
Dividend income	0.02	0.02
Profit on sale of investments	88.65	42.95
Insurance commission	195.41	185.53
Gain on derecognition of financial instruments under amortised cost category	149.96	82.46
Others charges	800.71	868.81
Total	**8,740.15**	**9,110.05**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 27 Other income

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Fees on value added services	-	18.50
Other income	11.41	24.30
Total	**11.41**	**42.80**

NOTE 28 Finance costs

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	398.10	479.34
- Interest on borrowings (other than debt securities)	2,726.89	2,791.50
- Interest on subordinated liabilities	176.32	117.58
- Interest on lease liabilities	6.66	11.69
- Others	0.14	0.64
Total	**3,308.11**	**3,400.75**

NOTE 29 Net loss on fair value changes

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(A) Net loss/(gain) on financial instruments at fair value through profit or loss		
(i) On financial instruments designated at fair value through profit or loss	537.21	333.12
(ii) Others	7.17	(23.27)
Total net loss on fair value changes (A)	**544.38**	**309.85**
(B) Fair value changes		
(i) Unrealised loss	544.65	333.12
(ii) Unrealised gain	(0.27)	(23.27)
Total net loss on fair value changes (B)	**544.38**	**309.85**

NOTE 30 Impairment on financial instruments

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Impairment allowance (on loans measured at amortised cost)#	(476.47)	586.81
Impairment allowance others	(0.16)	1.95
Settlement loss and bad debts written off *#	2,970.12	2,276.79
Total	**2,493.49**	**2,865.55**
*Net off recoveries from bad debts written off cases	322.14	363.49
# Including the impairment allowance as of the derecognition date	2,233.55	1,773.64

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 31 Employee benefits expenses

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries and wages	607.36	523.56
Contribution to provident and other funds (refer note 35.1)	29.64	26.95
Employee share based payment expense (refer note 45)	14.63	27.52
Gratuity expense (refer note 35.2)	11.48	9.27
Staff welfare expenses	13.59	17.11
Total	**676.70**	**604.41**

NOTE 32 Other expenses

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Rent	3.02	0.12
Rates and taxes	0.70	1.27
Insurance	26.74	18.75
Repairs and maintenance	7.85	7.46
Contractual staff cost	319.78	293.30
Recruitment and training	12.91	11.60
Loan processing fee	23.05	28.35
Communication	18.71	13.38
Printing and stationery	5.77	7.53
Bank charges	26.39	27.07
Travelling and conveyance	74.14	78.44
Loss on sale of property, plant and equipment (net)	1.82	1.17
Advertisement and marketing	81.96	89.37
Information technology	219.02	168.06
Loan collection charges	868.47	803.33
Legal and professional	86.10	95.09
Auditor's remuneration (refer note 32.1)	2.62	2.31
Expenditure towards corporate social responsibility (CSR) (refer note 32.2)	17.30	12.50
Other expenditure*#	43.74	37.50
Total	**1,840.09**	**1,696.60**

*Includes donation of ₹ 17.00 crore made to Bharatiya Janata Party under section 182 of the Companies Act, 2013 (previous year ₹ 8.50 crore).

#Includes directors sitting fee of ₹ 1.20 crore (March 31, 2025 ₹ 1.33 crore) (refer note 39 for transaction with related parties).

32.1: Auditor's remuneration

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit fee*	1.41	1.29
Limited review**	0.92	0.78
Certification fees**	0.07	0.12
Out of pocket expenses	0.22	0.12
Total	**2.62**	**2.31**

* In addition, during the year ended March 31, 2026, an amount of ₹ 1.96 crore was paid to the auditors towards Euro Medium Term Note (EMT Note) bond issue.

* In addition, an amount of ₹ 4.28 crores (March 31, 2025 ₹ 2.10 crores) was paid to the auditors towards proposed IPO of the Company.

**₹ 0.27 crore is included in the year ended March 31, 2025, paid to predecessor auditor.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

32.2: Expenditure on Corporate Social Responsibility (CSR)

(₹ in crore)

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
(a)	Gross amount required to be spent by the company during the year	17.06	12.38
(b)	Amount approved by the Board to be spent during the year	17.30	12.50
(c)	Amount spent during the year on*:		
	i) Construction/acquisition of any assets	4.36	-
	ii) On purpose other than (i) above	12.94	12.50
(d)	Remaining amount to be spent for the financial year	-	-
(e)	Shortfall at the end of the year	-	-
(f)	Total of previous years shortfall	-	-
(g)	Reason for shortfall	-	-
(h)	Nature of CSR activities	#	#
(i)	Amount carried forward from previous year for setting off in the current year	-	-
(j)	Excess amount spent during the year carried forward to subsequent year	-	-

(k) The Company has spent excess/(short) amount and details of the same are as follows:

(₹ in crore)

Year	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Balance not carried forward to next year	Balance carried forward to next year
2024-25	-	12.38	12.50	0.12	-
2025-26	-	17.06	17.30	0.24	-

* There is no related party transaction by the Company in relation to CSR expenditure.

Promote financial literacy, education, skill development and health.

NOTE 33 Exceptional items

On November 21, 2025, the Government of India notified provisions of the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020, ('Labour Codes') which consolidate twenty-nine existing labour laws into unified framework governing employee benefits during employment and post-employment. The Labour Codes, among other things introduce changes, including a uniform definition of wages and enhanced benefits relating to leave. The Company has assessed the financial implications of these changes and considering the impact arising out of an enactment of the new legislation is an event of non-recurring in nature, the Company has presented this incremental impact amounting to ₹ 21.42 crore as "Exceptional item" in the standalone financial statements for the year ended March 31, 2026.

The Company will monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 34 Earnings per equity share

The basic earnings per share is computed by dividing the net profit attributable to Equity Shareholders for the year by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of Equity Shares and also the weighted average number of Equity Shares that could have been issued on the conversion of all dilutive potential Equity Shares. The dilutive potential Equity Shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

The following table shows the income and share data used in the basic and diluted EPS calculations:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net profit for the year (₹ in crore) **(A)**	(306.56)	57.84
Nominal value of equity share (in ₹)	10	10
Weighted average number of equity shares outstanding during the year **(B)**	129,159,719	127,352,756
Basic earnings per share of face value of ₹ 10 each **(A)/(B)**	(23.73)	4.54
Weighted average number of potential diluted equity shares* **(C)**	129,159,719	127,587,349
Diluted earnings per share of face value of ₹ 10 each	(23.73)	4.53
Weighted average number of equity shares (diluted)		
Weighted average number of equity shares outstanding during the year	129,159,719	127,352,756
Add: Number of potential diluted equity share in respect of employee stock option scheme, partly paid up shares and share issue pending allotment*	-	234,593
Weighted average number of potential diluted equity shares	129,159,719	127,587,349

* During the current year, the Company had the potential equity shares (Employee Stock Options (ESOPs) and CCPS) which were anti-dilutive in nature and, accordingly, have not been considered in the computation of diluted earnings per share.

Accordingly, the diluted earning per share is the same as basic earnings per share.

NOTE 35 Retirement benefit plan

35.1 Defined contribution plans

The Company makes periodic contribution towards provident fund, superannuation fund and national pension scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as expense towards such contribution are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Employer's contribution to provident fund	26.45	24.68
Employer's contribution to superannuation fund	0.39	0.37
Employer's contribution to national pension scheme	2.80	1.90
	29.64	**26.95**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

35.2 Defined benefit plan

The Company operates an unfunded gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death, whichever is earlier. The benefit vests after five year of continuous service. The benefit to employees is as per the plan rules or as per the Code on Social Security 2020, whichever is earlier (also refer note 3(j)).

i) Reconciliation of the net defined benefit obligations

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	37.78	35.33
Included in statement of profit and loss:		
Current service cost	8.84	6.75
Past Service Cost	9.73	-
Interest expense	2.64	2.52
Benefits paid	(2.05)	(1.21)
	19.16	**8.06**
Remeasurement (gains)/losses in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from:		
- demographic assumptions	(0.56)	-
- financial assumptions	(0.48)	0.94
- experience adjustment	1.01	(6.55)
	(0.03)	**(5.61)**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**56.91**	**37.78**

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

ii) Expense recognised in statement of profit and loss:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	8.84	6.75
Past Service Cost*	9.73	-
Net interest expense	2.64	2.52
Total	**21.21**	**9.27**

* Included in exceptional items (also refer note 33).

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

iii) Expense recognised in Other comprehensive (income)/loss:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Remeasurement (gains)/losses		
Actuarial (gain)/loss arising from:		
- demographic assumptions	(0.56)	-
- financial assumptions	(0.48)	0.94
- experience adjustment	1.01	(6.55)
Total	**(0.03)**	**(5.61)**

iv) Plan characteristics and associated risks

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of Chapter V (Gratuity) of the Code on Social Security, 2020 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

v) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	For the year ended March 31, 2026	For the year ended March 31, 2025
Discount rate	6.65%	6.50%
Attrition/Withdrawal rate		
Up to 30 years	25.00%	22.00%
31 - 44 years	25.00%	22.00%
Above 44 years	25.00%	22.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age (years)	58	58
Future salary growth*	7-10%	7-10%

*The estimate of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market etc.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

vi) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	54.86	58.75	36.35	39.33
Salary growth rate (-/+ 1%)	58.71	54.86	39.29	36.36
Attrition rate (-/+ 50%)	54.71	59.32	35.90	40.17
Mortality rate (-/+ 10%)	56.74	56.73	37.78	37.78

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

vii) Expected contribution during the next annual reporting year

Since the scheme is managed on unfunded basis, the next year contribution is taken as Nil (March 31, 2025: Nil).

viii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

(₹ in crore)

Duration (years)	For the year ended March 31, 2026	For the year ended March 31, 2025
within the next 12 months	17.57	10.38
Between 2 to 5 years	34.45	21.66
Above 5 years	21.03	18.26

As at March 31, 2026, the weighted-average duration of the defined benefit obligation was 3 years (March 31, 2025: 4 years).

35.3 Other long term employee benefit plan

Other long term employee benefit plans comprises compensated absences. The Company operates compensated absences plan (earned leaves), where in every employee is entitled to the benefit equivalent to 13 days salary for every completed year of service which is subject to maximum of 90 days accumulation of leaves. The same is payable during early retirement, withdrawal of scheme, resignation by employee and upon death of employee. The Company also recognises sick leave provision, where in every employee is entitled to the benefit equivalent to 6 days salary for every completed year of service which is subject to maximum of 20 days accumulation of leaves. The salary for calculation of earned leave and sick leaves are last drawn basic salary. The amount of the provision is ₹ 35.33 crore (March 31, 2025: ₹ 28.04 crore) as per the actuarial report.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 36 Maturity analysis of assets and liabilities

The table below shows a maturity analysis of assets and liabilities. Loans is net of impairment loss allowance on loans considering realizability, the amount recoverable from Stage 3 assets is classified under after 12 months.

(₹ in crore)

	For the year ended March 31, 2026			For the year ended March 31, 2025		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Cash and cash equivalents	370.12	-	370.12	1,963.49	-	1,963.49
Bank balance other than cash and cash equivalents	61.52	-	61.52	52.01	-	52.01
Derivative financial instruments	78.08	492.55	570.63	140.19	(25.55)	114.64
Trade receivables	36.95	-	36.95	27.40	-	27.40
Loans	19,401.87	28,288.20	47,690.07	21,953.43	25,777.83	47,731.26
Investments	2,791.17	1,000.74	3,791.91	2,133.11	800.51	2,933.62
Other financial assets	160.85	98.56	259.41	198.57	60.63	259.20
Non financial assets						
Current tax assets (net)	-	222.63	222.63	-	161.43	161.43
Deferred tax assets (net)	-	347.22	347.22	-	463.53	463.53
Property, plant and equipment	-	136.75	136.75	-	148.77	148.77
Capital work in progress	-	-	-	-	1.55	1.55
Right-of-use assets	-	81.30	81.30	-	90.20	90.20
Intangible assets under development	-	16.64	16.64	-	15.53	15.53
Other Intangible assets	-	68.36	68.36	-	52.06	52.06
Other non-financial assets	173.85	2.50	176.35	107.27	1.26	108.53
Total assets	**23,074.41**	**30,755.45**	**53,829.86**	**26,575.47**	**27,547.75**	**54,123.22**

(₹ in crore)

	For the year ended March 31, 2026			For the year ended March 31, 2025		
Liabilities	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	0.18	-	0.18	3.58	-	3.58
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	541.35	-	541.35	507.72	-	507.72
Debt securities	3,630.47	1,310.22	4,940.69	5,110.60	1,176.32	6,286.92
Borrowing (other than debt securities)	13,656.40	22,045.87	35,702.27	13,952.60	22,065.80	36,018.40
Subordinated liabilities	3,549.47	2,497.88	6,047.35	3,057.50	1,863.21	4,920.71
Lease Liabilities	28.02	63.43	91.45	28.23	72.37	100.60
Other financial liabilities	556.11	10.89	567.00	398.53	22.16	420.69
Non financial liabilities						
Current tax liabilities (net)	-	-	-	10.05	-	10.05
Provisions	29.81	62.43	92.24	18.67	47.15	65.82
Other non - financial liabilities	72.01	0.18	72.19	54.38	21.95	76.33
Total liabilities	**22,063.82**	**25,990.90**	**48,054.72**	**23,141.86**	**25,268.96**	**48,410.82**
Net	**1,010.59**	**4,764.55**	**5,775.14**	**3,433.61**	**2,278.79**	**5,712.40**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 37 Change in liabilities arising from financing activities

(₹ in crore)

Particulars	April 1, 2025	Cash flows	Others	March 31, 2026
Debt securities	6,286.92	(1,531.09)	184.86	4,940.69
Borrowings other than debt securities	36,018.40	(640.15)	324.02	35,702.27
Subordinated liabilities	4,920.71	590.00	536.64	6,047.35
Lease Liabilities	100.60	(36.09)	26.94	91.45
Total liabilities from financing activities	**47,326.63**	**(1,617.33)**	**1,072.46**	**46,781.76**

(₹ in crore)

Particulars	April 1, 2024	Cash flows	Others	March 31, 2025
Debt securities	6,295.31	83.00	(91.39)	6,286.92
Borrowings other than debt securities	31,854.86	4,148.11	15.43	36,018.40
Subordinated liabilities	3,549.22	1,025.00	346.49	4,920.71
Lease Liabilities	109.85	(35.31)	26.06	100.60
Total liabilities from financing activities	**41,809.24**	**5,220.80**	**296.59**	**47,326.63**

NOTE 38 Contingent liabilities and commitments

38.1 Capital commitment

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for*	2.85	13.78
(ii) Undrawn committed credit lines	2,259.19	2,429.56
Total	**2,262.04**	**2,443.34**

*Net of advances paid

38.2 Contingent liability

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Claims against the company not acknowledged as debt:		
VAT matters under appeal	-	0.09
Income tax matters		
Appeals/Writ by the company	81.49	109.01
Bank Guarantee*	0.50	0.50
Total	**81.99**	**109.60**

*The Company has provided bank guarantee to National Stock Exchange to comply with the requirement of Recovery Expense Fund as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 and Second to Unique Identification Authority of India to obtain KYC User Agency license.

38.3 Litigations constitute the pending litigations filed by customers/vendors/ex-employees/others against the Company for service deficiency/title claims/monetary claims, etc. which is in the course of business as usual. A provision is created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels and assessment of such contingency as 'low', 'medium' or 'high'. In respect of the open litigations, the Management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, its operations and cash flows.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 39 Related party transactions

List of Related parties:

A Related party where control exists irrespective whether transactions have occurred or not

(a) Subsidiary of the Company:

Hero Housing Finance Limited

B Other related parties where transactions have occurred during the year

(a) Parties having significant influence over the Company:

Hero MotoCorp Limited

Bahadur Chand Investment Private Limited - Core Investment Company

(b) Directors and Other Key Managerial Personnel (KMP):

Mr. Pawan Munjal – Chairman

Ms. Renu Munjal – Whole-Time Director

Mr. Abhimanyu Munjal – Managing Director & Chief Executive Officer

Mr. Pradeep Dinodia - Non-Executive Director

Mr. Sanjay Kukreja - Non-Executive Director

Mr. Sajin Mangalathu - Chief Financial Officer[#] (upto April 28, 2026)

Mr. Anand Kumar Saluja - Chief Financial Officer[#] (w.e.f April 28, 2026)

Mr. Shivendra Kumar Suman – Company Secretary[#]

Mr. Amar Raj Singh Bindra - Non-Executive Director

Mr. Paramdeep Singh - Non-Executive Director

Ms. Anuranjita Kumar - Non-Executive Director

Mr. Kaushik Dutta - Non-Executive Director (w.e.f June 27, 2024)

Ms. Aparna Popat Ved - Non-Executive Director (w.e.f June 27, 2024)

[#]identified as per the provisions of Companies Act, 2013

(c) Enterprises over which key management personnel and their relatives exercise significant influence:

Hero Investcorp Private Limited

Brijmohan Lall Om Prakash (Partnership Firm)

Munjal Acme Packaging Systems Private Limited

Cosmic Kitchen Private Limited

Ather Energy Limited (formerly known as Ather Energy Private Limited)

Hamari Asha Foundation

BML Munjal University

Foodcraft India Private Limited

Northcap Services Private Limited

Herox Private Limited

Richa Global Export Private Limited

Pawan Munjal Family Trust

RK Munjal and Sons Trust

Survam Trust

Munjal Family Trust

Paisabazaar Marketing and Consulting Private Limited (w.e.f. June 27, 2024)

Elvy Lifestyle Private Limited

Livguard Energy Technologies Private Limited

Two Infinity Partners

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Items \ Related Party	Subsidiaries		Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Loan given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**180.00**	-	**180.00**	-
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00	-	50.00	-
Two Infinity Partners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	130.00	-	130.00	-
Investment in equity shares	**200.00**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**200.00**	-
Hero Housing Finance Limited	200.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200.00	-
Loan repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**107.75**	-	**107.75**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	107.75	-	107.75
Margin money paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2.44**	-	**2.44**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.44	-	2.44
Rental security deposit received	**0.04**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.04**	-
Hero Housing Finance Limited	0.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04	-
Invocation of default loss guarantee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**23.66**	-	**23.66**	-
Paisabazaar Marketing and Consulting Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23.66	-	23.66	-
Purchase of property, plant and equipment	-	**0.18**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.18**
Hero Housing Finance Limited	-	0.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.18
Purchase of vehicles	-	-	-	**0.13**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.13**
Hero MotoCorp Limited	-	-	-	0.13	-	-	-	-	-	-	-	-	-	-	-	-	-	0.13
Subvention income	-	-	**0.05**	**0.78**	-	-	-	-	-	-	-	-	-	-	-	-	**0.05**	**0.78**
Hero MotoCorp Limited	-	-	0.05	0.78	-	-	-	-	-	-	-	-	-	-	-	-	0.05	0.78
Right to subscribe income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.46**	-	**0.46**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.46	-	0.46
Rental income	**0.14**	**2.13**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.14**	**2.13**
Hero Housing Finance Limited	0.14	2.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14	2.13
Processing fee received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2.56**	-	**2.56**	-
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50	-	0.50	-
Two Infinity Partners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.06	-	2.06	-
Interest received/accrued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3.22**	**7.96**	**3.22**	**7.96**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.96	-	7.96
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.86	-	1.86	-
Two Infinity Partners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.36	-	1.36	-
Other Income	**2.85**	**2.96**	**4.81**	**3.24**	-	-	-	-	-	-	-	-	-	-	**#**	-	**7.66**	**6.20**
Hero Housing Finance Limited	2.85	2.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.85	2.96
Hero MotoCorp Limited	-	-	4.81	3.24	-	-	-	-	-	-	-	-	-	-	-	-	4.81	3.24
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#	-	#	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Related Party / Items	Subsidiaries		Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Employee's training expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.82**	**0.87**	**0.82**	**0.87**
BML Munjal University	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.82	0.78	0.82	0.78
Herox Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	-	0.09
Sourcing and collection expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**122.17**	**84.01**	**122.17**	**84.01**
Paisabazaar Marketing and Consulting Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122.17	84.01	122.17	84.01
Dealer commission expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.11**	**0.13**	**0.11**	**0.13**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04	0.02	0.04	0.02
Paisabazaar Marketing and Consulting Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07	0.11	0.07	0.11
Staff welfare expenses and others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2.58**	**2.92**	**2.58**	**2.92**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.31	2.43	2.31	2.43
Hamari Asha Foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.27	0.41	0.27	0.41
Foodcraft India Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#	0.08	#	0.08
Courier expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.02**	-	**0.02**
Richa Global Export Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Travelling expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.01**	-	**0.01**
Northcap Services Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
General Office Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.01**	-	**0.01**
Elvy Lifestyle Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
ESOP cross charge received	-	#	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#
Hero Housing Finance Limited	-	#	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#
Director sitting fee/ commission	-	-	-	-	-	-	**4.94**	**3.38**	-	-	-	-	-	-	-	-	**4.94**	**3.38**
Non-executive directors	-	-	-	-	-	-	4.94	3.38	-	-	-	-	-	-	-	-	4.94	3.38
Dividend paid on equity shares	-	-	**8.62**	**78.33**	-	-	**0.13**	**1.16**	**0.25**	**2.32**	-	-	-	-	**2.15**	**19.44**	**11.15**	**101.25**
Directors and their relatives	-	-	-	-	-	-	0.13	1.16	0.25	2.32	-	-	-	-	-	-	0.38	3.48
Bahadur Chand Investment Private Limited	-	-	2.85	25.90	-	-	-	-	-	-	-	-	-	-	-	-	2.85	25.90
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.33	12.12	1.33	12.12
Hero Investcorp Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.38	3.43	0.38	3.43
Hero MotoCorp Limited	-	-	5.77	52.43	-	-	-	-	-	-	-	-	-	-	-	-	5.77	52.43
Munjal Acme Packaging Systems Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.21	1.92	0.21	1.92
Pawan Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	0.79	0.09	0.79
RK Munjal and Sons Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	0.79	0.09	0.79

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Related Party / Items	Subsidiaries		Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.15	0.02	0.15
Survam Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.24	0.03	0.24
Dividend paid on compulsorily convertible preference shares	**-**	**-**	**21.00**	**21.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9.00**	**9.00**	**30.00**	**30.00**
Hero MotoCorp Limited	-	-	21.00	21.00	-	-	-	-	-	-	-	-	-	-	-	-	21.00	21.00
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.40	2.40	2.40	2.40
Pawan Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00	3.00	3.00	3.00
RK Munjal and Sons Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00	3.00	3.00	3.00
Survam Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60	0.60	0.60	0.60
Dividend received	**-**	**-**	**0.02**	**0.02**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**0.02**
Hero MotoCorp Limited	-	-	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.02
Reimbursement of expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.06**	**0.07**	**-**	**-**	**-**	**-**	**0.06**	**0.07**
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	0.06	0.07	-	-	-	-	0.06	0.07
Issue of equity shares (incl. securities premium)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.14**	**-**	**-**	**-**	**-**	**-**	**0.14**
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	0.14	-	-	-	-	-	0.14
Sale of data processing equipment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**#**	**-**	**-**	**-**	**-**	**-**	**#**
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	#	-	-	-	-	-	#
Short term employee benefits**	**-**	**-**	**-**	**-**	**-**	**-**	**30.32**	**39.03**	**-**	**-**	**7.95**	**5.41**	**-**	**-**	**-**	**-**	**38.27**	**44.44**
Executive Directors	-	-	-	-	-	-	30.32	39.03	-	-	-	-	-	-	-	-	30.32	39.03
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	7.95	5.41	-	-	-	-	7.95	5.41
Post-employment benefits***	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Executive Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Parties having significant influence over the Company.

** Includes variable pay/commission on payment basis since accruals are made at the Company level and are subject to requisite approvals (also refer note 39.1).

*** Does not include gratuity and compensated absences as these are provided based on the Company as a whole.

#Below rounding off norms.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Related Party / Items	Subsidiaries		Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	As at		As at		As at		As at		As at		For the year ended		As at		As at		As at	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Outstanding balances at the year end																		
Investment in equity shares	**1,000.00**	**800.00**	**0.69**	**0.51**	-	-	-	-	-	-	-	-	-	-	-	-	**1,000.69**	**800.51**
Hero Housing Finance Limited ((Maximum outstanding during the year ₹ 1,000.00 crore (Previous year ₹ 800.00 crore))	1,000.00	800.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000.00	800.00
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 0.79 crore (Previous year ₹ 0.78 crore))	-	-	0.69	0.51	-	-	-	-	-	-	-	-	-	-	-	-	0.69	0.51
Compulsory convertible preference shares^	-	-	**700.00**	**700.00**	-	-	-	-	-	-	-	-	-	-	**300.00**	**300.00**	**1,000.00**	**1,000.00**
Hero MotoCorp Limited	-	-	700.00	700.00	-	-	-	-	-	-	-	-	-	-	-	-	700.00	700.00
BrijMohan Lall Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80.00	80.00	80.00	80.00
Pawan Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00	100.00	100.00	100.00
RK Munjal and Sons Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00	100.00	100.00	100.00
Survam Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.00	20.00	20.00	20.00
Loan outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**181.36**	-	**181.36**	-
Livguard Energy Technologies Private Limited ((Maximum outstanding during the year ₹ 50.52 crores (Previous year ₹ Nil))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00	-	50.00	-
Two Infinity Partners ((Maximum outstanding during the year ₹ 131.36 crores (Previous year ₹ Nil))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131.36	-	131.36	-
Amount payable at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**11.57**	**16.79**	**11.57**	**16.79**
Cosmic Kitchen Private Limited ((Maximum outstanding during the year ₹ 0.19 crore (Previous year ₹ 0.23 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.36	0.16	0.36	0.16
Paisabazaar Marketing and Consulting Private Limited ((Maximum outstanding during the year ₹ 15.59 crore (Previous year ₹ 15.59 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.21	15.59	11.21	15.59

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Related Party / Items	Subsidiaries		Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	As at		As at		As at		As at		As at		For the year ended		As at		As at		As at	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Ather Energy Limited ((Maximum outstanding during the year ₹ 0.02 crore (Previous year ₹ 0.01 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
Herox Private Limited ((Maximum outstanding during the year ₹ 0.03 crore (Previous year ₹ 0.03 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03
Foodcraft India Private Limited ((Maximum outstanding during the year ₹ 0.01 crore (Previous year ₹ 0.06 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
Richa Global Export Private Ltd ((Maximum outstanding during the year ₹ 0.02 crore (Previous year ₹ 0.02 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Paramdeep Singh ((Maximum outstanding during the year ₹ 1.29 crore (Previous year ₹ 0.96 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.96	-	0.96
Amar Raj Singh Bindra ((Maximum outstanding during the year ₹ 0.56 crore (Previous year ₹ 0.48 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
Amount receivable as at year end	**-**	**-**	**-**	**0.57**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.57**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 5.74 crores (Previous year ₹ 4.39 crores))	-	-	-	0.57	-	-	-	-	-	-	-	-	-	-	-	-	-	0.57

*Parties having significant influence over the Company.

Notes:

1. Dividend related transactions are on actual payment/receipt basis.
2. The above disclosures excludes payments made on behalf and recovered thereafter.

^ represented amount invested by the respective parties in compulsory convertible preference shares and fair value changes is not included.

39.1 The managerial remuneration (incentives/commission) provided/payable by the Company (in addition to the remuneration paid to its Directors) for the year ended March 31, 2026 amounting to ₹ 18.10 crore (including ₹ 4.10 crores to Non -Executive/Independent Directors), as recommended by the Nomination and Remuneration committee and approved by the Board of Directors is subject to the approval by the shareholders through special resolution in terms of section 197 of the Act read with schedule V of the Act in the ensuing Annual General Meeting.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 40 Operating segment

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is engaged in the business of financing, leasing and related financial services. Accordingly, the Company's activities/business is regularly reviewed by the Company's Managing Director assisted by an executive committee from an overall business perspective, rather than reviewing its product/services as individual standalone components. Thus, the Company has only one operating segment, and no reportable segments in accordance with Ind AS 108 Operating Segments.

a) The Entity wide disclosures as required by Ind AS 108 are as follows ;

Information about products and services:

The Company provides a wide portfolio of financial products including two-wheeler loan, pre-owned car loan, loyalty personal loan, inventory funding, loan against property, loans to small, medium and emerging corporates etc. The break-up of revenue from interest income and other income is provided in note 26.

The entire income of the Company is generated from customers who are domiciled in India. The Company does not derives revenues, from any single customer, amounting to ten per cent or more of Company's revenues.

NOTE 41 Leases

(i) Statement showing carrying value of right of use assets

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
At the beginning of the year	**90.20**	**101.31**
Additions	27.23	57.49
Deductions/(Adjustments)	9.37	36.89
Depreciation	(26.76)	(31.71)
At the year end	**81.30**	**90.20**

(ii) Statement showing movement in lease liabilities

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
At the beginning of the year	**100.60**	**109.85**
Add: Additions during the year	26.88	55.00
: Interest on lease liability	6.66	11.69
Less: Deletion/(Adjustments) during the year	9.52	40.63
: Lease rental payments	33.17	35.31
At the year end	**91.45**	**100.60**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(iii) Amount recognized in Profit/Loss

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation charge for right-of-use assets	26.76	31.71
Interest expense (included in finance cost)	6.66	11.69
Variable lease payments	-	-
Income from sub-leasing right-of-use assets	0.14	2.13
Expenses related to short term leases and leases of low value assets	0.09	0.12

(iv) Maturity analysis of undiscounted lease liability

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Less than one year	34.33	34.11
One to Five years	59.07	71.88
More than five years	15.40	14.67
Total Payments	**108.80**	**120.66**

(v) Cash Flows

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
The total cash outflow of leases	36.09	35.31

(vi) Future Commitments

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Future undiscounted lease payments to which leases are not commenced	-	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 42 Financial instruments

(a) Financial instruments by category and fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in crore)

	Carrying amount						Fair value*		
For the year ended March 31, 2026	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Derivative instruments in hedging relationship**	**At Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets									
Cash and cash equivalents#	-	-	370.12	-	-	**370.12**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	61.52	-	-	**61.52**	-	-	-
Derivative financial instruments	-	-	-	570.63	-	**570.63**	-	570.63	-
Trade receivables#	-	-	36.95	-	-	**36.95**	-	-	-
Loans	-	-	47,690.07	-	-	**47,690.07**	-	-	47,882.52
Investments##	2,791.91	-	-	-	1,000.00	**3,791.91**	0.69	2,791.17	0.05
Other financial assets#	-	-	259.41	-	-	**259.41**	-	-	-
	2,791.91	**-**	**48,418.07**	**570.63**	**1,000.00**	**52,780.61**	**0.69**	**3,361.80**	**47,882.57**
Financial liabilities									
Trade payable#									
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	0.18	-	-	**0.18**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	541.35	-	-	**541.35**	-	-	-
Debt securities	-	-	4,940.69	-	-	**4,940.69**	-	-	4,944.88
Borrowing (other than debt securities)	-	-	35,702.27	-	-	**35,702.27**	-	-	35,696.50
Subordinated liabilities	3,361.57	-	2,685.78	-	-	**6,047.35**	-	-	6,052.15
Lease Liabilities#	-	-	91.45	-	-	**91.45**	-	-	-
Other financial liabilities#	-	-	567.00	-	-	**567.00**	-	-	-
	3,361.57	**-**	**44,528.72**	**-**	**-**	**47,890.29**	**-**	**-**	**46,693.53**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

For the year ended March 31, 2025	Carrying amount						Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	At Cost	Total	Level 1	Level 2	Level 3
Financial assets									
Cash and cash equivalents#	-	-	1,963.49	-	-	**1,963.49**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	52.01	-	-	**52.01**	-	-	-
Derivative financial instruments	-	-	-	114.64	-	**114.64**	-	114.64	-
Trade receivables#	-	-	27.40	-	-	**27.40**	-	-	-
Loans	-	-	47,731.26	-	-	**47,731.26**	-	-	47,824.33
Investments##	2,133.62	-	-	-	800.00	**2,933.62**	323.28	1,810.31	0.03
Other financial assets#	-	-	259.20	-	-	**259.20**	-	-	-
	2,133.62	**-**	**50,033.36**	**114.64**	**800.00**	**53,081.62**	**323.28**	**1,924.95**	**47,824.36**
Financial liabilities									
Trade payable#									
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	3.58	-	-	**3.58**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	507.72	-	-	**507.72**	-	-	-
Debt securities	-	-	6,286.92	-	-	**6,286.92**	-	-	6,301.44
Borrowing (other than debt securities)	-	-	36,018.40	-	-	**36,018.40**	-	-	36,017.19
Subordinated liabilities	2,884.36	-	2,036.35	-	-	**4,920.71**	-	-	4,921.77
Lease Liabilities#	-	-	100.60	-	-	**100.60**	-	-	-
Other financial liabilities#	-	-	420.69	-	-	**420.69**	-	-	-
	2,884.36	**-**	**45,374.26**	**-**	**-**	**48,258.62**	**-**	**-**	**47,240.40**

*This includes fair value of financial instruments subsequently measured at amortised costs for which fair value as at reporting date is disclosed as per requirements of Ind AS 107 Financial Instruments: Disclosures.

#The carrying amount of cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, other financial assets, trade payable, lease liabilities and other financial liabilities approximates the fair value, due to their short-term nature.

##The fair values disclosed are only in respect of investment carried at FVTPL.

(b) Changes in level 3 financial instruments (Valued at FVTPL)

(₹ in crore)

Particulars	Financial Assets		Financial Liabilities	
	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance	0.03	7.02	2,884.36	2,611.24
Acquisitions during the year	-	-	-	-
Disposals/repayments during the year	(0.01)	(7.70)	(60.00)	(60.00)
Fair value (gains)/losses recognised in profit or loss*	(0.03)	(0.71)	537.21	333.12
(Gains)/losses recognised in other comprehensive income	-	-	-	-
Closing balance	**0.05**	**0.03**	**3,361.57**	**2,884.36**
*includes unrealised (gain)/loss recognized in profit or loss related to assets and liabilities held at the end of the reporting year	(0.03)	(0.01)	537.21	333.12

(c) Valuation framework

The finance department of the Company includes personnel that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

The Company uses suitable valuation models to determine the fair value of common and simple financial instruments, that use only observable market data and require little management judgement and estimation.

Loans

The fair value of loan and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represent the discounted value (discounted basis the weighted average yield of recently disbursed loans) of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans.

Debt securities, borrowings (other than debt securities) and subordinated liabilities (other than compulsorily convertible preference shares (CCPS))

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the company's own credit risk or based on market-observable data such as secondary market prices for its traded debt. Further, for floating rate interest bearing borrowings, the carrying amount of borrowings represent fair market value of borrowings.

Notes forming part of Standalone Financial Statements
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Compulsorily Convertible Preference Shares (CCPS)

Fair value is estimated by using a discounted cash flow model based on management expected cash flows (determined using monte carlo simulations), discount rates (market inputs adjusted for the company specific risk) and terms of CCPS. The significant unobservable inputs include risk adjusted discount rate. Increase in the discount rate by 100 bps would decrease the fair value by ₹ 16.45 crore (March 31, 2025: ₹ 14.07 crore) and decrease in discount rate by 100 bps would increase the fair value by ₹ 16.53 crore (March 31, 2025: ₹ 14.14 crore).

Investments

Investment in alternate investment fund and mutual fund is recorded at fair value determined by third party based on net asset value method. Investment in government securities, commercial paper, treasury bills, certificate of deposits, corporate bonds etc. are fair valued at reporting date. For rest of the investments, based on the information available from external sources, management believes that the carrying value of the investments approximates the fair value.

There were no transfers between levels during the year.

NOTE 43 Risk management framework

43.1 Risk profile and risk mitigation

(a) Risk management structure and Company's risk profile

The Company's Board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors have established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its policies and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

43.2 Credit risk

Credit risk arises from loans, cash and cash equivalents, bank balance other than cash and cash equivalents, investments, trade receivables and other financial assets. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance and trade receivables from customers; loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure. The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. Funds are invested after taking into account parameters like safety, liquidity and post-tax returns etc. The credit worthiness of such banks and financial institutions is evaluated by the Management on an ongoing basis and is considered to be high.

(a) Credit risk management

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured
- Nature of security
- Nature of loan

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Company on terms that the Company would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Portfolio review is performed by the management on quarterly basis.

(b) Definition of default

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further cases, where borrower had crossed 90 days past due, continued to be considered as Stage 3 (credit-impaired) for ECL calculations till the time all the due contractual payments are paid by the borrower.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant changes in expected performance and behaviour of the borrower including changes in payment status of borrowers.

(c) Probability of default (PD)

Day past dues (DPD) analysis is the preliminary inputs in the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product and borrowers as well as by DPD. The Company analyses the data collected and generates estimates of the PD of exposures and how these are expected to change as result of passage of time.

The month-on-month outstanding balances and count of active accounts in each DPD bucket are assessed to estimate the historic probability of default for each bucket; this probability is then combined with a macro-economic variable to compute the final PD estimate.

Notes forming part of Standalone Financial Statements

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(d) Exposure at default

The exposure at default (EAD) represents the gross carrying amount (in addition to the interest to be earned during the next year) of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

(e) Loss given default

Loss given default (LGD) represent estimated financial loss the Company is likely to suffer in the event of default and it is used to calculate provision requirement on EAD along with probability of default. LGD values are assessed, reviewed and approved by the Company. These LGD rates take into account the actual recoveries, adjusted for time value of money and the amount expected to be recovered or realized from any collateral held.

(f) Significant increase in credit risk

The Company continuously monitor all the assets subject to ECL in order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been significant increase in credit risk since initial recognition. The Company also applies secondary qualitative methods for triggering a significant increase in credit risk for an asset wherever applicable. Regardless of the change in credit grades, if contractual payments are more than 30 days past due , the credit risk is deemed to have increase significantly since initial recognition.

(g) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, date of initial recognition, remaining term to maturity, collateral type, and other relevant factors.

For the assessment, each financial asset (after segmentation based on the nature), is then clubbed into the following DPD cohorts:

- Stage 1 (0-30 DPD)
- Stage 2 (31-90 DPD)
- Stage 3 (>90 DPD)

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further cases, where borrower had crossed 90 days past due, continued to be considered as Stage 3 (credit-impaired) for ECL calculations till the time all the due contractual payments are paid by the borrower.

The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the statistical models and other historical data.

43.2.1 Inputs, assumptions and estimation techniques used to determine expected credit loss

The Company's loan loss provision are made on the basis of the Company's historical loss experience and future expected credit loss, after factoring in various macro-economic parameters such as Consumer Prices (% change pa; av), Domestic Demand (% real change pa), Real GDP (% change pa), Services (% change pa) Lending Interest Rate (%) etc. The selection of these variables was made basis statistical analysis and relevance to the business. The macro-economic variables were regressed using a regression model against the log-odds of the weighted average PDs to forecast the forward-looking PDs with macro-economic overlay incorporated.

Notes forming part of Standalone Financial Statements

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Best, base and worst scenarios were created for all the variables and default rates were estimated for all the scenarios. These default rates were then used with the same LGD and EAD to arrive at the expected credit loss for all three cases. The three cases were then assigned weights and a final probability-weighted expected credit loss estimate was computed.

Macro economic indicator	Scenario	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4
Consumer prices (% change pa; av)	Base	2.34	3.61	4.65	5.41	5.09	4.37	3.75	3.65
	Best	2.11	3.25	4.19	4.87	4.58	3.93	3.38	3.28
	Worst	3.04	4.69	6.05	7.03	6.62	5.68	4.88	4.74
Lending interest rate (%)	Base	12.70	12.50	12.28	11.82	11.40	11.07	10.84	10.69
	Best	11.43	11.25	11.05	10.64	10.26	9.97	9.75	9.62
	Worst	16.51	16.25	15.96	15.37	14.82	14.39	14.09	13.90
Private consumption (real % change pa)	Base	8.60	7.68	7.58	10.70	10.38	10.73	11.06	10.11
	Best	9.46	8.45	8.34	11.77	11.42	11.81	12.17	11.12
	Worst	6.02	5.37	5.31	7.49	7.26	7.51	7.74	7.08
Real agriculture (% change pa)	Base	4.80	4.86	4.91	4.97	5.03	5.08	5.14	5.20
	Best	5.28	5.34	5.40	5.47	5.53	5.59	5.65	5.72
	Worst	3.36	3.40	3.44	3.48	3.52	3.56	3.60	3.64
Real domestic demand (% change pa)	Base	4.32	4.30	5.41	9.66	9.62	9.16	8.91	8.22
	Best	4.75	4.73	5.95	10.63	10.58	10.08	9.80	9.04
	Worst	3.02	3.01	3.79	6.76	6.74	6.42	6.24	5.75
Real GDP (% change pa)	Base	6.09	6.65	6.71	7.06	8.38	7.44	6.87	6.90
	Best	6.69	7.32	7.38	7.77	9.21	8.19	7.55	7.58
	Worst	4.26	4.66	4.70	4.94	5.86	5.21	4.81	4.83
Services (% change pa)	Base	6.82	6.76	6.69	6.63	6.57	6.50	6.44	6.38
	Best	7.50	7.43	7.36	7.29	7.22	7.15	7.08	7.01
	Worst	4.77	4.73	4.69	4.64	4.60	4.55	4.51	4.46
Short term interest rate (%, end-period)	Base	5.40	5.40	5.30	5.30	5.36	5.42	5.48	5.55
	Best	4.86	4.86	4.77	4.77	4.83	4.88	4.94	4.99
	Worst	7.02	7.02	6.89	6.89	6.97	7.05	7.13	7.21

43.2.2 Analysis of risk concentration

The Company's concentrations of risk are managed by client/counterparty and industry sector.

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Maximum credit exposure to any individual client or counterparty	361.97	313.19

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

43.2.3 Analysis of portfolio

An analysis of changes in gross carrying amount in relation to Loan portfolio is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3*#	Total	Stage 1	Stage 2	Stage 3*#	Total
Gross carrying amount opening balance	45,776.88	1,378.75	2,720.74	49,876.37	43,347.96	1,160.81	1,979.42	46,488.19
New assets originated (refer note 1and 2 below)	27,487.67	181.66	179.15	27,848.48	27,441.39	442.10	464.01	28,347.50
Assets repaid (excluding write offs) (refer note 2 below)	(24,335.94)	(406.39)	(49.62)	(24,791.95)	(21,784.06)	(336.93)	(13.94)	(22,134.93)
Transfers from Stage 1	(2,083.19)	645.53	1,437.66	-	(2,631.10)	869.58	1,761.52	-
Transfers from Stage 2	70.56	(292.53)	221.97	-	41.82	(230.85)	189.03	-
Transfers from Stage 3	24.42	7.34	(31.76)	-	22.07	5.30	(27.37)	-
Settlement loss and bad debts written off ** (refer note 3 below)	(563.25)	(585.87)	(2,386.90)	(3,536.02)	(661.20)	(531.26)	(1,631.93)	(2,824.39)
Gross carrying amount closing balance	**46,377.15**	**928.49**	**2,091.24**	**49,396.88**	**45,776.88**	**1,378.75**	**2,720.74**	**49,876.37**

* Principal overdue and total interest overdue (as per contractual terms) of more than 90 days cases is as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Principal Overdue for more than 90 days (Number of cases)	267,920	324,371
Principal Overdue for more than 90 days cases (₹ in Crore)	597.44	759.81
Total Interest overdue (as per contractual terms) for more than 90 days cases (₹ in Crore)	246.10	292.06

** Interest overdue on bad debts written off cases is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest overdue on bad debts written off cases	244.20	184.11

#Stage 3 assets is net of interest income on impaired portion of loan assets amounting to ₹ 133.36 crore (March 31, 2025: ₹ 159.63 crore).

Reconciliation of Impairment loss allowance in relation to Loan portfolio is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	280.64	316.90	1,547.57	2,145.11	265.44	255.23	1,037.62	1,558.29
New assets originated (refer note 1 and 2 below)	148.27	44.67	105.37	298.31	172.53	106.14	277.67	556.34
Effect of change in estimate/ repayment/staging	187.17	281.66	1,028.11	1,496.94	272.10	330.01	1,202.01	1,804.12
Transfers from Stage 1	(17.41)	5.17	12.24	-	(21.21)	6.74	14.47	-
Transfers from Stage 2	11.97	(55.56)	43.59	-	7.19	(42.00)	34.81	-
Transfers from Stage 3	11.89	2.98	(14.87)	-	9.68	2.32	(12.00)	-
Settlement loss and bad debts written off	(363.39)	(377.98)	(1,492.18)	(2,233.55)	(425.09)	(341.54)	(1,007.01)	(1,773.64)
Impairment allowance - Closing balance	**259.14**	**217.84**	**1,229.83**	**1,706.81**	**280.64**	**316.90**	**1,547.57**	**2,145.11**

An analysis of Expected credit loss rate:

Notes forming part of Standalone Financial Statements

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Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	0.56%	23.46%	58.81%	3.46%	0.61%	22.98%	56.88%	4.30%

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage 1, stage 2, and stage 3 is based on period end staging. Interest accruals on existing loans that remain unpaid at the end of the period, are classified under new assets originated as per their opening stage category.

Note 2: Assets originated and repaid during the year have not been disclosed in the movement of gross carrying amount.

Note 3: The contractual amount of financial assets that has been written off by the Company is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Contractual amount of financial assets that has been written off that were still subject to enforcement activity	3,163.70	2,489.23

Note 4: The Company recognize expected credit loss (ECL) on collective basis that takes into account comprehensive credit risk information.

43.2.4 Collateral and other credit enhancements

The loan portfolio of the Company has both secured and unsecured loans and they vary with the type of funding. Products like loan against property, corporate loan, two wheeler loan and pre owned car loan are all secured loans whereas products like business loan and personal loan generally do not carry any collateral security. For loan against property, properties (residential, commercial, industrial, mixed use, etc.) are generally acceptable collateral. For corporate loan there is usually a collateral basket comprising of properties, rated securities, current assets (including stock and book debts), plant and machinery, and deposits. For two wheeler loan and pre owned car loan, the respective vehicle against which the loan been offered is taken as a collateral security.

The Company has a pre-defined loan to value norms in the policy and the same is followed to control the risk of the Company. For loan against property, the loan to value ('LTV') is in the range of 50% to 75%. For corporate loan, the funding is secured by way of a collateral basket - the overall security cover is generally maintained in the range of 1.1 times to 3.0 times and above. For loan against shares, a minimum cover of 2.0 times is maintained.

For pre-owned car and two wheeler loan, the Company maintains a loan to value range of 75% to 90% depending upon tenure and model. The loan to value for refinance of pre-owned car can be up to 200%

Valuation of the collateral, wherever applicable, is done by empanelled valuers who carry the necessary experience and expertise in the area. The guidelines governing these valuation have been clearly laid out for each collateral class. For two wheeler loan since the asset is new no valuation is has been carried out by the Company. Valuation of the collateral for pre-owned car is done by empaneled valuers who carry the necessary experience and expertise in the area. Collaterals related to credit impaired assets are revalued for assessment/provisioning purposes and distress value is considered. The Company has an in-house team of technical managers who oversee the property valuation activity undertaken by empaneled technical valuers.

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For the year ended March 31, 2026

(₹ in crore)

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL (G)
906.32	1,251.00	362.66	10.18	1,623.84	(717.52)	427.64

For the year ended March 31, 2025

(₹ in crore)

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL (G)
1,320.84	1,638.11	515.36	72.26	2,225.73	(904.89)	558.42

Note 1: Including Buyout Portfolio

Note 2: Stage 3 TOS and Total ECL is of the secured assets

Note 3: The total collateral value is the fair market value of the collaterals and the distress value of the collaterals has been used to compute the total ECL allowances.

43.3 Liquidity risk

Liquidity risk arises as the Company has contractual financial liabilities that are required to be serviced and redeemed as per committed timelines and in the business of lending where funds are required for the disbursement and creation of financial assets to address the going concern of Company. Liquidity risk management is imperative to the Company as this allows covering the core expenses, market investment/creation of financial assets, timely repayment of debt commitments and continuing with its operations. The Company uses various liquidity monitoring tools to measure and gauge the liquidity risk as per necessary guidelines stipulated by the RBI. The Company with the help of the Asset and Liability Committee (ALCO), ALM policy and Liquidity Desk, monitors the Liquidity risk and uses structural, dynamic liquidity statements and cash flow statements as a mechanism to address this. To effectively manage liquidity in any stress situation, the Company continuously maintains adequate level of liquidity buffers in terms of High Quality Liquid Assets to manage LCR norms by RBI, which acts as a safeguard against any likely disruption in the funding and market liquidity.

43.3.1 Contractual maturities of financial instruments

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at reporting date.

(₹ in crore)

For the year ended March 31, 2026	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	541.53	541.53	-	-	541.53
Debt securities*	4,940.69	3,714.97	1,450.84	140.58	5,306.39
Borrowings (other than debt securities)*	35,702.27	15,730.75	23,720.06	-	39,450.81
Subordinate liabilities*#	6,047.35	433.16	1,747.13	2,292.67	4,472.96
Lease liabilities	91.45	34.33	59.07	15.40	108.80
Other financial liabilities	567.00	556.12	11.45	3.03	570.60
Total undiscounted financial liabilities	**47,890.29**	**21,010.86**	**26,988.55**	**2,451.68**	**50,451.09**

(₹ in crore)

For the year ended March 31, 2025	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade Payables	511.30	511.30	-	-	511.30
Debt securities*	6,286.92	5,192.16	1,556.76	28.68	6,777.60
Borrowings (other than debt securities)*	36,018.40	16,142.45	24,927.90	-	41,070.35
Subordinate liabilities*#	4,920.71	344.26	1,123.46	1,834.26	3,301.98
Lease liabilities	100.60	34.11	71.88	14.67	120.66
Other financial liabilities	420.69	400.12	17.98	31.17	449.27
Total undiscounted financial liabilities	**48,258.62**	**22,624.40**	**27,697.98**	**1,908.78**	**52,231.16**

*The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amounts may change as market interest rates change.

#In respect of Compulsorily Convertible Preference Shares (CCPS) issued during the earlier year, the Company has only considered the pay-out of preference dividend of 3% p.a. for the purpose of liquidity risk. Also refer to Note 18.8.

43.4 Market risk

Market risk is the risk that the fair value or future cash flow of financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates etc. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while maximising the return. Cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, and other financial assets do not have any interest and market risk exposure due to the nature of balances.

Interest rate risk

A major portion of The Company's assets and liabilities are interest bearing - which could be either at a fixed or a floating rate. Interest rate risk is managed by way of regular monitoring of all interest rate bearing assets and liabilities. The same also forms part of the ALCO and ALM policy.

The exposure of Company's financial assets and liabilities to interest rate risk is as follows:

(₹ in crore)

	Floating rate	Fixed rate
Financial assets		
March 31, 2026	10,390.72	39,006.16
March 31, 2025	9,440.80	40,435.57
Financial liabilities		
March 31, 2026	31,723.49	14,966.82
March 31, 2025	33,505.29	13,720.74

The table below illustrates the impact of a 1.00% movement in interest rates on interest income and interest expense on floating loans and floating borrowings respectively for next one year, assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average loans and borrowings outstanding during the year.

	Impact on profit before tax (₹ in Crore)	
Movement in interest rates	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
1.00%	(128.40)	(164.92)
(1.00%)	128.40	164.92

Notes forming part of Standalone Financial Statements
for the year ended March 31, 2026

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds, G-secs, T-Bills, money market instruments etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Investments carried at FVTPL	2,791.91	2,133.62

Movement in price	Impact on profit before tax (₹ in Crore)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
5.00%	139.60	106.68
(5.00%)	(139.60)	(106.68)

43.5 Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company presently manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the underlying exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Company's unhedged foreign currency exposure relates to trade payable and balances with banks.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

The Company exposure to foreign currency risk at the end of the reporting year expressed in ₹ in Crore, are as follows:

Foreign currency exposure	Currency	For the year ended March 31, 2026	For the year ended March 31, 2025
Borrowings (other than debt securities)	USD	4,797.81	7,185.35
Borrowings (other than debt securities)	SGD	-	314.03
Borrowings (other than debt securities)	AED	476.01	429.05
Balances with banks	AED	0.09	-
Trade Payables	USD	-	0.53
Trade Payables	AED	-	0.01
Trade Payables	GBP	-	0.67
Trade Payables	SGD	-	0.14

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Foreign currency sensitivity

The sensitivity of changes in the exchange rates arises mainly from foreign currency denominated financial instruments and from derivative financial instruments i.e. forward exchange contracts and currency swaps, designated as cash flow hedges, will be recognised in OCI. Company has considered a sensitivity of +/- 5% for increase and decrease in the ₹ against the relevant foreign currencies to calculate the net impact on OCI.

(₹ in crore)

	Impact on profit after tax		Impact on other comprehensive income	
Foreign currency exposure	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
USD				
Borrowings (other than debt securities) +5%	-	-	28.88	32.38
Borrowings (other than debt securities) -5%	-	-	(28.88)	(32.39)
Trade Payables +5%	-	0.03	-	-
Trade Payables -5%	-	(0.03)	-	-
SGD				
Borrowings (other than debt securities) +5%	-	-	-	0.18
Borrowings (other than debt securities) -5%	-	-	-	(0.18)
Trade Payables +5%	-	0.01	-	-
Trade Payables -5%	-	(0.01)	-	-
AED				
Borrowings (other than debt securities) +5%	-	-	(0.71)	(0.41)
Borrowings (other than debt securities) -5%	-	-	0.71	0.41
Trade Payables +5%	-	#	-	-
Trade Payables -5%	-	#	-	-
GBP				
Trade Payables +5%	-	0.03	-	-
Trade Payables -5%	-	(0.03)	-	-

#Below rounding off norms.

43.6 Interest rate sensitivity on derivative financial instruments

The sensitivity of changes in the interest rates from derivative financial instruments i.e. forward exchange contracts and currency swaps, designated as cash flow hedges, will be recognised in OCI. Company has considered a sensitivity of +/-1% for related interest rate changes to calculate the impact on OCI.

(₹ in crore)

	Impact on profit after tax		Impact on other comprehensive income	
Movement in interest rates	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
USD				
1.00%	-	-	(75.29)	(118.59)
(1.00%)	-	-	77.41	126.68
SGD				
1.00%	-	-	-	(1.37)
(1.00%)	-	-	-	1.39
AED				
1.00%	-	-	0.93	0.61
(1.00%)	-	-	(0.76)	(0.66)
INR				
1.00%	-	-	5.50	-
(1.00%)	-	-	(5.53)	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

43.7 Hedging Policy

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. The hedge ratio established remains at 1:1 for the hedge relationship as the underlying risks and notional amount of the hedging instrument are identical to that of the hedged items.

Impact of hedge on the Balance Sheet:

(₹ in crore)

Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025		
	Currency	Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability	Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
External commercial borrowing	USD	4,706.67	581.13	-	7,396.48	145.89	22.50
	SGD	-	-	-	300.00	8.63	-
	AED	434.85	-	7.50	434.85	-	17.51
Foreign Currency Loan	USD	-	-	-	12.50	0.13	-
Interest Rate Swap	INR	400.00	-	3.00	-	-	-

Movement in cash flow hedge reserve

(₹ in crore)

Derivative instruments	Foreign exchange contracts	Cross currency swaps	Interest rate swaps	Total
As at April 1, 2025	0.15	56.50	-	56.65
Add: changes in discounted spot element of foreign exchange contracts/CCS	(0.32)	358.43	-	358.11
Add: MTM gain/Loss of Derivative contracts	0.12	(459.11)	3.01	(455.98)
Less: amount reclassified to P&L	-	-	-	-
Less: Deferred tax relating to above	(0.05)	(25.34)	0.76	(24.63)
For the year ended March 31, 2026	**-**	**(18.84)**	**2.25**	**(16.59)**
As at April 1, 2024	0.34	26.56	-	26.90
Add: changes in discounted spot element of foreign exchange contracts/CCS	0.03	20.71	-	20.74
Add: MTM gain/Loss of Derivative contracts	(0.29)	19.31	-	19.02
Less: amount reclassified to P&L	-	-	-	-
Less: Deferred tax relating to above	(0.07)	10.08	-	10.01
For the year ended March 31, 2025	**0.15**	**56.50**	**-**	**56.65**

43.8 Modified financial assets

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Amortized cost of modified assets at the time of modification during the year	0.25	7.92
Modification gain/(loss) for the year	-	-
Carrying cost of the modified financial assets	98.90	132.75

Notes forming part of Standalone Financial Statements

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43.9 Derecognition of financial assets

During the year ended March 31, 2026 and March 31, 2025, the Company has sold 80%/90% of a portion of its loans through direct assignments, measured at amortised cost. As per regulatory requirement, the Company continues to hold balance of 10% or more of those loans as Minimum Retention Requirement (MRR). The Company transferred substantially all the risks and rewards relating to assets to the buyer and accordingly, sold portion of loans was derecognised.

The following table below sets forth, for the years indicated, the summary of carrying amounts of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition.

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Carrying value of financial assets derecognised	1,951.43	1,209.55
Gain on derecognition of financial assets	149.96	82.46

Since, the Company has transferred the above financial asset is a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition as interest-only strip receivable (excess interest spread receivable on assigned loans) with a corresponding credit to the statement of profit and loss. The Outstanding pool of downsell portfolio as on March 31, 2026 is ₹ 1,851.12 crores (March 31, 2025 is ₹ 1,048.84 crores).

NOTE 44 Dividend paid and proposed

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2025: ₹ 1.10# per share (for the year ended March 31, 2024: ₹ 10 per share)	14.26	127.31
Total dividends paid	**14.26**	**127.31**
After the reporting dates the following dividends were proposed by the Board of Directors subject to the approval of the shareholders at Annual General Meeting. Accordingly, the dividends have not been recognised as liabilities.		
Dividend on ordinary shares:		
Proposed for approval at Annual General Meeting March 31, 2026: Nil per share (March 31, 2025: ₹ 1.10# per share)	-	14.02
	-	**14.02**

#On April 29, 2025, the Board of Directors has proposed a final dividend on equity shares of ₹ 1.10 per share for the financial year ended March 31, 2025 and same was approved by the shareholders at the Annual General Meeting held on July 28, 2025.

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NOTE 45 Employee Stock Option Scheme

(i) Equity settled

The Employee Stock Options Scheme titled "ESOP Scheme 2017" or "the Scheme" was approved by the shareholders of the Company through postal ballot on June 09, 2017. The Scheme covered 26,39,703 options. The Scheme allows the issue of options to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the ESOP Plan. The fair value as on the date of the grant of the options, representing Stock compensation charge, is expensed over the vesting period.

Plan	Number of Options Granted	Grant date	Number of Options outstanding	Vesting condition and vesting period	Exercise price (₹)	Weighted average fair value of the options at grant date (₹)
ESOP 2017*	962,590	July 1, 2017	328,364	10% on completion of first year, 20% on completion of second year, 30% on completion of third year and 40% on completion of fourth year	495	240.60
	25,000	December 1, 2017	-		495	329.09
	49,000	December 5, 2017	49,000		495	329.21
	93,215	January 8, 2018	69,889		495	327.95
	30,000	December 6, 2019	30,000		780	345.68
	115,000	April 1, 2020	-		780	345.68
ESOP 2017#	678,600	July 1, 2020	227,086	10% on completion of first year, 25% on completion of second year, 30% on completion of third year and 35% on completion of fourth year	780	306.80
	17,400	October 1, 2020	17,400		780	306.80
	6,400	January 1, 2021	5,140		780	306.80
	45,000	October 1, 2021	29,000		780	199.52
	6,000	January 1, 2022	3,900		780	199.52
	202,800	June 1, 2022	96,800		780	201.45
	7,500	October 1, 2022	-		780	201.45
	12,000	November 1, 2022	12,000		780	201.45
	142,000	January 2, 2023	142,000		780	273.64
	107,418	March 1, 2023	107,418		780	273.64
	1,108,656	October 1, 2023	927,441		780	492.76
	20,000	December 1, 2023	20,000		780	492.76
	12,600	March 1, 2024	12,600		780	565.43
	30,000	August 1, 2024	30,000		780	565.43
	86,000	May 1, 2025	86,000		780	549.76
	17,600	June 1, 2025	17,600		780	547.79
	71,311	August 1, 2025	71,311		780	547.79
	18,000	March 3, 2026	18,000		780	699.17

*Modification to scheme approved by shareholder vide special resolution dated June 30, 2024, incremental fair value granted due to modification is ₹ 23.58 per option and incremental cost recognized due to modification ₹ 6.01 crore during the year ended March 31, 2025.

#As amended vide shareholders' special resolution dated June 28, 2020.

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Fair value of share options granted

The fair value of options granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below:

Inputs in to the pricing model

	Particulars						
ESOP 2017	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
July 1, 2017	240.60	616.30	495.00	Nil	4.5	0.26	6.58
December 1, 2017	329.09	647.40	495.00	38.18	4.5	0.82	6.60
December 5, 2017	329.21	647.40	495.00	38.22	4.5	0.82	6.60
January 8, 2018	327.95	647.40	495.00	37.80	4.5	0.82	6.60
December 6, 2019	345.68	820.70	780.00	38.55	4.5	1.75	6.28
April 1, 2020	345.68	820.70	780.00	38.55	4.5	1.75	6.28
July 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
January 1, 2021	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2021	199.52	550.60	780.00	48.80	4.5	0.39	5.49
January 1, 2022	199.52	550.60	780.00	48.80	4.5	0.39	5.49
June 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
October 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
November 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
January 2, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
March 1, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
October 1, 2023	492.76	892.83	780.00	51.13	5.4	0.82	7.38
December 1, 2023	492.76	892.83	780.00	51.13	5.4	0.82	7.38
March 1, 2024	565.43	993.13	780.00	49.73	5.4	0.82	7.20
August 1, 2024	565.43	993.13	780.00	49.73	5.4	0.82	7.20
May 1, 2025	549.76	869.50	780.00	64.10	5.4	0.13	6.25
June 1, 2025	547.79	869.50	780.00	64.10	5.4	0.13	6.04
August 1, 2025	547.79	869.50	780.00	64.10	5.4	0.13	6.04
March 3, 2026	699.17	1,104.30	780.00	52.60	5.4	0.10	6.48

*The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

**Expected volatility calculation is based on volatility of similar listed enterprises.

Movement in share options during the year

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Number of options	Weighted average exercise price of the options (₹)	Number of options	Weighted average exercise price of the options (₹)
(i) Outstanding at the beginning of the year	2,376,072	726.35	2,556,529	721.76
(ii) Granted during the year	192,911	780.00	30,000	780.00
(iii) Forfeited/cancelled during the year	268,034	780.00	104,372	772.77
(iv) Exercised during the year	-	-	106,085	585.08
(v) Outstanding at the end of the year	2,300,949	724.60	2,376,072	726.35
(vi) Exercisable at the end of the year	1,321,373	683.53	1,099,574	664.08

Weighted average remaining contractual life of options outstanding as at year end is 4.5 months (March 31, 2025: 6.2 months).

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(ii) Cash settled

The Cash settled Employee Stock Options Scheme titled "Phantom Stock Units Plan 2022" or "the Phantom Scheme" was approved, on the recommendations of the Nomination and Remuneration Committee (NRC), by the Board of the Company on August 03, 2022. The Scheme confers a right upon the employee to receive sum of money equal to appreciation in accordance with the terms and conditions of such issue. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The fair value is re-measured at each reporting period up to, and including the settlement date, is expensed over the vesting period. The said scheme vide board resolution dated June 27, 2024 has been converted into "Long Term Cash Reward Plan", hence no disclosure is required.

(iii) Expense recognised for share based payment transactions

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Expense arising from equity-settled share based payment transactions	14.63	27.52
Expense arising from cash-settled share based payment transactions	-	-
Total expense arising from share based payment transactions	**14.63**	**27.52**

NOTE 46

With effect from April 1, 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies vide notification no. G.S.R 365(E) dated March 30, 2016, for financial reporting purposes, the Company has followed the Accounting Standards as specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS). Accordingly, the information given below is disclosed by the Company based on Ind AS financial statements and other records maintained by the Company. For the purpose of these disclosures ""Non-performing assets (NPA) represents Stage 3 loans and ""Standard assets"" represents ""Stage 1"" and ""Stage 2"" as defined in Ind AS financial statements .

Following information is disclosed in terms of the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended.

46.1 Capital to risk assets ratio (CRAR)

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
Tier I Capital (₹ in Crore)	(a)	7,112.91	7,461.78
Tier II Capital (₹ in Crore)	(b)	1,947.79	1,416.87
Risk weighted assets (₹ in Crore)	(c)	53,947.33	52,591.11
CRAR – Tier I capital (%)	(d) = (a)/(c)	13.19	14.19
CRAR – Tier II capital (%)	(e) = (b)/(c)	3.61	2.69
CRAR %	(f) = (d) + (e)	16.80	16.88
Amount of subordinated debts raised as Tier-II Capital (₹ in Crore)		2,142.60	1,494.50
Amount raised by issue of perpetual debt instruments during the year		-	535.00
Amount raised by issue of perpetual debt instruments outstanding at the end of the year		543.18	541.85
Percentage of the amount of perpetual debt instruments of the amount of its Tier 1 capital		7.52%	7.17%

46.2 Investments

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Value of investments		
(i) Gross value of investments		
(a) In India	3,791.91	2,933.62
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	3,791.91	2,933.62
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments.		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	**-**	**-**

46.3 Derivatives

(i) Forward rate agreement/interest rate swap

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) The notional principal of swap agreements	5,541.52	8,143.83
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	570.63	114.64
(iii) Collateral required by the NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	570.63	114.64

(ii) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

(iii) Disclosures on risk exposure in derivatives

Qualitative disclosure

The Company has a market risk policy to enter into derivatives to manage the risk associated with Foreign currency borrowings. Following are the key aspects of the policy:

a) The derivative instruments are governed by market risk policy approved by the Board;

b) The Company has fully hedged the risk arising on account of foreign currency fluctuation and change in interest rate towards foreign currency borrowing. The Company's unhedged foreign currency exposure relates to trade payable and balances with banks.

c) The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction(s);

d) The Company ensures that the hedge effectiveness (where ever required) is monitored continuously during the life of the derivative contract;

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Quantitative disclosure

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Derivatives (notional principal amount) for hedging	5,541.52	8,143.83
(ii) Marked to market positions		-
(a) Asset (+)	581.13	154.65
(b) Liability (-)	10.50	40.01
(iii) Credit exposure	-	-
(iv) Unhedged exposure*	0.09	1.35

*also refer note 43.5

(iv) Participation in currency futures and currency options

The Company has not undertaken any transaction during the current year and previous year for currency futures and options.

46.4 Registration obtained from other financial regulators.

The Company is not registered under any other regulator other than Reserve Bank of India and Insurance Regulatory and Development Authority of India (IRDAI).

46.5 Asset Liability Management (Maturity pattern of certain items of assets and liabilities)

For the year ended March 31, 2026

(₹ in crore)

	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	**-**
Advances *	1,074.79	622.16	613.91	2,124.14	2,078.10	4,751.32	8,137.44	19,167.58	4,228.64	4,891.99	**47,690.07**
Investments	2,297.42	-	-	297.14	196.61	-	-	-	-	1,000.74	**3,791.91**
Borrowings #	28.57	2.93	298.39	1,766.54	2,261.38	3,149.10	9,275.48	15,761.47	3,971.79	4,900.84	**41,416.49**
Foreign Currency Assets	0.09	-	-	-	-	-	-	-	-	-	**0.09**
Foreign Currency liabilities	-	-	-	11.88	18.56	101.05	620.89	4,309.59	211.85	-	**5,273.82**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

For the year ended March 31,2025

(₹ in crore)

	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances *	2,620.07	728.04	202.60	2,327.48	2,514.59	5,393.48	8,167.18	16,952.79	4,513.19	4,311.84	**47,731.26**
Investments	2,133.11	-	-	-	-	-	-	-	-	800.51	**2,933.62**
Borrowings #	53.31	17.18	507.62	646.30	3,106.21	3,408.72	8,231.86	15,391.77	3,894.09	4,040.54	**39,297.60**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	664.09	13.82	7.25	37.95	2,603.37	3,603.28	1,000.02	-	**7,929.78**

* For roll over facility, impact of future cash flows in given based on contractual maturity only since every roll over is subject to fresh credit appraisal.

#The Company has considered Compulsorily Convertible Preference Shares (CCPS) under "Over 5 years" in accordance with the Annex – II of Reserve Bank of India (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025.

46.6 Exposure to real estate sector

(₹ in crore)

Category	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Direct exposure		
(a) Residential Mortgages	**1,655.89**	**1,633.58**
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	1,655.89	1,633.58
(b) Commercial Real Estate -	**3,808.12**	**3,338.77**
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	3,808.12	3,338.77
(ii) Indirect exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total Exposure to Real Estate Sector	**5,464.01**	**4,972.35**

Classification of exposures as commercial real estate exposure (CRE) is based on Reserve Bank of India (Non-Banking Financial Companies– Credit Facilities) Directions, 2025.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.7 Exposure to capital market

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,000.69	800.51
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	1,524.66	1,573.72
(iv) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	0.05	0.03
(iii) Category III	-	-
Total Exposure to Capital Market	**2,525.40**	**2,374.26**

46.8 Ratings assigned by credit rating agencies and migration of ratings during the year

Facility	CRISIL	ICRA	CARE	Standard & Poor's	Moody's
Secured non-convertible debentures	AA+/Stable	AA+/Stable	-	-	-
Long Term Principal Protected Market Linked Debentures	PPMLD AA+/Stable	-	-	-	-
Unsecured sub-ordinated Tier-II non-convertible debentures	AA+/Stable	AA+/Stable	-	-	-
Perpetual Bonds	AA/Stable	AA/Stable	-	-	-
Cumulative Non-Convertible Redeemable Preference Shares	AA+/Stable	-	-	-	-
Bank facilities	-	-	-	-	-
Long term banking facilities	AA+/Stable	AA+/Stable	AA+/Stable	-	-
Short term banking facilities	-	A1+	-	-	-
Commercial papers	A1+	A1+	-	-	-
Entity Level	-	-	AA+/Stable	BB+/Stable (Long term) B/Stable (Short term)	Ba1/Stable
Migration during the year	Nil	Nil	Nil	Nil	Nil

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.9 Provisions and Contingencies

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Provision for depreciation on investments	-	-
(ii) Provision towards NPA*	(317.75)	509.95
(iii) Provision made towards income tax (including deferred tax assets)	117.25	131.93
(iv) Provision for leave encashment	12.18	5.29
(v) Provision for gratuity (including OCI)	21.17	3.66
(vi) Other provision and contingencies **	(0.16)	1.95
(vii) Provision for standard assets ***	(120.55)	76.87

* Represents impairment loss allowance on stage 3 assets

** Represents impairment loss allowance on others

*** Represents impairment loss allowance on stage 1 and stage 2 assets

46.10 Concentration of advances

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Total advances to twenty largest borrowers/customers (₹ in Crore)	4,458.47	3,677.43
(ii) Percentage of advances to twenty largest borrowers/customers to total advances	9.03%	7.37%

46.11 Concentration of exposure (including off-balance sheet exposure)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Total exposure to twenty largest borrowers/customers (₹ in Crore)	4,699.16	4,037.94
(ii) Percentage of exposure to twenty largest borrowers/customers to total exposure	9.10%	7.72%

46.12 Intra-group exposures

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Total amount of Intra-group exposures	181.36	0.57
(ii) Total amount of top 20 intra-group exposures	181.36	0.57
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.35%	#

#Below rounding off norms.

46.13 Concentration of NPAs

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Total exposure to top four NPA accounts	51.14	122.28

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.14 Sectoral exposure

Sectors	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Total Exposure* (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure* (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
Basic Metal & Metal Product	791.49	9.04	1.14%	711.61	2.56	0.36%
Vehicles, Vehicle Parts & Transport Equipment	159.51	12.72	7.97%	225.65	99.17	43.95%
Infrastructure	794.27	-	0.00%	603.27	0.07	0.01%
Others	2,549.00	69.18	2.71%	2,371.28	76.91	3.24%
Total of Industry	**4,294.27**	**90.94**	**2.12%**	**3,911.81**	**178.71**	**4.57%**
3. Services						
Trade	4,389.93	126.41	2.88%	4,256.55	120.21	2.82%
Commercial Real Estate	4,949.27	-	0.00%	4,210.21	-	0.00%
NBFCs	1,383.64	8.32	0.60%	952.41	-	0.00%
Others	7,108.09	105.32	1.48%	8,281.79	144.32	1.74%
Total of Services	**17,830.93**	**240.05**	**1.35%**	**17,700.96**	**264.53**	**1.49%**
4. Personal Loans						
Retail Loans	14,158.68	927.45	6.55%	16,361.96	1,235.88	7.55%
Others	0.16	-	0.00%	0.16	-	0.00%
Total of Personal Loans	**14,158.84**	**927.45**	**6.55%**	**16,362.12**	**1,235.88**	**7.55%**
5. Vehicle/Auto Loans	**15,372.04**	**832.80**	**5.42%**	**14,331.04**	**1,041.62**	**7.27%**

*Total exposure includes on balance sheet and off-balance sheet exposure.

46.15 Movement of NPAs

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Net NPAs to net advances (%)	1.79%	2.43%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,720.74	1,979.42
(b) Additions during the year	1,838.78	2,414.56
(c) Reductions during the year	2,468.28	1,673.24
(d) Closing balance	**2,091.24**	**2,720.74**
(iii) Movement of Net NPAs		
(a) Opening balance	1,173.17	941.80
(b) Additions during the year	649.47	885.60
(c) Reductions during the year	961.23	654.23
(d) Closing balance	**861.41**	**1,173.17**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,547.57	1,037.62
(b) Provisions made during the year	1,189.31	1,528.96
(c) Write-off/write-back of excess provisions	1,507.05	1,019.01
(d) Closing balance	**1,229.83**	**1,547.57**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.16 Disclosure of complaints

1) Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Complaints received by the NBFC from its customers		
(1) Number of complaints pending at the beginning of the year	770	518
(2) Number of complaints received during the year	39,898	31,873
(3) Number of complaints disposed during the year	39,280	31,621
(3.1) Of which, number of complaints rejected by the Company	-	-
(4) Number of complaints pending at the end of the year	1,388	770
Maintainable complaints received by the NBFC from Office of Ombudsman		
(5) Number of maintainable complaints received by the Company from Office of Ombudsman*	2316	1289
(5.1) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	2212	1241
(5.2) Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	94	34
(5.3) Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
(6) Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

*Out of the number of maintainable complaints received by the Company from Office of Ombudsman, 104 complaints are pending to be resolved as at March 31, 2026 (March 31, 2025: 48 complaints).

2) Top grounds of complaints received by the Company from customers

For the year ended March 31, 2026

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
Loans and advances	208	10,904	-1.94%	342	31
Recovery Agents/Direct Sales Agents	301	12,153	38.70%	611	89
Levy of charges without prior notice/ excessive charges/foreclosure charges	71	4,677	37.56%	137	20
Loan Closures and NOC	74	4,423	43.28%	116	28
Others	116	7,741	40.64%	182	14
Total	**770**	**39,898**		**1,388**	**182**

For the year ended March 31, 2025

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
Loans and advances	192	11,120	-28.74%	208	6
Recovery Agents/Direct Sales Agents	143	8,762	74.23%	301	5
Levy of charges without prior notice/ excessive charges/foreclosure charges	42	3,400	-25.26%	69	4
Loan Closures and NOC	64	3,087	-53.42%	75	4
Others	77	5,504	-5.58%	117	6
Total	**518**	**31,873**		**770**	**25**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.17 Disclosure of restructured accounts

For the year ended March 31, 2026

(₹ in crore)

S. No.	Type of Restructuring / Asset Classification / Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable))	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	3	7	-	10	-	3	7	-	10
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	3.82	30.89	-	34.71	-	3.82	30.89	-	34.71
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	1.45	23.20	-	24.65	-	1.45	23.20	-	24.65
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.42	0.33	-	0.75	-	0.42	0.33	-	0.75
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.16	1.61	-	1.77	-	0.16	1.61	-	1.77
3	Upgradations to restructured standard category during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)	-	(1)	-	-	(1)
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	(1.97)	-	-	(1.97)	-	(1.97)	-	-	(1.97)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(0.71)	-	-	(0.71)	-	(0.71)	-	-	(0.71)
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.28	3.05	-	3.33	-	0.28	3.05	-	3.33
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.10	1.82	-	1.92	-	0.10	1.82	-	1.92
5	Downgradations of restructured accounts during the FY (net of receipt during the year)*	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	(1)	1	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	(1.57)	1.64	-	0.07	-	(1.57)	1.64	-	0.07
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(0.63)	0.70	-	0.07	-	(0.63)	0.70	-	0.07
6	Write-offs of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	2.11	-	2.11	-	-	2.11	-	2.11
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	0.86	-	0.86	-	-	0.86	-	0.86
7	Restructured Accounts as on March 31 of the FY (closing figures excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable))	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	1	7	-	8	-	1	7	-	8
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.42	27.70	-	28.12	-	0.42	27.70	-	28.12
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.17	22.83	-	23.00	-	0.17	22.83	-	23.00

*Classified to credit impaired assets (NPA accounts) from restructuring asset considering continuing default.

The above disclosure does not include one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DoR.No.BP.BC/3/21.04.048/2020-21 Resolution Framework for COVID-19-related Stress dated August 06, 2020 and RBI/2021-22/31/DoR.STR.REC.11/21.04.048/2021-22 Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 05, 2021 (Refer note 47).

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.18 Liquidity Coverage Ratio (LCR)

As per the 'Chapter III – Liquidity Coverage Ratio' - Reserve Bank of India (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025, the LCR requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹ 5,000 crore and above and all deposit taking NBFCs irrespective of the asset size, with the minimum LCR to be 100%.

(i) Main LCR drivers and evolution of the contribution of inputs in LCR calculation over time

The Liquidity Coverage Ratio (LCR) is a crucial regulatory measure designed to support the stability and sound functioning of the financial system. Its primary objective is to enhance and streamline the short-term liquidity management of Non-Banking Financial Companies (NBFCs) by requiring them to maintain an adequate reserve of High-Quality Liquid Assets (HQLA). These assets should be sufficient to withstand a significant stress scenario in next 30 days. By doing so, the LCR serves as a key safeguard against systemic contagion, helping to prevent the transmission of financial stress from the sector to the broader real economy. The LCR calculation is primarily determined by the volume of High-Quality Liquid Assets (HQLA) and the projected net cash outflows under stress conditions over the subsequent 30 calendar days. This calculation is performed daily throughout the financial year. The numerator of LCR represents the quantum and composition of High Quality Liquid Assets (HQLA). The denominator of LCR represents the value of net cash outflows.

Cash Outflows

(a) Unsecured and secured wholesale funding

Borrowing Maturities falling due in the next 30 days form a major component of Cash Outflows. Commercial Papers form the major portion of unsecured funding, while the Bank term loans, ECBs and NCDs form the majority of secured wholesale funding maturities.

(b) Outflows related to derivative exposures and other collateral requirements

The Company has entered into derivative transactions to hedge its funding exposure. Accordingly, the positive MTM and/or the negative MTM (contract wise) have been considered as inflow and outflow respectively in next 30 days for the computation.

(c) Other contractual funding obligations

Other contractual funding obligations are taken from Trade Payable, Other financial liabilities, Current tax liabilities (net) and Other non-financial liabilities shown in the Balance Sheet which are expected to be paid in the next 30 days. Interest accrued on borrowings but not due, Trade payables and Book Overdrafts form a major portion of other contractual funding obligations.

(d) Other contingent funding obligations

Undrawn (in part or full) sanctioned committed loans form part of other contingent funding obligations.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Cash Inflows

(a) Secured lending

Secured lending transaction backed by HQLA and margin lending backed by all other collateral during the reporting year, is included in the fully performing exposures.

(b) Inflows from fully performing exposures

Receivables due in next 30 calendar days from all the fully performing loans, are considered, while adjusting the same with enterprise's collection efficiency.

(c) Other inflows

For the LCR calculation, under other inflows, the major components are sanctioned but undrawn credit lines and non-HQLA investments realisable/maturing in next 30 days

(ii) Intra period changes and changes over time

The Company endeavours to maintain a healthy level of LCR at all points of time. The LCR table shows the movement of changes in each component over the reporting period.

(iii) Composition of HQLA

The Company has made sufficient investments in the securities which are regarded as High Quality Liquid Assets (HQLA) in the form of Government securities (G Sec) and Treasury Bills (T-Bills). The components considered for HQLA are as under:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
T-Bills	892.91	1,614.05
G Sec	1,404.51	196.26
AAA rated securities	-	-
Cash & cash equivalent	370.12	310.19
Total	**2,667.54**	**2,120.50**

(iv) Concentration of funding sources

The Company has a diversified funding profile in the form of Bank term loans, Non-convertible debentures and External Commercial Borrowings which are long-term in nature and Commercial papers which are short term in nature. Also, the Company has availed Working Capital Demand loan (WCDL) and Cash credit (CC) lines from various Banks. The Company is a non-deposit taking NBFC and hence, reporting nil deposits. The Company has a wide array of investors/bankers who have funded the Company through various funding instruments.

(v) Derivative exposures and collateral calls

The Company did not indulge in derivative trading activities. However, the company has entered into derivative transactions to hedge its funding exposure and has accordingly considered in its computation purposes.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(vi) Currency mismatches

The Company was not exposed to any major currency risk during the reporting year.

(₹ in crores)

S. No.	Particulars	For the quarter ended							
		March 31, 2026		December 31, 2025		September 30, 2025		June 30, 2025	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets (HQLA)									
1	Total High Quality Liquid Assets (HQLA)	2,355.00	2,355.00	1,816.52	1,816.52	1,755.62	1,755.62	1,983.62	1,983.62
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	590.00	678.50	430.43	495.00	32.61	37.50	351.10	403.76
4	Secured wholesale funding	1,550.66	1,783.26	721.53	829.76	743.90	855.48	903.49	1,039.01
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,114.57	1,281.75	1,353.48	1,556.50	1,516.40	1,743.86	1,278.29	1,470.04
7	Other contingent funding obligations	2,212.83	2,544.75	2,097.20	2,411.78	1,897.32	2,181.92	2,310.41	2,656.98
Total Cash Outflows		**5,468.06**	**6,288.26**	**4,602.64**	**5,293.04**	**4,190.23**	**4,818.76**	**4,843.29**	**5,569.79**
Cash Inflows									
8	Secured lending	-	-	-	-	-	-	-	-
9	Inflows from fully performing exposures	2,275.49	1,706.62	2,171.45	1,628.59	2,343.02	1,757.27	2,250.56	1,687.92
10	Other cash inflows	5,921.64	4,441.23	6,537.64	4,903.23	8,064.17	6,048.13	7,083.20	5,312.40
Total Cash Inflows		**8,197.13**	**6,147.85**	**8,709.09**	**6,531.82**	**10,407.19**	**7,805.40**	**9,333.76**	**7,000.32**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
11	**Total HQLA**	**2,355.00**	**2,355.00**	**1,816.52**	**1,816.52**	**1,755.62**	**1,755.62**	**1,983.62**	**1,983.62**
12	**Total Net Cash Outflows**		**1,572.07**		**1,323.26**		**1,204.69**		**1,392.45**
13	**Liquidity Coverage Ratio (%)**		**149.80%**		**137.28%**		**145.73%**		**142.46%**

Notes:

1 The data is provided for as per the RBI guidelines mentioned above.

2 The daily average is calculated as the simple average of daily LCR observations, calculated during the quarter.

3 The LCR is arrived at by considering an empirical approach of previous months outflows of certain components (as financial records) for the next 30 days period.

4 The components of HQLA are taken as per the Ind AS accounting standard. If the month-end falls on a non-working day, valuation of the HQLAs is as per the previous working day.

5 Given the revolving nature of CC, utilized portion of CC has not been considered as outflows.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.19 Disclosure on liquidity risk:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

		For the year ended March 31, 2026		
Sr. No.	Number of Significant Counterparties	Amount (₹ in Crore)	% of Total deposits	% of Total Liabilities
1	18	35,021.32	Not Applicable	72.88%

Note: Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(ii) Top 20 large deposits

Particulars	For the year ended March 31, 2026
Total deposits to twenty largest deposit holders	Not Applicable
Percentage of deposits to twenty largest deposit holders to Total deposits	Not Applicable

(iii) Top 10 borrowings

Particulars	For the year ended March 31, 2026
Amount of top ten borrowings (₹ in Crore)	28,822.00
Percentage of top ten borrowings to total borrowings	61.73%

(iv) Funding Concentration based on significant instrument/product

		For the year ended March 31, 2026	
Sr. No.	Name of the Instrument/Product	Amount (₹ in Crore)	% of Total Liabilities
1	Rupee loans from Banks/FIs	30,428.45	63.32%
2	Secured NCDs	2,207.40	4.59%
3	Subordinate liabilities	2,685.78	5.59%
4	Compulsorily Convertible Preference Shares (CCPS)	3,361.57	7.00%
5	Commercial Paper	2,733.29	5.69%
6	External commercial borrowing/Foreign Currency Loans	5,273.82	10.97%
	Total	**46,690.31**	**97.16%**

Note: Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock Ratios

Sr. No.	Particulars	Total Public Funds	Total Liabilities	Total Assets
(a)	Commercial papers as a % of	6.31%	5.69%	5.08%
(b)	Non-convertible debentures (original maturity of less than one year) as a % of	Nil	Nil	Nil
(c)	Other short-term liabilities as a % of	44.61%	40.23%	35.91%

Note:

1. Other Short-term Liabilities is computed as current maturities of long-term debt, short-term bank borrowings including outstanding CC/WCDL and other short-term liabilities has been considered, but excludes commercial paper and Non-convertible debentures (original maturity of less than one year).
2. Public funds are as defined in Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(vi) Institutional set-up for liquidity risk management

The Board, through the Asset-Liability Management Committee (ALCO), shall have the overall responsibility for management of liquidity risk. The ALCO shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided from time to time.

The ALCO committee is responsible for framing, implementing and monitoring the Liquidity Risk Management Framework, including the ALM framework. It is also responsible for ensuring adherence to the various limits set by the regulator, the Board and the Board's Sub-Committee.

46.20 Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109:

For the year ended March 31, 2026

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	46,377.15	256.97	46,120.18	209.15	47.82
	Stage 2	928.49	217.84	710.65	3.82	214.02
Subtotal		**47,305.64**	**474.81**	**46,830.83**	**212.97**	**261.84**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,941.22	1,148.90	792.32	194.16	954.74
Doubtful - up to 1 year	Stage 3	57.86	23.58	34.28	20.02	3.56
1 to 3 years	Stage 3	88.37	53.19	35.18	38.56	14.63
More than 3 years	Stage 3	3.78	4.15	(0.37)	2.30	1.85
Subtotal for doubtful		150.01	80.92	69.09	60.88	20.04
Loss	Stage 3	0.01	0.01	-	0.01	-
Subtotal for NPA		**2,091.24**	**1,229.83**	**861.41**	**255.05**	**974.78**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	2,259.19	2.17	(2.17)	-	2.17
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**2,259.19**	**2.17**	**(2.17)**	**-**	**2.17**
Total	**Stage 1**	48,636.34	259.14	46,118.01	209.15	49.99
	Stage 2	928.49	217.84	710.65	3.82	214.02
	Stage 3	2,091.24	1,229.83	861.41	255.05	974.78
	Total	**51,656.07**	**1,706.81**	**47,690.07**	**468.02**	**1,238.79**

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

For the year ended March 31, 2025

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7)= (4)-(6)
Performing Assets						
Standard	Stage 1	45,776.88	278.61	45,498.27	191.71	86.90
	Stage 2	1,378.75	316.90	1,061.85	5.63	311.27
Subtotal		**47,155.63**	**595.51**	**46,560.12**	**197.34**	**398.17**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,489.93	1,430.84	1,059.09	249.45	1,181.39
Doubtful - up to 1 year	Stage 3	136.87	58.46	78.41	37.50	20.96
1 to 3 years	Stage 3	67.97	40.54	27.43	35.86	4.68
More than 3 years	Stage 3	25.97	17.73	8.24	18.82	(1.09)
Subtotal for doubtful		**230.81**	**116.73**	**114.08**	**92.18**	**24.55**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,720.74**	**1,547.57**	**1,173.17**	**341.63**	**1,205.94**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	2,429.56	2.03	(2.03)	-	2.03
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**2,429.56**	**2.03**	**(2.03)**	**-**	**2.03**
Total	**Stage 1**	**48,206.44**	**280.64**	**45,496.24**	**191.71**	**88.93**
	Stage 2	1,378.75	316.90	1,061.85	5.63	311.27
	Stage 3	2,720.74	1,547.57	1,173.17	341.63	1,205.94
	Total	**52,305.93**	**2,145.11**	**47,731.26**	**538.97**	**1,606.14**

Note 1: Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at March 31, 2026 and March 31, 2025, no amount is required to be transferred to 'Impairment Reserve' for both the financial years.

46.21 Disclosure related to Project Finance for the quarter ended March 31, 2026, pursuant to RBI Direction - RBI/DOR/2025-26/359 DOR.ACC.REC.No.278/21.04.018/2025-26 - Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 dated November 28, 2025, as amended, is given below:

Sl No.	Item Description	Number of accounts	Total outstanding (in ₹ crore)
1	Projects under implementation accounts at the beginning of the quarter*	96	1,824.88
2	Projects under implementation accounts sanctioned during the quarter#	11	290.13
3	Projects under implementation accounts where DCCO has been achieved during the quarter	-	-
4	Projects under implementation accounts at the end of the quarter **	101	2,051.10
5	Out of '4' – accounts in respect of which resolution process involving extension in original/extended DCCO, as the case may be, has been invoked	1	254.44

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Sl No.	Item Description	Number of accounts	Total outstanding (in ₹ crore)
5.1	Out of '5' – accounts in respect of which Resolution plan has been implemented	1	254.44
5.2	Out of '5' – accounts in respect of which Resolution plan is under implementation	-	-
5.3	Out of '5' – accounts in respect of which Resolution plan has failed	-	-
6	Out of '5', accounts in respect of which resolution process involving extension in original/extended DCCO, as the case may be, has been invoked due to change in scope and size of the project	-	-
7	Out of '5', account in respect of which cost overrun associated with extension in original/extended DCCO, as the case may be, was funded	-	-
7.1	Out of '7', accounts where SBCF was sanctioned during financial closure and renewed continuously	-	-
7.2	Out of '7', accounts where SBCF was not pre-sanctioned or renewed continuously	-	-
8	Out of '4' – accounts in respect of which resolution process not involving extension in original/extended DCCO, as the case may be, has been invoked	3	32.09
8.1	Out of '8' – accounts in respect of which Resolution plan has been implemented	3	32.09
8.2	Out of '8' – accounts in respect of which Resolution plan is under implementation	-	-
8.3	Out of '8' – accounts in respect of which Resolution plan has failed	-	-

* Excluding projects sanctioned during the previous quarter but disbursed during the current quarter

Excluding projects sanctioned during the current quarter but remain undisbursed

** Excluding projects under implementation that were closed during the current quarter pursuant to full repayment of the loan, and including projects under implementation that were sanctioned in the previous quarter but disbursed in the current quarter.

46.22 Disclosures relating to securitisation

The Company has not entered into securitisation transactions during the current and previous year.

46.22.1 Disclosures of transfer of loan exposure

(i) Details in respect of loans not in default acquired through assignment

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Count of loan accounts acquired	25,349	5,663
Amount of loan accounts acquired (₹ in Crore)	625.06	199.99
Retention of beneficial economic interest (MRR %)	6.89%	10.00%
Weighted average maturity (residual maturity in years)	2.22	5.55
Weighted average holding period (in years)	0.69	1.07
Coverage of tangible security coverage (%)	30.04%	167.28%
Rating-wise distribution of rated loans	NA	NA

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(ii) Details in respect of loans not in default transferred through assignment:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Count of loan accounts transferred	102,477	1,064
Amount of loan accounts transferred (₹ in Crore)	1,951.43	1,209.55
Retention of beneficial economic interest (MRR %)	10.00%	14.13%
Weighted average maturity (residual maturity in years)	4.77	12.96
Weighted average holding period (in years)	1.39	1.32
Coverage of tangible security coverage (%)	57.72%	171.24%
Rating-wise distribution of rated loans	NA	NA

(iii) Details of Special Mention Account (SMA) acquired:

	For the year ended March 31, 2026	For the year ended March 31, 2025
Particulars	Non-Banking Finance Companies	
Number of accounts	19	-
Aggregate principal outstanding of loans acquired (₹ in Crore)	3.96	-
Weighted average residual tenor of the loans acquired (in years)	#	-
Aggregate consideration paid (₹ in Crore)	3.96	-

#Below rounding off norms.

(iv) Details of stressed loans (NPA) acquired:

	For the year ended March 31, 2026	For the year ended March 31, 2025
Particulars	Non-Banking Finance Companies	
Number of accounts	3	-
Aggregate principal outstanding of loans acquired (₹ in Crore)	0.89	-
Weighted average residual tenor of the loans acquired (in years)	-	-
Aggregate consideration paid (₹ in Crore)	0.01	-

(v) The Company has not transferred any stressed loans (SMA or NPA) during the year ended March 31, 2026.

Further, during the year ended March 31, 2026, the Company has transferred to Asset Reconstruction Company (ARC) 1,21,614 loan accounts, which were written off, having principal outstanding of ₹ 489.46 crore for an aggregate consideration (including security receipts) of ₹ 26.59 crores. The Company has recognised gain of ₹ 21.89 crore only to the extent of net cash realisation.

The security receipts issued to the Company by the ARC towards consideration for transfer of stressed loans have not been rated by the ARC since the prescribed time period of six months in accordance with the Reserve Bank of India (Asset Reconstruction Companies) Directions, 2025 dated November 28, 2025 has not elapsed from the date of acquisition of loans by the ARC.

46.23 Divergence in asset classification and provisioning

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory inspection for the year ended 31 March 2025 and for the year ended 31 March 2024 as per the requirement of the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements Presentation and Disclosures) Directions, 2025 as amended from time to time.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.24 The disclosures as required by the Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies) dated July 15, 2024

The Company has classified 115 incidents contributing 153 cases amounting to ₹ 4.42 crores (Previous year Nil) reported as fraud during the year.

Subsequent to the year ended March 31, 2026, the Company has classified 61 incidents contributing 82 cases amounting to ₹ 1.54 crores as fraud, post classification by the competent authority of the Company and has filed the same with Reserve Bank of India in terms of Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies) dated July 15, 2024.

46.25 Unhedged foreign currency exposure

The Company's exposure of unhedged foreign currency risk at the end of the reporting period is ₹ 0.09 crore (Previous year ₹ 1.35 crore). Also refer note 43.5 and 46.3(iii)(b).

46.26 Details of Single Borrower Limits (SBL)/Group Borrower Limits (GBL) exceeded

The Company has not exceeded the single borrower limits/group borrower limits as set by Reserve Bank of India.

46.27 Penalties or strictures

During the year ended March 31, 2026, no penalty or strictures was levied by RBI or any other regulators. Further, during the year ended March 31, 2025, penalty of ₹ 0.03 crore was levied by RBI.

46.28 Overseas Assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

46.28.1 Area of Operation

The Company has operations in pan India basis only.

46.29 Off-balance sheet SPVs sponsored

There are no off balance sheet SPVs sponsored Company.

46.30 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items.

46.31 Revenue recognition

Refer note 3(i) under summary of material accounting policies.

46.31.1 Revenue recognition

There were no circumstances resulting in postponement of revenue

46.32 Consolidated financial statements

The Company prepares consolidated financial statements.

46.33 Details of financing of parent company products

Since there is no parent company, hence reporting on financing of parent company products is not applicable.

46.34 Breach of covenant

There are no instances of breach of covenant of loan availed or debt securities issued during the year ended March 31, 2026 and previous year ended March 31, 2025.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

46.35 Draw down from Reserves

The Company has not made any draw down of reserves.

46.36 The Company has not made advances against intangible collaterals of the borrowers, which are classified as “Unsecured” in its financial statements.

46.37 Related party disclosure

Refer note 39 for related party disclosure.

46.38 Loans to directors, senior officers and relatives of directors

Refer note 39 for loans to directors, senior officers and relatives of directors.

46.39 Off-balance sheet exposures and structured products

Refer note 38 for off-balance sheet exposures. Further, there are no structured products.

46.40 Loans against gold and silver collateral

There are no loan extended against gold and silver collateral as at March 31, 2026 and March 31, 2025.

46.41 Non-Fund Based (NFB) Credit Facilities

There are no Non-Fund Based Credit Facilities as at March 31, 2026 and March 31, 2025.

46.42 Disclosures on Co-Lending Arrangements

There are no Co-Lending Arrangements as at March 31, 2026 and March 31, 2025.

46.43 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial company:

(₹ in crore)

S. No.	Particulars		For the year ended March 31, 2026		For the year ended March 31, 2025	
Liabilities side:			**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
1	**Loans and advances availed by the non- banking financials company inclusive of interest accrued there on but not paid**					
	(a)	Debentures:				
		Secured	2,207.40	-	2,331.95	-
		Unsecured (other than falling within the meaning of public deposits)	2,387.67	-	1,738.61	-
	(b)	Deferred credits	-	-	-	-
	(c)	Term loans	28,543.28	-	27,412.07	-
	(d)	Inter-corporate loans and borrowing	-	-	-	-
	(e)	Commercial paper	2,733.29	-	3,954.97	-
	(f)	Public deposits	-	-	-	-
	(g)	Other Loans:				
		External commercial borrowing	5,273.82	-	7,915.43	-
		Secured Cash Credit from bank (excluding book overdrafts)	398.90	-	-	-
		Other loan from banks- FCNR	-	-	13.00	-
		Secured - working capital demand loan	1,584.38	-	775.64	-
		Unsecured – working capital demand loan and cash credit	200.00	-	200.00	-
		Compulsorily convertible preference shares (CCPS)	3,361.57	-	2,884.36	-

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

(₹ in crore)

	Assets side:	For the year ended March 31, 2026	For the year ended March 31, 2025
2	**Break-up of loans and advances including bills receivables [other than those included in (3) below] (Net off provision on NPA)**		
	(a) Secured	27,324.80	26,755.42
	(b) Unsecured	20,842.26	21,573.38
3	**Break up of leased assets and stock on hire and hypothecation loans counting towards Asset Finance Company (AFC) activities**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
4	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities*	2,297.42	1,810.31
	(v) Others: Commercial paper	-	-
	2. Unquoted:		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	322.77
	(iv) Government Securities	-	-
	(v) Others: Certificate of deposits	493.75	-
	Long Term investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	0.69	0.51
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted:		
	(i) Shares:		
	(a) Equity	1,000.00	800.00
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	0.05	0.03

* Includes treasury bills

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

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

(₹ in crore)

Category		For the year ended March 31, 2026			For the year ended March 31, 2025		
		Secured	Unsecured	Total	Secured	Unsecured	Total
5.1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	50.00	-	50.00	-	-	-
	(c) Other related parties	131.36	-	131.36	-	-	-
5.2	Other than related parties	27,143.44	20,842.26	47,985.70	26,755.42	21,573.38	48,328.80
	Total*	**27,324.80**	**20,842.26**	**48,167.06**	**26,755.42**	**21,573.38**	**48,328.80**

* Net of Provision on NPA assets

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

(₹ in crore)

Category		For the year ended March 31, 2026		For the year ended March 31, 2025	
		Market value/ break up or fair value or NAV	Book value (net of provisions)	Market value/ break up or fair value or NAV	Book value (net of provisions)
6.1	Related Parties				
	(a) Subsidiaries	1,000.00	1,000.00	800.00	800.00
	(b) Companies in the same Group	0.69	0.69	0.51	0.51
	(c) Other related parties				
6.2	Other than related parties	2,791.22	2,791.22	2,133.11	2,133.11
	Total	**3,791.91**	**3,791.91**	**2,933.62**	**2,933.62**

7 Other Information

(₹ in crore)

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
7.1	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	2,091.24	2,720.74
7.2	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	861.41	1,173.17
7.3	Assets acquired in satisfaction of debt	-	-

NOTE 47

I) DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2020- 21/16 DOR. NO.BP.BC/3/21.04.048/2020-21 DATED 6 AUGUST 2020 AND RBI/2021-22/31/DOR.STR. REC.11/21.04.048/2021-22 DATED 5 MAY 2021 PERTAINING TO RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS:

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2025	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2026	Of (A) amount written off during the half-year ended March 31, 2026	Of (A) amount paid by the borrowers during the half-year ended March 31, 2026	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2026#
Personal Loans	0.92	0.09	-	0.59	0.24
Corporate persons*	75.64	-	-	5.43	70.22
- Of which MSMEs	75.64	-	-	5.43	70.22
- Others	-	-	-	-	-
Total	**76.56**	**0.09**	**-**	**6.02**	**70.46**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

#Includes accounts which are upgraded from NPA to Standard during the half year ended March 31, 2026.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

NOTE 48 EVENTS AFTER BALANCE SHEET DATE

There have been no significant events after the reporting date that requires disclosure in these financial statements.

NOTE 49 ADDITIONAL INFORMATION:

(i) The Company has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.

(ii) The Company is in compliance with number of layers of Companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(iii) During the year ended March 31, 2026, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction.

(iv) The Company does not have any transactions which were not recorded in the books of accounts, but offered as income during the year ended March 31, 2026, in the income tax assessment.

(v) The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2026.

(vi) The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

(vii) The Company has not advanced or provided loan to or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(viii) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE 50

As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014, the Company uses only such accounting software for maintaining its books of account that have a feature of recording audit trail for all relevant transaction and same was enabled and operated throughout the year and maintain backup, on a daily basis, of such books of account maintained in electronic mode in a server physically located in India except for:

(i) three accounting software used for maintaining loan records where the audit trail feature was not enabled at the database level to log any direct data changes during the period from April 1, 2025 to January 14, 2026. During the said period, the audit trail feature at the database level was enabled through a privilege access management (PAM) tool, which logs direct data changes except for details of what are the changes made and not retaining the log throughout the year.

(ii) one accounting software used for maintaining loan records where the independent auditor's system and organization controls report does not cover the audit trail requirement.

(iii) one accounting software used for maintaining loan records where backup on a daily basis of such books of account is not maintained in electronic mode in a server physically located in India.

Notes forming part of Standalone Financial Statements

for the year ended March 31, 2026

Further, there was no instance of audit trail feature being tampered with during the year except where the independent auditor's system and organization controls report does not cover the same.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2025, has been preserved by the Company as per the statutory requirements for record retention.

NOTE 51 CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. The Company has complied in full with all its externally imposed capital requirements over the reported period.

51.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with regulatory capital requirements. The Company ensures adequate capital at all time and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flow are monitored, borrowing covenants are honoured and ratings are maintained.

The RBI norms require capital to be maintained at prescribed level. In accordance with such norms, Tier I capital of the Company comprises of share capital, share premium, retained earnings, general reserve, statutory reserve, employee stock options outstanding account less deferred revenue expenditure, deferred tax assets and intangible assets (excluding right-of-use assets). The other component of regulatory capital is Tier II Capital Instruments, which include subordinate debt and impairment allowance on loans for stage 1 to the extent the same does not exceed 1.25 % of Risk Weight Assets. There were no changes in capital management process during the period presented.

51.2 Regulatory Capital

Refer note no 46.1 for regulatory capital.

NOTE 52

The Company has reclassified/regrouped previous year figures to conform to the current year's classification, wherever applicable.

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

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Independent Auditor's Report

To The Members of Hero FinCorp Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Hero FinCorp Limited (the "Parent") and its subsidiary, (the Parent and its subsidiary together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2026, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2026, their consolidated loss and their consolidated other comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters (KAMs) are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matters	Auditor's Response
1.	**Assessment of impairment loss allowance basis expected credit losses (ECL) on Loans** **(Refer Notes 8, 30 and 45.2 of the consolidated financial statements)** The loan balances aggregating to ₹ 56,103.99 crores and the associated impairment allowances aggregating to ₹ 1,781.31 crores as at March 31, 2026 are significant to the consolidated financial statements and involve exercise of judgement by the management of the Parent and Subsidiary Company around the determination of the impairment allowance in line with the Expected Credit Loss ('ECL') model specified under Ind AS 109 'Financial Instruments'. Impairment allowances under the ECL model include management's estimate of the expected losses within the loan portfolios at the balance sheet date and involves judgement in two main variables, viz. 'Probability of Default' and 'Loss given Default' as specified under Ind AS 109.	The audit procedures performed by us and the auditor of Subsidiary Company ("Component auditor") to assess appropriateness of the impairment allowance under ECL on loans included the following: · We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over: i) the assumptions used in the calculation of ECL and its various aspects such as determination of Probability of Default, Loss Given Default, Exposure at Default, Staging of Loans, etc. ii) the completeness and accuracy of source data used by the management in the ECL computation; and iii) Computation of ECL · We verified the appropriateness of the methodology and models used by the parent and reasonableness of the assumptions used within the computation process to derive the impairment allowance in line with the Board approved ECL policy;

Sr. No.	Key Audit Matters	Auditor's Response
	Quantitative factors like days past due, behaviour of the portfolio, historical losses incurred on defaults and macro-economic data points and qualitative factors like nature of the underlying loan, deterioration in credit quality, reduction in the value of security, correlation of macro-economic variables to determine expected losses, uncertainty over realisability of security, judgement in relation to management overlays and related Reserve Bank of India (RBI) guidelines, to the extent applicable, etc. have been taken into account in the ECL computation. In view of significant management judgement and estimates, and the complexity of the ECL model, we determined this to be a key audit matter.	· We verified on a test check basis the completeness and accuracy of the source data used; · We recomputed the impairment allowance for a sample of loans across the portfolio, to check arithmetical accuracy and compliance with the requirements of Ind AS 109 in the ECL computation; · We evaluated the reasonableness of the judgement involved in management overlays forming part of the impairment allowance, and the related approval; and · We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements of the parent. This matter has been identified as KAM by the component auditors also. The Component auditor have reported to us that they have performed these procedures.
2.	**Information technology and general controls:** The Parent is dependent on its information technology ('IT') systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environment. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting has been considered to be a key audit matter.	With the assistance of our IT specialists, we obtained an understanding of the Parent's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: · We tested the design, implementation, and operating effectiveness of the Parent's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Parent's controls over segregation of duties and access rights being provisioned/ modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit. · We also tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to standalone financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the standalone financial statements.
3.	**Valuation of Financial Instruments (Level 3) issued by the Parent** **Refer Notes 18, 29 and 44 to the consolidated financial statements** The Parent has issued financial instruments [Compulsory Convertible financial instrument (CCPS)] which are measured at fair value in accordance with the fair value hierarchy as specified in Ind AS 113 'Fair Value Measurement' and the corresponding fair value change is recognised in the Statement of Profit and Loss. These financial instruments are categorised as Level 3 in the fair value hierarchy, as their valuation is based on inputs which are not observable either directly or indirectly. As at March 31, 2026, the Parent reported fair value of CCPS for ₹ 3,361.57 crores and corresponding net loss on fair value change of ₹ 537.21 crores for the year then ended.	The audit procedures performed by us with respect to this matter included the following: · We understood and evaluated the design and tested the operating effectiveness of the controls in relation to the valuation of financial instruments categorised as Level 3 in the fair valuation hierarchy. · We read the terms of agreement to identify conditions that were relevant to the classification and valuation of financial instruments. · We obtained and read the valuation report of the management's experts used by the Parent to determine fair value, and assessed their competency, capability and objectivity.

Sr. No.	Key Audit Matters	Auditor's Response
3.	The valuation of these financial instruments involves judgement around the determination of the fair value in line with the requirements of the Ind AS 109 "Financial Instruments" and Ind AS 113. The management has engaged valuation experts (management's experts) for determination of fair values, which involves selection of appropriate valuation methodology, and use of assumptions in relation to inputs to the valuation model. In view of the complexity of the valuation methodology and inherent subjectivity in the valuation of Level 3 instruments, this has been considered as a key audit matter.	• With the involvement of the internal experts, we reviewed the reasonableness of the valuation methodology and key assumptions used by the management's experts in determining the fair valuation. Further, we tested the arithmetical accuracy of the underlying model used in determination of fair value. • We evaluated the appropriateness and adequacy of disclosures made by the Management in relation to financial instruments in the consolidated financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, identified above when it becomes available, compare with the financial statements of the subsidiary, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditors.

- When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 consolidated financial statements.

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 consolidated financial statements, 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 financial controls 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 on whether the Parent has adequate internal financial controls with reference to consolidated 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 made by the management.
- Conclude on the appropriateness of management's 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 ability of the Group to continue as a going concern. 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 consolidated financial statements 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of ₹ 7,362.50 crores as at March 31, 2026, total revenues of ₹ 842.35 crores and net cash inflows amounting to ₹ 44.81 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statements/ financial information of the subsidiary referred to in the Other Matters section above we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group including relevant records so far as it appears from our examination of those books and the reports of the other auditor except for not keeping backup on a daily basis of such books of account maintained in electronic mode in a server physically located in India for one accounting software used by the Parent for maintaining loan records (refer Note 49 to the consolidated financial statements) and in relation to compliance with the requirements of audit trail, refer paragraph (i)(vi) below.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Parent as on March 31, 2026 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) The modification relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above.

    g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended , in our opinion and to the best of our information and according to the explanations given to us based on the auditor's reports of subsidiary company, the remuneration paid/ provided by the Parent and such subsidiary company to their directors during the year is in accordance with provisions of section 197 of the Act except for incentive/commission payable to its directors including Non-Executive Directors by the Parent as referred in note 40.1 of the financial statements, for the year ended March 31, 2026, is subject to the approval by the shareholders in ensuing Annual General Meeting through special resolution

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent. Based on the report of the other auditor, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company.

iv) (a) The respective management of the Parent and its subsidiary, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary that, to the best of their knowledge and belief, as disclosed in the note 48(vii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or such subsidiary, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective management of the Parent and its subsidiary, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary that, to the best of their knowledge and belief, as disclosed in the note 48(viii) to the consolidated financial statements, no funds have been received by the Parent or such subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or such subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with section 123 of the Act, as applicable.

Further, the parent has not proposed final dividend for the year.

vi) Based on our examination which included test checks and based on the other auditor's report of its subsidiary company incorporated in India whose financial statements have been audited under the Act, the Parent and its subsidiary company has used accounting software systems for maintaining its books of account for the financial year ended March 31, 2026 (refer note 49 of the consolidated financial statements):

a. In respect of one software, the software has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and the other auditor, whose report has been furnished to us by the management of the Parent, have not come across any instance of the audit trail feature being tampered with.

Further, the audit trail has been preserved by the Parent and above referred subsidiary company as per the statutory requirements for record retention in respect of above software.

b. In respect of three accounting software used by Parent for maintaining loan records, the software have a feature of recording an audit trail (edit log) and the audit trail operated throughout the year for all relevant transactions recorded in the software, except that the audit trail feature was not enabled at the database level to log any direct data changes which was enabled on January 15, 2026. During the period April 1, 2025, to January 14, 2026, the audit trail feature at the database level was enabled through a privilege access management (PAM) tool, which logs direct data changes except for the details of changes made and not retaining the log throughout the year. Accordingly, we are unable to comment whether audit trail was enabled for data base level during the period April 1, 2025, to January 14, 2026, or there were any instances of the audit trail feature being tampered during the said period.

Further, we did not come across any instance of the audit trail feature being tampered with during the course of our audit, where audit trail feature was enabled and operating.

As the audit trail feature was not enabled at the database level for the year ended March 31, 2025, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, with respect to preservation of audit trail as per statutory record-retention requirements, is not applicable.

c. In respect of one accounting software, used for maintaining loan records by the Parent, the software has a feature of recording an audit trail (edit log), and the same operated throughout the year for all relevant transactions recorded in the software. During the course of our audit, we did not come across any instance of the audit trail feature being tampered with.

Further, the audit trail has been preserved by the Parent in accordance with the statutory requirements for record retention.

d. In respect of one accounting software operated by a third-party software service provider, used by the Parent and the Subsidiary Company for maintaining loan records, in the absence of an independent auditor's System and Organization Controls (SOC) report covering audit trail requirements, we and the other auditor, whose report has been furnished to us by the management of the Parent, are unable to comment as to whether the audit trail feature for the said software was enabled and operated throughout the year for all relevant transactions recorded in the software, or whether there were any instances of the audit trail feature being tampered with.

Further, in the absence of an independent auditor's SOC report covering audit trail preservation requirements, we and other auditor are unable to comment on whether the audit trail has been preserved in accordance with statutory requirements for record retention.

e. In respect of one accounting software operated by a third party software service provider, used by the Parent for maintaining loan records, based on an independent auditor's System and Organization Controls (SOC) report covering audit trail requirements, the accounting software has a feature of recording an audit trail (edit log) and the same has operated throughout the year. No instance of the audit trail feature being tampered with was reported in the said independent auditor's report for the aforesaid period.

Further, the audit trail that was enabled and operated for the year ended March 31, 2025, has been preserved by the Parent as per the statutory requirements for record retention.

f. In respect of two accounting software operated by a third-party software service provider used by the Parent for maintaining payroll records, based on an independent auditor's System and Organization Controls (SOC) report covering audit trail requirements, has a feature of recording audit trail (edit log) facility and the same has operated throughout the year. No instance of audit trail feature being tampered with has been reported in such independent auditor's report for the aforesaid period.

   Further, the audit trail that was enabled and operated for the year ended March 31, 2025, has been preserved by the Parent as per the statutory requirements for record retention.

g. In respect of one accounting software used for maintaining loan records by the Subsidiary Company, based on the report of other auditor, the audit trail feature was enabled at the application level and operated for all relevant transactions recorded in such software. The audit trail feature at the database level have been enabled through a privilege access management (PAM) tool, which logs direct data changes except for details of what are the changes made and logs are not being retained throughout the year. Accordingly, for database level, the other auditor, whose report has been furnished to us by the Management of the Parent, is unable to comment whether audit trail was enabled or there were any instances of the audit trail feature being tampered with throughout the year.

   Additionally, the audit trail that was enabled and operated for the year ended March 31, 2025, at the application level, has been preserved by the Subsidiary Company as per the statutory requirements for record retention.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditor of subsidiary company included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the parent, we report that there are no qualifications or adverse remarks by the auditor in the CARO report of the said companies included in the consolidated financial statements.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(FRN. 117366W/W-100018)

Mukesh Jain
Partner
Membership No. 108262
UDIN: 26108262MNRWEK5500
Place: Gurugram
Date: April 28, 2026

For M M NISSIM & CO LLP
Chartered Accountants
(FRN. 107122W/W100672)

Navin Kumar Jain
Partner
Membership No. 090847
UDIN: 26090847MBFAWF9713
Place: Gurugram
Date: April 28, 2026

Annexure "A" to the Independent Auditor's Report

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as at and for the year ended March 31, 2026, we have audited the internal financial controls with reference to consolidated financial statements of Hero FinCorp Limited (hereinafter referred to as "the Parent") and its subsidiary, which is company incorporated in India, as of that date.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and Board of Directors of the Parent and its subsidiary which is company incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company which is company incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2026, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to the subsidiary company which is company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(FRN. 117366W/W-100018)

Mukesh Jain
Partner
Membership No. 108262
UDIN: 26108262MNRWEK5500
Place: Gurugram
Date: April 28, 2026

For M M NISSIM & CO LLP
Chartered Accountants
(FRN. 107122W/W100672)

Navin Kumar Jain
Partner
Membership No. 090847
UDIN: 26090847MBFAWF9713
Place: Gurugram
Date: April 28, 2026

Consolidated Balance Sheet

as at March 31, 2026

(₹ in crore)

Particulars	Note	As at March 31, 2026	As at March 31, 2025
Assets			
Financial assets			
Cash and cash equivalents	4	416.03	1,964.60
Bank balance other than cash and cash equivalents	5	76.89	67.40
Derivative financial instruments	6	608.20	114.91
Trade receivables	7	42.17	27.40
Loans	8	54,322.68	53,815.30
Investments	9	3,173.60	2,556.14
Other financial assets	10	370.44	355.28
Non-financial assets			
Current tax assets (net)	11	228.40	165.65
Deferred tax assets (net)	12	347.22	463.53
Property, plant and equipment	13	155.32	172.19
Capital work in progress	13.1	-	1.55
Right-of-use assets	13.2	97.31	112.47
Intangible assets under development	13.3	52.00	18.15
Other intangible assets	13.4	96.91	73.66
Other non-financial assets	14	204.47	134.16
Total assets		**60,191.64**	**60,042.39**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables:	15		
- Total outstanding dues of micro enterprises and small enterprises; and		3.92	4.91
- Total outstanding dues of creditors other than micro enterprises and small enterprises		568.31	527.24
Debt securities	16	5,884.44	7,174.74
Borrowings (other than debt securities)	17	40,642.36	40,782.99
Subordinated liabilities	18	6,123.60	4,996.91
Lease liabilities	19	109.36	123.87
Other financial liabilities	20	740.17	498.92
Non-financial liabilities			
Current tax liabilities (net)	21	4.84	10.05
Deferred tax liabilities (net)	12	19.43	5.05
Provisions	22	105.48	75.68
Other non-financial liabilities	23	79.32	81.27
Total liabilities		**54,281.23**	**54,281.63**
Equity			
Equity share capital	24	129.63	127.41
Other equity	25	5,770.12	5,625.74
Non-controlling interests	25	10.66	7.61
Total equity		**5,910.42**	**5,760.76**
Total liabilities and equity		**60,191.64**	**60,042.39**
Material accounting policies	**3**		
Notes to the consolidated financial statements	**1 to 51**		

The notes referred to above form an integral part of the consolidated financial statements

This is the Consolidated Balance Sheet referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number:
117366W/W-100018

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number:
107122W/W100672

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Mukesh Jain
Partner
Membership Number: 108262
Place: Gurugram
Date: April 28, 2026

Navin Kumar Jain
Partner
Membership Number: 090847
Place: Gurugram
Date: April 28, 2026

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Consolidated Statement of Profit and Loss

for the year ended March 31, 2026

(₹ in crore)

Particulars	Note	For the year ended March 31, 2026	For the year ended March 31, 2025
Income			
Revenue from operations	26		
Interest income		8,255.49	8,588.67
Dividend income		0.02	0.02
Profit on sale of investments		96.28	44.62
Gain on derecognition of financial instruments under amortised cost category		185.36	134.82
Insurance commission		228.01	185.53
Others charges		818.10	879.07
Total revenue from operations		**9,583.26**	**9,832.73**
Other income	27	10.15	70.60
Total income		**9,593.41**	**9,903.33**
Expenses			
Finance costs	28	3,766.43	3,827.71
Net loss on fair value changes	29	545.48	302.80
Impairment on financial instruments	30	2,521.86	2,884.09
Employee benefits expenses	31	793.88	729.84
Depreciation and amortization	13	100.87	95.97
Other expenses	32	1,940.02	1,806.83
Total expenses		**9,668.54**	**9,647.24**
Profit/ (loss) before exceptional items and tax		**(75.13)**	**256.09**
Exceptional items	33	26.08	-
Profit/ (loss) before tax		**(101.21)**	**256.09**
Tax expense:	12		
(i) Current tax		19.52	226.45
(ii) Deferred tax charge / (credit)		105.28	(80.31)
Total tax expense		**124.80**	**146.14**
Profit/ (loss) after tax		**(226.01)**	**109.95**
Other comprehensive income/ (loss)			
a) Items that will not be reclassified to profit or loss:			
Remeasurement of gains/ (losses) on defined benefit plans	36	0.63	6.19
Income tax relating to items that will not be reclassified to profit or loss	12	(0.16)	(1.56)
Sub-total (a)		**0.47**	**4.63**
b) Items that may be reclassified to profit or loss:			
Cash flow hedge reserve		104.36	(42.33)
Income tax relating to items that may be reclassified to profit or loss	12	(26.26)	10.71
Sub-total (b)		**78.10**	**(31.62)**
Other comprehensive income/ (loss) for the year, net of tax		**78.57**	**(26.99)**
Total comprehensive income/ (loss) for the year, net of tax		**(147.44)**	**82.96**
Profit/ (loss) for the year attributable to			
Owners of the Company		(226.77)	109.49
Non-controlling interests		0.76	0.46
Other comprehensive income/ (loss) for the year, net of tax, attributable to			
Owners of the Company		78.52	(26.98)
Non-controlling interests		0.05	(0.01)
Total comprehensive income/ (loss) for the year, net of tax, attributable to			
Owners of the Company		(148.25)	82.51
Non-controlling interests		0.81	0.45
Earnings per equity share	34		
Equity shareholder of parent for the year:			
Basic (in ₹)		(17.56)	8.63
Diluted (in ₹)		(17.56)	8.62
Material accounting policies	**3**		
Notes to the consolidated financial statements	**1 to 51**		

The notes referred to above form an integral part of the consolidated financial statements

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number:
117366W/W-100018

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number:
107122W/W100672

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Mukesh Jain
Partner
Membership Number: 108262
Place: Gurugram
Date: April 28, 2026

Navin Kumar Jain
Partner
Membership Number: 090847
Place: Gurugram
Date: April 28, 2026

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Consolidated Statement of Cash Flows

for the year ended March 31, 2026

(₹ in crore)

	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A.	**Cash flow from operating activities**		
	Profit/ (loss) before tax	**(101.21)**	**256.09**
	Adjustments for:		
	Interest income	(8,253.89)	(8,587.01)
	Interest on income tax refund	(2.93)	(5.36)
	Finance costs	3,766.43	3,827.73
	Depreciation and amortization	100.87	95.97
	Impairment on financial instruments	2,521.86	2,884.10
	Dividend income from investments	(0.02)	(0.02)
	Employee share based payment expense	14.71	27.81
	Net loss on sale of property, plant and equipment	2.14	1.60
	Net gain on modification of lease	(0.04)	(3.75)
	Gain on derecognition of financial instruments under amortised cost category	(185.36)	(134.82)
	Net loss on fair value changes	545.47	302.80
	Profit on sale of investments	(96.28)	(44.62)
	Cash inflow from interest on loans	8,046.65	8,264.10
	Cash inflow from interest on fixed deposits	21.58	12.31
	Cash outflow towards finance costs	(3,607.50)	(3,920.22)
	Operating profit before working capital changes	**2,772.48**	**2,976.71**
	Working capital adjustments		
	Increase in trade receivables	(13.06)	(17.33)
	Increase in loans	(2,905.77)	(6,606.29)
	Increase in bank balance other than cash and cash equivalents	(10.80)	(6.98)
	(Increase)/ decrease in other financial assets	94.83	(39.75)
	Increase in other non financial assets	(68.06)	(50.01)
	Increase/ (decrease) in other financial liabilities	233.10	(19.72)
	Increase in trade payables	40.09	93.32
	Increase/ (decrease) in other non financial liabilities	(1.95)	6.39
	Increase in provisions	29.14	12.00
	Net cash generated from/ (used in) operating activities before income tax	**170.00**	**(3,651.66)**
	Income tax paid (net of refund)	(84.54)	(262.00)
	Net cash generated from/ (used in) operating activities (A)	**85.46**	**(3,913.66)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and capital work-in-progress	(28.43)	(43.96)
	Purchase of other intangible assets and intangible assets under development	(77.52)	(76.01)
	Proceeds from sale of property, plant and equipment	5.07	4.09
	Dividend received	0.02	0.02
	Interest received on investments	108.26	114.05
	Purchase of investments	(17,971.77)	(12,877.44)
	Sale of investments	17,471.24	12,286.10
	Net cash used in investing activities (B)	**(493.13)**	**(593.15)**

Consolidated Statement of Cash Flows

for the year ended March 31, 2026

(₹ in crore)

	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity shares	310.00	6.33
	Proceeds from conversion of partly paid equity shares to fully paid	-	#
	Proceeds from issue of equity shares of subsidiary to non-controlling interest	0.96	0.94
	Share issue expenses paid	(13.52)	-
	Proceeds from issue of debt securities	4,173.95	9,572.05
	Repayment of debt securities	(5,680.02)	(8,989.10)
	Proceeds from issue of borrowings (other than debt securities)	22,979.88	24,671.56
	Repayment of borrowings (other than debt securities)	(23,444.28)	(19,744.50)
	Proceeds from issue of subordinated liabilities	750.00	1,085.00
	Repayment of subordinated liabilities	(100.00)	-
	Principal portion of lease payments	(35.10)	(28.81)
	Interest portion of lease payments	(8.51)	(13.53)
	Dividend paid on equity shares	(14.26)	(127.31)
	Dividend paid on compulsorily convertible preference shares	(60.00)	(60.00)
	Net cash generated from/ (used in) financing activities (C)	**(1,140.90)**	**6,372.63**
D.	**Net increase/ (decrease) in cash and cash equivalents (A+B+C)**	**(1,548.57)**	**1,865.82**
	Cash and cash equivalents at the beginning of the year	1,964.60	98.78
	Cash and cash equivalents at the end of the year*	**416.03**	**1,964.60**
	*Components of cash and cash equivalents		
	Balances with banks (current accounts)	371.02	311.30
	Deposit with banks (original maturity less than three months)	45.01	1,653.30
		416.03	**1,964.60**

Below rounding off norms.

(i) The Statement of Cash Flows has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder.

(ii) The borrowing from cash credit is revolving in nature and is disclosed on net basis under financing activities.

This is the Consolidated Statement of Cash Flows referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number:
117366W/W-100018

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number:
107122W/W100672

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
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Mukesh Jain
Partner
Membership Number: 108262
Place: Gurugram
Date: April 28, 2026

Navin Kumar Jain
Partner
Membership Number: 090847
Place: Gurugram
Date: April 28, 2026

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Consolidated Statement of Changes in Equity

for the year ended March 31, 2026

A. EQUITY SHARE CAPITAL

For the year ended March 31, 2026

(₹ in crore)

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the current year	Balance at the end of the current reporting period
127.41	-	2.22	129.63

For the year ended March 31, 2025

(₹ in crore)

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the current year	Balance at the end of the current reporting period
127.31	-	0.10	127.41

B. OTHER EQUITY

For the year ended March 31, 2026

(₹ in crore)

Particulars	Reserves and surplus						Other comprehensive income/ (loss)				
	Statutory reserve as per RBI Act	Statutory reserve as per NHB Act	Securities premium	General reserve	Capital Reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve	Stock options outstanding account	Total	Non-controlling interests
As at April 1, 2025	**488.77**	**22.39**	**3,951.81**	**131.02**	**#**	**1,023.97**	**-**	**(58.72)**	**66.50**	**5,625.74**	**7.61**
Addition during the year*	-	-	-	-	-	-	-	-	-	-	0.98
Profit/ (loss) for the year	-	-	-	-	-	(226.77)	-	-	-	(226.77)	0.76
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	-	-	0.47	78.05	-	78.52	0.05
Transfer to retained earnings	-	-	-	-	-	5.67	(0.47)	-	(5.20)	-	-
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**-**	**(221.10)**	**-**	**78.05**	**(5.20)**	**(148.25)**	**1.79**
Dividend paid on equity shares	-	-	-	-	-	(14.26)	-	-	-	(14.26)	-
Transfer from retained earnings to statutory reserve	-	16.10	-	-	-	(16.10)	-	-	-	-	-
Share issue expenses	-	-	(13.52)	-	-	-	-	-	-	(13.52)	-
Transfer from ESOP Reserve	-	-	-	-	-	-	-	-	(0.54)	(0.54)	0.54
Securities premium received	-	-	307.79	-	-	-	-	-	-	307.79	-
Share based payment charge	-	-	-	-	-	-	-	-	13.88	13.88	-
Forfeiture of partly paid up shares	-	-	-	-	-	-	-	-	-	-	-
Adjustment for changes in ownership interests in subsidiary	-	-	-	-	-	(0.72)	-	-	-	(0.72)	0.72
As at March 31, 2026	**488.77**	**38.49**	**4,246.08**	**131.02**	**#**	**771.79**	**-**	**19.33**	**74.64**	**5,770.12**	**10.66**

Below rounding off norms.

*During the year, the subsidiary company has allotted 8,51,801 (March 31, 2025: 8,55,938) fully paid equity shares of ₹ 10 each under employee stock option scheme.

Consolidated Statement of Changes in Equity

for the year ended March 31, 2026

For the year ended March 31, 2025

(₹ in crore)

Particulars	Reserves and surplus						Other comprehensive income/ (loss)				
	Statutory reserve as per RBI Act	Statutory reserve as per NHB Act	Securities premium	General reserve	Capital Reserve	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve	Stock options outstanding account	Total	Non-controlling interests
As at April 1, 2024	**477.20**	**12.17**	**3,942.51**	**131.02**	**-**	**1,057.02**	**-**	**(27.11)**	**45.85**	**5,638.66**	**6.06**
Addition during the year*	-	-	-	-	-	-	-	-	-	-	1.53
Profit/ (loss) for the year	-	-	-	-	-	109.49	-	-	-	109.49	0.46
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	-	-	4.63	(31.61)	-	(26.98)	(0.01)
Transfer to retained earnings	-	-	-	-	-	6.13	(4.63)	-	(1.50)	-	-
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**-**	**-**	**115.62**	**-**	**(31.61)**	**(1.50)**	**82.51**	**1.98**
Dividend paid on equity shares	-	-	-	-	-	(127.31)	-	-	-	(127.31)	-
Transfer from retained earnings to statutory general reserve	11.57	10.22	-	-	-	(21.79)	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-
Transfer from ESOP Reserve	-	-	3.06	-	-	-	-	-	(3.06)	-	-
Securities premium received	-	-	6.24	-	-	-	-	-	-	6.24	-
Share based payment charge	-	-	-	-	-	-	-	-	25.21	25.21	-
Forfeiture of partly paid up shares	-	-	-	-	#	-	-	-	-	#	-
Adjustment for changes in ownership interests in subsidiary	-	-	-	-	-	0.43	-	-	-	0.43	(0.43)
As at March 31, 2025	**488.77**	**22.39**	**3,951.81**	**131.02**	**#**	**1,023.97**	**-**	**(58.72)**	**66.50**	**5,625.74**	**7.61**

Material accounting policies **3**

Notes to the consolidated financial statements **1 to 51**

The notes referred to above form an integral part of the consolidated financial statements

This is the Consolidated Statement of Changes in Equity referred to in our report of even date

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/W-100018

Mukesh Jain
Partner
Membership Number: 108262
Place: Gurugram
Date: April 28, 2026

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number: 107122W/W100672

Navin Kumar Jain
Partner
Membership Number: 090847
Place: Gurugram
Date: April 28, 2026

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 1 Corporate information

Hero FinCorp Limited ("the Holding Company" or "the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on December 16, 1991. The Holding Company is registered as a Non-Banking financial (Non deposit accepting) Company, engaged in the business of financing, leasing, bill discounting and related financial services, with the Reserve Bank of India (Registration No. 14.00266). The Holding Company also registered as a corporate agent under the IRDAI (Registration of Corporate Agents) Regulations, 2015 and the Insurance Regulatory and Development Authority Act, 1999 (Registration No. CA0474 valid until it is suspended or cancelled by the Authority). The address of the Holding Company's registered office is 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057, India. Hero Housing Finance Limited is the subsidiary of the Holding Company which is registered as a Housing Finance Company with National Housing Bank (NHB).

NOTE 2 Basis of preparation

2.1 Statement of Compliance

These consolidated financial statements (herein after referred to as "consolidated financial statements" or "financial statements") of Hero FinCorp Limited and its subsidiary ("the Group") have been prepared in accordance with the Indian Accounting Standard (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act and Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended. Further, the Group has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on April 28, 2026.

2.2 Basis of measurement and presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as defined benefit plans and other long term employee benefit plans measured at fair value, financial instruments carried at fair value through profit or loss and share-based payments. The methods used to measured fair value are discussed further in notes to consolidated financial statements.

The Consolidated Balance Sheet, the Consolidated Statement of Change in Equity and the Consolidated Statement of Profit and Loss is presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Consolidated Statement of Cash Flows has been presented as per the requirements of Ind AS 7, Statement of Cash Flows.

The consolidated financial statements are prepared on a going concern basis as the Management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.3 New Accounting Standards issued but not effective /Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. At the date of authorisation of these consolidated financial statements, the Group has not yet applied the revised Ind AS that has been issued but is not yet effective.

Amendment to Ind AS 1: Presentation of Financial Statements:

Where a covenant breach exists on or before the reporting date and as a result, the liability becomes payable on demand on that date, the liability must be classified as current, even if the lender subsequently (i.e., after the reporting date but before the approval of financial statements) agrees not to demand payment.

The Directors do not expect that the adoption of the standard will have material impact of the consolidated financial statements of the Holding Company in the future periods.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

2.4 Basis of consolidation

The Company is able to exercise control over the operating decisions of the investee company, resulting in variable returns to the Company, and accordingly, the same has been classified as investment in subsidiary and line by line by consolidation has been carried under the principles of consolidation. The Consolidated financial statements of the Group have been prepared on the following basis:

a) The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the Holding Company i.e. March 31, 2026.

b) The Financial statements of the Holding Company and its subsidiary have been combined on a line-by-line basis by adding together like items of asset, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profit or losses, unless cost cannot be recovered.

c) Non-controlling interest (NCI) in the net assets of the subsidiary consist of the amount of equity attributable to the minority shareholders at the date on which investment in the subsidiary were made and further movement in their share in the equity, subsequent to the dates of investments. Net profit/ loss for the year of subsidiary attributable to NCI is identified and adjusted against the profit after tax of the Group to arrive at the profit attributable to shareholders of the Group.

d) Following subsidiary company has been considered in the presentation of the consolidated financial statements:

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of shareholding
Hero Housing Finance Limited	Subsidiary	India	Company	99.10%

e) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, for all significant matters in the same manner as the Company's separate financial statements.

2.5 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

These consolidated financial statements are prepared in Indian Rupees (INR), which is the functional and presentation currency of the Holding Company. All financial information presented in INR has been rounded to the nearest crores and two decimals thereof, except as stated otherwise.

2.6 Use of estimates and judgments

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may not be in line with these estimates. The estimates and underlying assumptions are under ongoing consideration. Revisions to accounting estimates are recognized prospectively.

Judgements, assumptions and estimation uncertainties

In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which have a significant impact on the carrying amount of assets and liabilities at each balance sheet date:

Business model assessment

Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is carried out in establishing fair values. Judgments and estimates take into account liquidity and model inputs associated with such items as credit risk (own and counterparty), funding value adjustments, correlation and volatility.

Impairment of financial instruments:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based upon the Group's historical experience (to the extent available) and credit assessment and including forward looking information.

The Group establishes criteria for determining whether credit risk of the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into the measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

Income on derecognized (assigned) loans

Gains arising out of direct assignment transactions comprises of the difference between interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flow on execution of the transaction, discounted at the applicable rate is recorded upfront in the statement of profit and loss.

Effective Interest Rate (EIR) method

The Group EIR methodology, recognizes interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and lifecycle of the instruments, as well expected changes to Group's base rate and other fee income/ expense that are integral parts of the instrument.

Measurement of defined benefit obligations: key actuarial assumptions.

The measurement of obligations related to defined benefit plans requires to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases, withdrawal rate, mortality rates etc. The management has used the past trends and future expectations in determining the assumptions which are used in measurements of obligations.

Recognition of deferred tax assets: The Holding Company has recognized deferred tax assets/ (liabilities) and concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the experience and future projections. The Company is expected to generate adequate taxable income for liquidating these assets in due course of time.

The Subsidiary Company while determining whether deferred tax assets should be recognized the Company do the assessment based on the taxable projections whether future taxable income will be available against which unused tax losses and tax credits will be used. Considering existence of unused tax losses / credits, the Subsidiary Company has done the assessment and recognized deferred tax assets/ (liabilities) only to the extent it is probable that future taxable profits will be made available against unused tax losses and credits can be used.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

Measurement of Provisions and contingencies: The Holding Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Holding Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Holding Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

2.7 Measurement of fair value

The Group's certain accounting policies and disclosures require fair value measurement, for financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data to the extent possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTE 3 Material accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized at the trading date, i.e., which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Trade receivables that do not contain a significant financing component are recorded at transaction price.

Financial assets - Classification

On initial recognition, a financial asset is classified as measured at either of:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified after initial recognition, except if and during the period in which the Group changes its financial asset's business model.

A financial asset being 'debt instrument' is measured at the amortized cost, only if both of the following conditions are met and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met and is not designated as at FVTPL:

- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realized in a way that is different from the original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group claim to cash flows from specified assets (e.g. non- recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated Statement of Profit and Loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognized in the consolidated Statement of Profit and Loss.

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in Statement of Profit and Loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated Statement of Profit and Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the consolidated Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in the consolidated Statement of Profit and Loss. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Derecognition

Financial asset – Derecognition due to substantial modification of terms and conditions

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired (POCI).

However, if the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial asset – Derecognition other than due to modification of terms and conditions

A financial asset, such as a loan to a customer, is derecognized only when:

- the Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the Statement of Profit and Loss.

Collateral Repossession

The Group provides mortgage loans to individuals and Corporates. To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

In its normal course of business upon account becoming credit impaired, the Group physically repossess properties in its portfolio. Any surplus funds are returned to the customers/obligors. As a result of this practice, the properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

Derecognition - Financial liability

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are amended and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the consolidated Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and financial assets measured at FVOCI- debt investments. At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is an "impaired credit" where one or more events that adversely impact the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default or being past due.
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The Group applies the ECL model in accordance with Ind AS 109 for recognizing impairment loss on financial assets. For recognizing impairment loss, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly,12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is calculated on a collective basis for certain products, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been significant increase in credit risk. When determining whether the risk of default on the financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Group historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset.

- **Stage 1 (without significant increase in credit risk since initial recognition):**

  ECL resulting from default events that are possible in the next 12 months are recognised for financial assets in stage 1. The Company has ascertained default possibilities on past behavioral trends witnessed for each homogenous portfolio using behavioral analysis and other performance indicators, determined statistically.

- **Stage 2 (significant increase in credit risk):**

  The Company considers loan accounts, which are overdue for more than 30 days but up to 90 days as on the reporting date as an indication of significant increase in credit risk.

  The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioral trends of default across the identified homogenous portfolios. The assessed PDs are then aligned

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

considering future economic conditions that are determined to have a bearing on ECL.

- **Stage 3 (credit impaired assets):**

  The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

  - Contractual payments of principal and/or interest are past due for more than 90 days;
  - The loan is otherwise considered to be in default.
  - Loan accounts where principal and/or interest are past due for more than 90 days along with all other loan accounts of that customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.
  - Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans are upgraded to stage 1 if:

    a. The loan which was restructured is not in default during the specified period as per applicable regulatory guidelines

    b. Other loans of such customer are not in default during this period.

  - Fraud cases are classified as credit impaired irrespective of their DPDs

  The Group has calculated ECL using three main components: PD, LGD and EAD. ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

  - Determination of PD is covered above for each stage of ECL.
  - EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date (together with any expected drawdowns of committed facilities).
  - LGD represents expected losses in the event of default, taking into account, among other attributes, the actual recovery adjusted for time value of money and the mitigating effect of collateral value with a suitable haircut.

The Group recalibrates above components of its ECL model on a periodical basis by using the available incremental and recent information, except where this information does not represent the future outcome. Further, the Group assesses changes required to its statistical techniques for a granular estimation of ECL.

The Group incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Group regularly reviews its models in the context of actual loss experience and make adjustments when such differences are significantly material.

The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss,

The Group follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables and other financial assets that do not contain significant financing component in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(c) Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as financial liabilities. They are recognised initially at their transaction price, net of transaction costs, and subsequently measured at amortized cost using the effective interest method where the time value of money is significant.

(e) Property, plant and equipment

Initial recognition and measurement

The cost of an item of Property, plant and equipment is recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

Gains or losses arising from the retirement or disposal of a property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Consolidated Statement of Profit and Loss.

The cost of fixed assets not ready for their intended use is recorded as capital work-in-progress before such date. Cost of construction that relate directly to specific fixed assets and that are attributable to construction activity in general and can be allocated to specific fixed assets are included in capital work-in-progress.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method as per useful life prescribed in Schedule II of the Act, and is generally recognized in the statement of profit and loss. Depreciation/ amortization is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale.

Based on technical evaluation and assessment of useful lives, the management believes that its estimate of useful lives represent the period over which management expects to use these assets.

Depreciation method, assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets for review and adjusted residual life prospectively.

(f) Intangible assets

Initial recognition and measurement

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. The cost of such assets includes purchase price, licensee fee, import duties and other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use. The Group other intangible assets mainly include the value of computer software.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

Amortization methods, estimated useful lives and residual value

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense of intangible assets with finite lives is presented as a separate line item in the consolidated statement of profit and loss.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortized on a straight line basis over a period of 6 years, unless it has a shorter useful life.,

Subsequent expenditure is recognized as an increase in the carrying amount of the assets are carried when it is probable that future economic benefit deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

(g) Impairment of non-financial assets

The Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Provisions and contingencies

A provision is recognized if, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of an outflow of resources is remote.

Contingent assets are not recognized in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the year in which the change occurs.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(i) Revenue recognition

Interest income

Interest income on a financial asset at amortized cost is recognized on a time proportion bases taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fee received and cost incurred approximates the effective interest rate for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets (regarded as 'Stage 3') the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs). If the financial asset is no longer credit impaired i.e. all the outstanding dues are recovered, the company reverts to calculating interest income on a gross basis.

Other financial charges

Penal interest or other overdue charges which are not included in EIR are recognized on receipt basis.

Gain on derecognition of financial instruments under amortised cost category

Gains arising out of direct assignment transactions comprises of the difference between interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flow on execution of the transaction, discounted at the applicable rate is recorded upfront in the statement of profit and loss.

Other Income

The Group recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

Net gain/ (loss) on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Group recognizes gains/ losses on fair value change of financial assets measured as FVTPL and realised gains/ losses on derecognition of financial asset measured at FVTPL and FVOCI.

(j) Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Benefits such as salaries, wages and bonuses etc., are recognized in the Statement of Profit and Loss in the period in which the employee provides the related service.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident Fund: Provident fund is a defined contribution plan. The Group expenses its contributions towards provident fund which are being deposited with the Regional Provident Fund Commissioner.

Superannuation Fund: Contributions are made to a scheme administered by the Life Insurance Corporation of India to discharge superannuating liabilities to the employees, a defined contribution plan, and the same is expensed to the Consolidated Statement of Profit and Loss. The Group has no liability other than its annual contribution.

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

Defined benefit plans

The Group's gratuity scheme is an unfunded defined benefit plan. The Group pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The present value of obligations under such defined benefit plans are based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity period approximating to the terms of related obligations.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability/ (asset) which comprise of actuarial gains and losses are recognized in other comprehensive income:

Other long term employee benefits

Benefits under compensated absences constitute other employee benefits. Employee entitlements to annual leave are recognized when they accrue to the eligible employees. An accrual is made for the estimated liability for annual leave as a result of services provided by the eligible employees up to the Balance Sheet date. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Expenses are recognized immediately in the Consolidated Statement of Profit and Loss.

Share based payments

The Group recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 - Share-based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount.

Equity-settled share-based payments:

The cost is recognized in employee benefits expenses together with a corresponding increase in employee stock option outstanding account in other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Non-market performance conditions are reflected within the grant date fair value.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions are not met.

Cash-settled share-based payments:

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses.

(k) Leases

Determining whether an arrangement contains a lease

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using incremental borrowing rates. Lease liability and ROU asset have been separately presented in the Balance Sheet.

Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Consolidated statement of profit or loss, . Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognize over the lease term on the same basis as rental income.

(I) Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset at Company level only if, the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Holding Company and its subsidiary has recognized deferred tax asset only to the extent that they have sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

In respect of tax deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

Goods and services tax input credit

Goods and services tax input credit is recognized in the books of account in the period in which the supply of goods or service is received and when there is no uncertainty in availing/utilizing the credits.

Expenses and assets are recognized net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(m) Foreign Currency Transactions & Balances

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Transactions in foreign currencies are translated into the functional currency of the Holding Company at the exchange rates prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items are taken to the statement of profit and loss. Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/ loss is taken to the Consolidated Statement of Profit and Loss.

(n) Dividends on ordinary shares

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is allowed when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(o) Borrowing at amortised cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs and amortized over the period of the facility to which it relates.

(p) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

(q) Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares, except where the results are anti-dilutive.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to and reviewed by the Holding Company's Managing Director assisted by an executive committee.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 4 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with banks (current accounts)	371.02	311.30
Deposit with banks (original maturity less than three months)	45.01	1,653.30
Total	**416.03**	**1,964.60**

NOTE 5 Bank balance other than cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Earmarked balances		
- With banks (current accounts)	0.61	0.74
- Deposit with banks	26.94	15.39
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	49.34	51.27
Total	**76.89**	**67.40**

NOTE 6 Derivative financial instruments

(₹ in crore)

Particulars	As at March 31, 2026			
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Net Assets/ (Liabilities)
Cash flow hedge:				
Cross Currency swaps	5,501.22	616.22	7.50	608.72
Interest Rate swaps	685.71	2.48	3.00	(0.52)
Forward Contract	-	-	-	-
Total	**6,186.93**	**618.70**	**10.50**	**608.20**

(₹ in crore)

Particulars	As at March 31, 2025			
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Net Assets/ (Liabilities)
Cash flow hedge:				
Cross Currency swaps	8,131.33	154.52	40.01	114.51
Interest Rate swaps	-	-	-	-
Forward Contract	185.43	0.40	-	0.40
Total	**8,316.76**	**154.92**	**40.01**	**114.91**

The Group enters into derivatives for risk management purposes (refer note 45.5 and 45.6). Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. Refer note 45.5 & 45.6 for foreign currency risk management and interest rate sensitivity on derivative financial instruments respectively.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 7 Trade receivables

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	42.17	27.40
(iii) Receivables which have significant increase in credit risk	-	1.71
(iv) Receivables - credit impaired	-	-
	42.17	29.11
Less : Impairment loss allowance	-	(1.71)
Total	**42.17**	**27.40**

7.1 No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Refer note 40 for receivables from related parties.

7.2 Trade receivables - Ageing

As at March 31, 2026

(₹ in crore)

Particulars	Outstanding for						Total
	Unbilled Dues	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables-considered good	19.01	23.16	-	-	-	-	42.17
ii. Undisputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	-	-
iii. Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
v. Disputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables-credit impaired	-	-	-	-	-	-	-

As at March 31, 2025

(₹ in crore)

Particulars	Outstanding for						Total
	Unbilled Dues	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables-considered good	18.83	8.57	-	-	-	-	27.40
ii. Undisputed trade receivables-which have significant increase in credit risk	-	-	1.51	0.20	-	-	1.71
iii. Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
iv. Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
v. Disputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables-credit impaired	-	-	-	-	-	-	-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 8 Loans

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
A. Loans - Amortised cost		
Bills purchased and bills discounted	2,231.21	2,034.64
Term loans*	53,869.48	51,979.42
Clearcorp Repo Order Matching System (CROMS)	-	2,003.19
Loans to employees	3.30	3.35
Total- Gross (A)	56,103.99	56,020.61
Less : Impairment loss allowance on loans	(1,781.31)	(2,205.31)
Total - Net (A)	**54,322.68**	**53,815.30**
B. Secured/ Unsecured		
(a) Secured by tangible assets**	34,335.17	33,384.94
(b) Unsecured	21,768.82	22,635.67
Total - Gross (B)	56,103.99	56,020.61
Less: Impairment loss allowance on loans	(1,781.31)	(2,205.31)
Total - Net (B)	**54,322.68**	**53,815.30**
C. Out of above		
(i) Loans in India		
(a) Public sector	-	-
(b) Others	56,103.99	56,020.61
Total - Gross	56,103.99	56,020.61
Less: Impairment loss allowance on loans	(1,781.31)	(2,205.31)
Total - Net	**54,322.68**	**53,815.30**
(ii) Loans outside India	-	-
Total (i) + (ii)	**54,322.68**	**53,815.30**

* Includes exposures through debentures/ debt instruments as at March 31, 2026 of ₹ 1,696.15 crores (March 31, 2025: ₹ 681.24 crores).

** Secured against vehicles, equipment, and plant and machinery, along with equitable or registered mortgage of immovable property and pledge of securities, etc. (refer note 45.2.4).

8.1 No loans and advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013) that are repayable on demand or without specifying any terms or period of repayment.

8.2 Loans receivable from private companies in which a director is a director or a member (also refer note 40 - Related party transactions).

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured, considered good	50.00	-
Unsecured, considered good	-	-

8.3 Loans which are exclusively charged against Refinance Facility taken from National Housing Bank.

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Loans	1,051.44	824.64

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 9 Investments

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
A) In India		
At fair value through profit and loss		
In equity instruments (quoted)	0.69	0.51
In equity instruments (unquoted)	25.00	25.00
In alternative investment fund	0.05	0.03
In mutual funds	125.08	564.74
In certificate of deposits	493.75	-
In treasury bills	961.41	1,693.12
In government securities	1,471.28	246.89
In corporate bonds	96.34	25.85
Total- Gross	3,173.60	2,556.14
Less: Allowance for impairment	-	-
Total- Net	**3,173.60**	**2,556.14**

9.1 The Group does not have any investment outside India.

9.2 The Holding Company has received security receipt in Trust (notional value is ₹ 4.70 Crore) during the year ended March 31, 2026 as part of ARC transaction valued at amortised cost for technically written off pool, therefore it is carried at the Nil value.

NOTE 10 Other financial assets

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Excess interest spread receivable	253.25	162.07
Security deposits (at amortised cost) (unsecured, considered good)	15.25	14.06
Receivable from collection agency	90.24	82.19
Other receivable	14.30	97.66
Total- Gross	373.04	355.98
Less : Impairment loss allowance on other financial assets	(2.60)	(0.70)
Total	**370.44**	**355.28**

NOTE 11 Current tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance income tax	1,365.01	1,099.18
Less : Provision for tax	(1,136.61)	(933.53)
Total	**228.40**	**165.65**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 12 Tax expenses & Deferred tax assets (net)

A. Amounts recognised in Statement of profit and loss (Group)

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax (a)		
Current year	18.58	226.10
Earlier year	0.94	0.35
Deferred tax (b)		
Attributable to-		
Origination and reversal of temporary differences (refer note F & G below)	105.28	(80.31)
Tax expense recognised in statement of profit and loss	**124.80**	**146.14**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

B. Income tax recognised in other comprehensive income (Group)

(₹ in crore)

Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
	Before tax	Deferred tax expense/ (benefit)	Net of tax	Before tax	Deferred tax expense/ (benefit)	Net of tax
Remeasurements of defined benefit plans	0.63	(0.16)	0.47	6.19	(1.56)	4.63
Cash flow hedge reserve	104.36	(26.26)	78.10	(42.33)	10.71	(31.62)

C. Reconciliation of effective tax expense (Group)

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit before tax	**(101.21)**	**256.09**
Tax using the Group's domestic tax rate	(25.49)	64.20
Effect of:		
Unrecognised deferred tax asset (net of DTA/DTL offset in prior years) now recognised	6.09	(3.35)
Non-deductible expenses and exempt income*	145.97	85.27
Others	(1.77)	0.01
Effective tax expense	**124.80**	**146.14**

*majorly includes tax effect of fair valuation loss on compulsorily convertible preference shares (including dividend).

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

D. Recognised deferred tax assets and liabilities in Holding Company

Deferred tax assets/ (liabilities) are attributable to the following:

(₹ in crore)

Particulars	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/ (liabilities)	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Provisions for employee benefit	23.21	16.56	-	-	23.21	16.56
Depreciation*	3.14	1.46	-	-	3.14	1.46
Impairment allowance on loans	429.94	527.97	-	-	429.94	527.97
Effect of EIR on interest income	(72.51)	(42.91)	-	-	(72.51)	(42.91)
Business loss	8.41	-	-	-	8.41	-
Other temporary differences	(25.60)	(17.30)	19.37	22.25	(44.97)	(39.55)
Net deferred tax (assets)/ liabilities	**366.59**	**485.78**	**19.37**	**22.25**	**347.22**	**463.53**

E. Recognised deferred tax assets and liabilities in subsidiary company

(₹ in crore)

Particulars	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/ (liabilities)	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits	3.33	2.48	-	-	3.33	2.48
Depreciation*	-	-	(1.26)	(0.96)	(1.26)	(0.96)
Impairment allowance on loans and other financial assets	17.24	15.27	-	-	17.24	15.27
Effect of EIR on interest income			(7.56)	(7.72)	(7.56)	(7.72)
Carried forward losses	-	10.16	-	-	-	10.16
Other temporary differences	0.65	1.00	(31.83)	(25.28)	(31.18)	(24.28)
Net deferred tax (assets)/ liabilities	**21.22**	**28.91**	**(40.65)**	**(33.96)**	**(19.43)**	**(5.05)**
Unrecognized deferred tax assets						

* Difference between Written Down Value (WDV) of property, plant and equipment and intangible assets as per books and under Income Tax Act 1961.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

F. Movement in deferred tax on temporary differences

-In respect of Holding Company

(₹ in crore)

Particulars	Balance as at March 31, 2024	Recognised in profit or loss during 2024-25	Recognised in OCI during 2024-25	Balance as at March 31, 2025	Recognised in profit or loss during 2025-26	Recognised in OCI during 2025-26	Balance as at March 31, 2026
Provisions for employee benefit	15.44	2.53	(1.41)	16.56	6.66	(0.01)	23.21
Depreciation*	0.73	0.73	-	1.46	1.68	-	3.14
Impairment allowance on loans	376.50	151.47	-	527.97	(98.03)	-	429.94
Effect of EIR on interest income	(18.59)	(24.32)	-	(42.91)	(29.60)	-	(72.51)
Business Loss	-	-	-	-	8.41	-	8.41
Other temporary differences	(5.06)	(44.50)	10.01	(39.55)	19.21	(24.63)	(44.97)
Net deferred tax assets/ (liabilities)	**369.02**	**85.91**	**8.60**	**463.53**	**(91.67)**	**(24.64)**	**347.22**

* Difference between Written Down Value (WDV) of property, plant and equipment and intangible assets as per books and under Income Tax Act 1961.

G Movement in deferred tax on temporary differences

-In respect of Subsidiary Company

(₹ in crore)

Particulars	Balance as at March 31, 2024	Recognised in profit or loss during 2024-25	Recognised in OCI during 2024-25	Balance as at March 31, 2025	Recognised in profit or loss during 2025-26^	Recognised in OCI during 2025-26	Balance as at March 31, 2026
Provisions for employee benefit	2.13	0.50	(0.15)	2.48	1.00	(0.15)	3.33
Depreciation*	(1.10)	0.14	-	(0.96)	(0.31)	-	(1.27)
Impairment allowance on loans and other financial assets	12.26	3.01	-	15.27	1.97	-	17.24
Effect of EIR on interest income	(6.06)	(1.66)	-	(7.72)	0.16	-	(7.56)
Carried forward losses	8.72	1.44	-	10.16	(10.16)	-	-
Other temporary differences	(15.95)	(9.03)	0.70	(24.28)	(5.26)	(1.63)	(31.17)
Net deferred tax assets/ (liabilities)	**-**	**(5.60)**	**0.55**	**(5.05)**	**(12.60)**	**(1.78)**	**(19.43)**

* Difference between Written Down Value (WDV) of property, plant and equipment and intangible assets as per books and under Income Tax Act 1961.

^ Deferred tax charge/ (credit) in statement of profit and loss is net of current tax impact on OCI Income of ₹ 1.01 crore.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 13 Property, plant and equipment

(₹ in crore)

	Own use							Assets given on operating lease	
Particulars	**Building**	**Plant and equipment**	**Furniture and fixtures**	**Vehicles**	**Data processing equipment**	**Office equipment**	**Leasehold Improvements**	**Vehicles**	**Total**
Cost									
As at April 1, 2024	**3.58**	**4.52**	**14.71**	**68.86**	**105.45**	**23.80**	**50.59**	**-**	**271.51**
Additions during the year	-	0.64	4.26	17.88	8.64	2.79	9.54	-	43.75
Disposals during the year	-	0.18	0.39	7.34	8.53	1.40	1.27	-	19.11
As at March 31, 2025	**3.58**	**4.98**	**18.58**	**79.40**	**105.56**	**25.19**	**58.86**	**-**	**296.15**
Additions during the year	-	0.09	1.62	22.70	7.82	1.98	3.24	-	37.45
Disposals during the year	-	-	0.01	10.03	17.44	0.71	0.03	-	28.22
As at March 31, 2026	**3.58**	**5.07**	**20.19**	**92.07**	**95.94**	**26.46**	**62.07**	**-**	**305.38**
Depreciation									
As at April 1, 2024	**0.41**	**0.57**	**1.88**	**17.10**	**61.35**	**5.50**	**3.70**	**-**	**90.51**
Disposals during the year	-	0.09	0.21	2.75	7.86	0.81	1.21	-	12.93
Depreciation charge for the year	0.06	0.32	1.64	8.93	17.34	4.24	13.85	-	46.38
As at March 31, 2025	**0.47**	**0.80**	**3.31**	**23.28**	**70.83**	**8.93**	**16.34**	**-**	**123.96**
Disposals during the year	-	-	-	4.05	16.35	0.50	0.02	-	20.92
Depreciation charge for the year	0.06	0.32	1.85	9.97	13.69	4.19	16.94	-	47.02
As at March 31, 2026	**0.53**	**1.12**	**5.16**	**29.20**	**68.17**	**12.62**	**33.26**	**-**	**150.06**
Net carrying amount									
As at March 31, 2025	**3.11**	**4.18**	**15.27**	**56.12**	**34.73**	**16.26**	**42.52**	**-**	**172.19**
As at March 31, 2026	**3.05**	**3.95**	**15.03**	**62.87**	**27.77**	**13.84**	**28.81**	**-**	**155.32**

(i) No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Holding Company has one immovable property (building) for which title deed is held in the name of the Holding Company. However, the original conveyance deed for the same is untraceable. The Holding Company has filed an information report with Delhi police for the same and has initiated legal procedures for updation of records.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

13.1. Capital work in progress

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital work in progress	-	1.55
Total	**-**	**1.55**

a) Capital work in progress (CWIP) ageing schedule

(₹ in crore)

CWIP	Amount in CWIP for a period of				
As at March 31, 2026	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

CWIP	Amount in CWIP for a period of				
As at March 31, 2025	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	1.55	-	-	-	1.55
Projects temporarily suspended	-	-	-	-	-

Note: The Group does not have any project temporary suspended or CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

13.2. Right-of-use assets

(₹ in crore)

Particulars	Building
Cost	
As at April 1, 2024	**169.40**
Additions during the year	69.80
Disposals/ (Adjustments) during the year	65.77
As at March 31, 2025	**173.43**
Additions during the year	27.86
Disposals/ (Adjustments) during the year	23.32
As at March 31, 2026	**177.97**
Accumulated depreciation	
As at April 1, 2024	**51.13**
Disposals/ (Adjustments) during the year	27.69
Depreciation charge for the year	37.52
As at March 31, 2025	**60.96**
Disposals/ (Adjustments) during the year	13.73
Depreciation charge for the year	33.43
As at March 31, 2026	**80.66**
Net carrying amount	
As at March 31, 2025	**112.47**
As at March 31, 2026	**97.31**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

13.3. Intangible assets under development

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Intangible assets under development	52.00	18.15
Total	**52.00**	**18.15**

a) Intangible assets under development (IAUD) ageing schedule

(₹ in crore)

IAUD	Amount in IAUD for a period of				
As at March 31, 2026	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	52.00	-	-	-	52.00
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

IAUD	Amount in IAUD for a period of				
As at March 31, 2025	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	18.15	-	-	-	18.15
Projects temporarily suspended	-	-	-	-	-

Note: The Group does not have any project temporary suspended or any intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence intangible asset under development completion schedule is not applicable.

13.4. Other Intangible assets

(₹ in crore)

Particulars	Computer software
Cost	
As at April 1, 2024	**74.62**
Additions during the year	58.56
Disposals during the year	-
As at March 31, 2025	**133.18**
Additions during the year	43.87
Disposals during the year	3.43
As at March 31, 2026	**173.62**
Accumulated amortization	
As at April 1, 2024	**47.45**
Disposals during the year	-
Amortization charge for the year	12.07
As at March 31, 2025	**59.52**
Disposals during the year	3.23
Amortization charge for the year	20.42
As at March 31, 2026	**76.71**
Net carrying amount	
As at March 31, 2025	**73.66**
As at March 31, 2026	**96.91**

Note: The Group has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the current or previous year.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 14 Other non-financial assets

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital advances	0.04	0.17
Prepaid expenses	55.08	45.46
Balance with government authorities	20.68	19.26
Advance to vendor	0.85	2.39
Others	127.82	66.88
Total	**204.47**	**134.16**

14.1 Impairment loss allowance recognised on other non-financial assets is ₹ Nil (Previous year: ₹ Nil).

NOTE 15 Trade payables:

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises; and	3.92	4.91
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	568.31	527.24
Total	**572.23**	**532.15**

15.1 Disclosures relating to Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3.92	4.91
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	**3.92**	**4.91**

15.2 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

As at March 31,2026

(₹ in crore)

Particulars	Unbilled	Outstanding for				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	3.17	0.75	-	-	-	3.92
ii. Others	553.67	14.59	0.05	-	-	568.31
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

As at March 31, 2025

(₹ in crore)

Particulars		Unbilled	Outstanding for: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i.	MSME	1.32	3.59	-	-	-	4.91
ii.	Others	501.94	25.25	0.05	-	-	527.24
iii.	Disputed Dues - MSME	-	-	-	-	-	-
iv.	Disputed Dues - Others	-	-	-	-	-	-

NOTE 16 Debt securities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Debt securities (at amortised cost)		
Secured		
Redeemable non-convertible debentures (refer note 16.1 and 16.2)	2,908.18	2,763.57
Unsecured		
Commercial papers (refer note 16.3 and 16.4)	2,976.26	4,411.17
Total	**5,884.44**	**7,174.74**
Debt securities in India	5,884.44	7,174.74
Debt securities outside India	-	-
Total	**5,884.44**	**7,174.74**

16.1 Terms of fully paid up privately placed secured redeemable non convertible debentures (NCD):

(₹ in crore)

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2026: Number of NCDs	As at March 31, 2026: Amount	As at March 31, 2025: Number of NCDs	As at March 31, 2025: Amount
INE957N07617	July 14, 2021	April 15, 2025	Zero Percent (XIRR 6.57%)	-	-	500	50.00
INE957N07500	July 24, 2020	July 24, 2025	Zero Percent (XIRR 7.55%)	-	-	250	25.00
INE957N07682	July 29, 2022	July 29, 2025	7.99%	-	-	4,000	400.00
INE957N07781	May 17, 2024	September 10, 2025	8.94%	-	-	22,500	225.00
INE957N07542	November 03, 2020	November 03, 2025	6.95%	-	-	1,000	100.00
INE957N07567	January 19, 2021	January 19, 2026	Zero Percent (XIRR 6.90%)	-	-	250	25.00
INE957N07757	May 12, 2023	May 12, 2026	8.35%	5,000	50.00	5,000	50.00
INE957N07799	September 06, 2024	October 06, 2026	8.89%	35,200	352.00	35,200	352.00
INE957N07807	December 31, 2024	December 31, 2026	8.70%	31,000	310.00	31,000	310.00
INE800X07105	April 29, 2025	April 29, 2027	8.32%	10,000	100.00	-	-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2026 Number of NCDs	As at March 31, 2026 Amount	As at March 31, 2025 Number of NCDs	As at March 31, 2025 Amount
INE957N07674	May 04, 2022	May 04, 2027	7.60%	3,000	300.00	3,000	300.00
INE800X07071	March 28, 2025	May 28, 2027	8.50%	5,000	50.00	5,000	50.00
INE957N07823	June 02, 2025	June 02, 2027	8.42%	15,000	150.00	-	-
INE957N07856	December 04, 2025	June 02, 2027	7.80%	25,000	250.00	-	-
INE957N07849	August 06, 2025	August 06, 2027	7.99%	24,000	240.00	-	-
INE800X07097	April 29, 2025	August 30, 2027	8.32%	15,000	150.00	-	-
INE957N07815	December 31, 2024	December 31, 2027	8.70%	6,500	65.00	6,500	65.00
INE957N07732	December 27, 2022	December 27, 2028	9.55%	2,500	250.00	2,500	250.00
INE957N07773	February 02, 2024	February 02, 2029	8.60%	2,500	25.00	2,500	25.00
INE800X07063	July 16, 2024	July 16, 2029	8.62%	10,000	100.00	10,000	100.00
INE800X07089	March 28, 2025	March 27, 2030	8.65%	25,000	250.00	25,000	250.00
INE957N07591	May 07, 2021	May 07, 2031	7.35%	250	25.00	250	25.00
INE800X07055	February 15, 2023	February 15, 2033	8.50%	2,500	25.00	2,500	25.00
INE957N07864	March 16, 2026	March 16, 2033	8.09%	9,790	97.90	-	-
Sub total				**227,240**	**2,789.90**	**156,950**	**2,627.00**
Interest accrued on secured NCDs					119.34		137.26
EIR adjustments					(1.06)		(0.69)
Grand total				**227,240**	**2,908.18**	**156,950**	**2,763.57**

16.2 The debentures are fully secured by first pari-passu charge by way of hypothecation of loan receivables.

16.3 Terms of Commercial papers:

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Discount rate (in %)	6.70% p.a. to 7.88%	7.62% p.a. to 8.42%
Repayment	Within 12 months	Within 12 months

16.4 No non-convertible debentures and commercial papers is guaranteed by directors and/or others.

16.5 During the period presented there were no defaults in the repayment of principal and/or interest.

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

NOTE 17 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
At amortised cost		
Term loan from banks and financial institutions (Secured) (refer note 17.1)	32,022.33	31,137.74
Term loan from banks - Foreign currency loan (Secured) (refer note 17.2)	-	13.00
External commercial borrowing (Secured) (refer note 17.3)	5,671.53	8,088.36
Loan repayable on demand from banks		
- Cash credit (Secured) (refer note 17.4)	401.95	-
- Working capital demand loans (Secured) (refer note 17.4)	1,584.38	775.64
- Working capital demand loans (Unsecured) (refer note 17.4)	200.00	200.00
Refinance facility from National Housing Bank (refer note 17.5)	762.17	568.25
Total	**40,642.36**	**40,782.99**
Borrowings in India	34,970.83	32,694.63
Borrowings outside India	5,671.53	8,088.36
Total	**40,642.36**	**40,782.99**

17.1 Secured term loans from banks and financial institutions are secured by a first pari-passu charge by way of hypothecation of loan receivables:

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured term loans (before interest accrued but not due and EIR adjustment)	32,007.29	31,098.99
Carrying interest rate (in %)	5.69% p.a to 9.05% p.a	6.47% p.a to 9.55% p.a

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

Terms of repayment as at March 31, 2026:

		Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
Periodicity	**Residual Maturity**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**Amount ₹ in Crore**
	Original Maturity									
Monthly	More than 3 years	12	105.26	18	62.89	24	20.51	57	48.72	**237.38**
Quarterly	2 to 3 Years	51	2,014.83	23	1,041.67	2	83.33	-	-	**3,139.83**
Quarterly	More than 3 years	428	8,522.91	429	7,668.88	380	5,965.33	422	4,622.19	**26,779.31**
Semi-annual	2 to 3 Years	1	100.00	-	-	-	-	-	-	**100.00**
Semi-annual	More than 3 years	-	-	-	-	-	-	6	21.43	**21.43**
Annually	More than 3 years	4	256.67	2	252.67	-	-	-	-	**509.34**
Bullet	2 to 3 Years	-	-	1	630.00	-	-	-	-	**630.00**
Bullet	More than 3 years	1	415.00	-	-	2	43.75	2	131.25	**590.00**
Interest accrued but not due										**31.89**
EIR Adjustments										**(16.85)**
	Total	**497**	**11,414.67**	**473**	**9,656.11**	**408**	**6,112.92**	**487**	**4,823.59**	**32,022.33**

Terms of repayment as at March 31, 2025:

		Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
Periodicity	**Residual Maturity**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**Amount ₹ in Crore**
	Original Maturity									
Monthly	More than 3 years	24	210.53	45	204.72	30	73.14	81	69.23	**557.62**
Quarterly	2 to 3 Years	46	1,630.44	41	1,514.83	15	708.33	-	-	**3,853.61**
Quarterly	More than 3 years	406	7,560.70	413	6,533.15	369	4,818.38	604	5,013.37	**23,925.59**
Semi-annual	2 to 3 Years	2	200.00	1	100.00	-	-	-	-	**300.00**
Semi-annual	More than 3 years	8	243.45	6	76.79	6	76.79	16	57.14	**454.17**
Annually	More than 3 years	7	392.67	8	317.67	2	252.67	-	-	**963.00**
Bullet	2 to 3 Years	-	-	-	-	1	630.00	-	-	**630.00**
Bullet	More than 3 years	-	-	1	415.00	-	-	-	-	**415.00**
Interest accrued but not due										**62.54**
EIR Adjustments										**(23.79)**
	Total	**493**	**10,237.79**	**515**	**9,162.16**	**423**	**6,559.31**	**701**	**5,139.74**	**31,137.74**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

17.2 Foreign currency loan are fully secured by a first pari-passu charge by way of hypothecation of loan receivables.

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying interest rate* (in %)	NA	5.58%

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender

Terms of repayment as at March 31, 2025:

		Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
Periodicity	Residual Maturity	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Annually	Upto 1 Year	-	-	-	-	-	-	-	-	-
Bullet*	Upto 1 Year	1	12.82	-	-	-	-	-	-	**12.82**
Interest accrued but not due										**0.18**
EIR adjustments										-
	Total	**1**	**12.82**	-	-	-	-	-	-	**13.00**

*The maturity of the instrument is categorized based on the terms of foreign currency loan and estimation of prepayment of the facility.

17.3 External Commercial borrowings as secured by a first pari-passu charge by way of hypothecation of receivables

Particulars	As at March 31, 2026	As at March 31, 2025
Carrying interest rate* (in %)	4.86% p.a. to 5.50% p.a.	3.80% p.a. to 6.21% p.a.

*carrying Interest rate refers to rates based on SOFR/SORA plus spread as agreed with lender.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

Terms of repayment as at March 31, 2026:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Quarterly	More than 3 years	-	-	1	315.80	6	477.62	1	30.93	**824.35**
Semi-annual	More than 3 years	1	213.38	1	41.98	2	83.95	1	41.98	**381.29**
Annually	More than 3 years	3	503.15	4	937.50	3	621.77	1	213.36	**2,275.78**
Bullet	2 to 3 Years	-	-	1	1,422.53	-	-	-	-	**1,422.53**
Bullet	More than 3 years	-	-	2	606.56	1	104.32	-	-	**710.88**
Interest accrued but not due										**75.69**
EIR Adjustments										**(18.99)**
	Total	**4**	**716.53**	**9**	**3,324.37**	**12**	**1,287.66**	**3**	**286.27**	**5,671.53**

Terms of repayment as at March 31, 2025:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Quarterly	More than 3 years	-	-	-	-	1	284.63	1	285.49	**570.12**
Annually	More than 3 years	1	154.35	4	645.83	3	560.36	4	752.68	**2,113.22**
Bullet	2 to 3 Years	-	-	-	-	1	1,282.13	-	-	**1,282.13**
Bullet	More than 3 years	10	3,089.78	-	-	4	873.23	3	125.93	**4,088.94**
Interest accrued but not due										**73.02**
EIR Adjustments										**(39.07)**
	Total	**11**	**3,244.13**	**4**	**645.83**	**9**	**3,000.35**	**8**	**1,164.10**	**8,088.36**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

17.4 As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature. The secured facilities are secured by first pari-passu charge by way of hypothecation of receivables. Terms of repayment of cash credit facilities and working capital demand loans:

Particulars	Repayment	As at March 31, 2026	As at March 31, 2025
Carrying interest rate			
- Cash credit facilities (Secured) (in %)	On Demand	6.33% p.a. to 9.00% p.a.	-
- Working capital demand loans (in %)	On Demand	6.29% p.a. to 8.00% p.a.	7.68% p.a. to 7.87% p.a.

17.5 Refinance facility are secured by exclusive charge by way of hypothecation of standard business receivables.

Particulars	Repayment	As at March 31, 2026	As at March 31, 2025
Carrying interest rate (in %)		4.25% p.a. to 8.25% p.a.	8.35% p.a.

Terms of repayment as at March 31, 2026:

		Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
Periodicity	Residual Maturity	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Quarterly	More than 3 years	42	86.43	56	115.24	56	115.24	234	419.26	**736.17**
Bullet	More than 3 years	-	-	-	-	-	-	2	26.00	**26.00**
Interest accrued but not due										-
	Total	**42**	**86.43**	**56**	**115.24**	**56**	**115.24**	**236**	**445.26**	**762.17**

Terms of repayment as at March 31, 2025:

		Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
Periodicity	Residual Maturity	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	No. of Instalments	Amount ₹ in Crore	Amount ₹ in Crore
	Original Maturity									
Quarterly	More than 3 years	30	63.29	40	84.38	40	84.38	179	336.20	**568.25**
Interest accrued but not due										-
	Total	**30**	**63.29**	**40**	**84.38**	**40**	**84.38**	**179**	**336.20**	**568.25**

17.6 No term loans, cash credit, working capital demand from banks and any other borrowing is guaranteed by directors and/or others.

17.7 During the periods presented, there were no defaults in the repayment of principal and/or interest.

17.8 The term loans have been applied for the purposes for which they were obtained except for ₹ 1,575.00 crore (March 31, 2025: ₹ 2,803.47 crore) which were pending to be utilised and temporarily parked in liquid assets as at March 31, 2026.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

17.9 There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

17.10 The Group is subject to financial and non-financial covenants under its borrowing arrangements, which are monitored periodically as applicable. As at the reporting date, the Group has complied with all material covenants under its borrowing arrangements, with no breaches resulting in default or reclassification of borrowings. Further, there are no indications that the Group would have difficulty complying with the covenants at the next testing date, June 30, 2026.

NOTE 18 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Subordinated liabilities (unsecured)		
At amortised cost		
Perpetual non-convertible debentures (refer note 18.1)	543.18	541.85
Redeemable non-convertible debentures-Tier II (refer note 18.2 to 18.4)	1,920.74	1,272.96
Term loans-Tier II (refer note 18.5)	298.11	297.74
Designated at fair value through profit or loss		
Compulsorily convertible preference shares (CCPS) (refer note 18.6 to 18.9)	3,361.57	2,884.36
3,63,63,636 CCPS of face value ₹ 550 each (March 31, 2025: 3,63,63,636 CCPS of face value ₹ 550 each)		
Total	**6,123.60**	**4,996.91**
Subordinated liabilities in India	4,548.70	3,645.59
Subordinated liabilities outside India	1,574.90	1,351.32
Total	**6,123.60**	**4,996.91**

18.1 Terms of repayment of non-convertible debentures-Tier I (Perpetual Debt):

(₹ in crore)

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2026 Number of NCDs	As at March 31, 2026 Amount ₹ in Crore	As at March 31, 2025 Number of NCDs	As at March 31, 2025 Amount ₹ in Crore
INE957N08128	May 17, 2024	May 17, 2034	9.50%	150	150.00	150	150.00
INE957N08136	June 04, 2024	June 04, 2034	9.60%	75	75.00	75	75.00
INE957N08144	August 28, 2024	September 28, 2034	9.50%	25	25.00	25	25.00
INE957N08144*	September 06, 2024	September 28, 2034	9.50%	60	60.00	60	60.00
INE957N08169	October 15, 2024	November 15, 2034	9.50%	55	55.00	55	55.00
INE957N08177	November 25, 2024	May 25, 2035	9.50%	50	50.00	50	50.00
INE957N08177*	February 12, 2025	May 25, 2035	9.50%	120	120.00	120	120.00
Interest accrued but not due					26.71		27.56
EIR adjustments					(18.53)		(20.71)
				535	**543.18**	**535**	**541.85**

*Reissuance cases

#The Company can redeem these debentures (using call option) on the maturity date, with prior approval of RBI

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

18.2 Terms of repayment of non-convertible debentures-Tier II:

(₹ in crore)

ISIN of NCD	Issue Date	Redemption Date	Interest Rate	As at March 31, 2026 Number of NCDs	As at March 31, 2026 Amount ₹ in Crore	As at March 31, 2025 Number of NCDs	As at March 31, 2025 Amount ₹ in Crore
INE957N08011	September 15, 2015	September 15, 2025	9.35%	-	-	1,000	100.00
INE957N08029	August 03, 2016	August 03, 2026	8.98%	1,000	100.00	1,000	100.00
INE957N08037	June 20, 2017	June 18, 2027	8.52%	1,000	100.00	1,000	100.00
INE957N08045	December 06, 2018	November 24, 2028	9.81%	1,250	125.00	1,250	125.00
INE800X08012	December 28, 2018	December 28, 2028	9.50%	250	25.00	250	25.00
INE957N08052	February 05, 2020	February 05, 2030	8.85%	1,000	100.00	1,000	100.00
INE957N08060	March 04, 2020	March 04, 2030	8.49%	250	25.00	250	25.00
INE957N08078	December 11, 2020	December 11, 2030	7.65%	450	45.00	450	45.00
INE800X08020	March 05, 2021	March 05, 2031	7.85%	250	25.00	250	25.00
INE957N08086	July 18, 2022	July 16, 2032	8.65%	100	100.00	100	100.00
INE957N08094	October 21, 2022	October 21, 2032	8.65%	55	55.00	55	55.00
INE800X08038	November 25, 2022	November 25, 2032	8.75%	25	25.00	25	25.00
INE957N08102	December 01, 2022	December 01, 2032	8.65%	100	100.00	100	100.00
INE957N08110	January 05, 2024	January 05, 2034	9.00%	5,500	55.00	5,500	55.00
INE957N08151	September 27, 2024	May 27, 2030	9.20%	20,000	200.00	20,000	200.00
INE957N08185	December 31, 2024	December 31, 2034	9.30%	5,000	50.00	5,000	50.00
INE957N08193	June 02, 2025	June 04, 2035	9.10%	15,000	150.00	-	-
INE957N08193*	August 22, 2025	June 04, 2035	9.10%	10,000	100.00	-	-
INE957N08201	November 20, 2025	January 18, 2036	9.10%	25,000	250.00	-	-
INE957N08201*	March 06, 2026	January 18, 2036	9.10%	15,000	150.00	-	-
INE957N08219	March 06, 2026	January 19, 2037	9.10%	10,000	100.00	-	-
Interest accrued but not due					62.69		47.09
EIR adjustments					(21.95)		(4.13)
				111,230	**1,920.74**	**37,230**	**1,272.96**

18.3 No subordinated liability is guaranteed by directors and/or others.

18.4 During the year presented there were no defaults in the repayment of principal and/or interest.

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

18.5 Terms of repayment of Term Loans-Tier II (subordinated):

Terms of repayment as at March 31, 2026:

		Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
Periodicity	**Residual Maturity**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**Amount ₹ in Crore**
	Original Maturity									
Bullet	More than 3 years	-	-	-	-	-	-	1	300.00	**300.00**
Interest accrued but not due										-
EIR Adjustments										**(1.89)**
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**300.00**	**298.11**

Terms of repayment as at March 31, 2025:

		Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
Periodicity	**Residual Maturity**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**No. of Instalments**	**Amount ₹ in Crore**	**Amount ₹ in Crore**
	Original Maturity									
Bullet	More than 3 years	-	-	-	-	-	-	1	300.00	**300.00**
Interest accrued but not due										-
EIR Adjustments										**(2.26)**
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**300.00**	**297.74**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

18.6 During the year ended March 31, 2023, the Holding Company had allotted 3,63,63,636 Compulsorily Convertible Preference Shares (CCPS) (comprising of 1,70,36,363 Class A CCPS and 1,93,27,273 Class B CCPS) of face value of ₹ 550 each aggregating to ₹ 2,000 crores. As per Section 43 of the Companies Act, 2013, the preference shares are classified as part of Share Capital. However, as per Ind AS 32 'Financial Instruments: Presentation' and terms of conditions of such preference shares, they are required to be classified as a financial liability.

In accordance with Ind AS 32 'Financial Instruments: Presentation', the Holding Company had classified these CCPS as a financial liability and presented it in accordance with Schedule III division III of the Companies Act, 2013 (disclosed under the head of Subordinated liabilities). These CCPS are subsequently measured at fair value through profit or loss as per Ind-AS 109 requirements.

If the CCPS were classified in accordance with section 43 of the Companies Act, 2013 i.e., as equity, loss after tax for the year ended March 31, 2026, would be lower by ₹ 537.21 crores resulting in profit after tax of ₹ 311.20 crores (March 31, 2025: profit after tax would be higher by ₹ 333.12 crore resulting in profit after tax of ₹ 443.07 crores) and total equity would be higher by ₹ 3,361.57 crore (March 31, 2025: ₹ 2,884.36 crore) and subordinated liabilities would be lower by ₹ 3,361.57 crore as at March 31, 2026 (March 31, 2025: ₹ 2,884.36 crore).

18.7 Each CCPS is a compulsorily and fully convertible preference share, convertible into Equity Shares, as per the terms and conditions as laid out in agreement. The holders of CCPS shall not be entitled to any voting rights with respect to such CCPS, except in accordance with the Companies Act, 2013.

18.8 Subject to terms and conditions as laid out in agreement, the holder of each CCPS shall be entitled to receive dividends in cash annually, in respect of each CCPS, at minimum annual cumulative rate of 3% (Three Percent) on the face value of such CCPS upto the date of expiry of Qualified Institutional Placement Offer ("QIPO") period. The dividend payable/ paid on CCPS is considered as appropriation of profit for the computation of impact on networth and profit or loss for the year for note 18.6."

18.9 As per the terms of issuance of CCPS, in the event, QIPO is not completed on or prior to the expiry of QIPO period, the coupon for the CCPS will change to 16% p.a. from 3% p.a. after the expiry of QIPO period till the date of conversion of such CCPS.

NOTE 19 Lease liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Lease liabilities (refer note 43)	109.36	123.87
Total	**109.36**	**123.87**

NOTE 20 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Unclaimed dividend (refer note 20.1)	0.61	0.74
Book overdrafts	342.58	207.37
Other payables		
Payable for property, plant and equipment and other intangible assets	7.34	-
Salaries and wages payable	113.36	106.50
Security deposits	0.06	0.07
Payable to assignment partners	113.88	24.48
Margin money from customers	3.22	23.39
Others	159.12	136.37
Total	**740.17**	**498.92**

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

20.1 Unclaimed dividend does not include any amount outstanding as on March 31, 2026 and March 31, 2025 which are required to be credited to the Investor Education and Protection Fund.

NOTE 21 Current tax liabilities (net)

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for income tax	19.59	226.10
Less : Advance tax	(14.75)	(216.05)
Total	**4.84**	**10.05**

NOTE 22 Provisions

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
- Provision for gratuity (refer note 36.2)	64.66	42.96
- Provision for compensated absences (refer note 36.3)	40.82	32.72
Total	**105.48**	**75.68**

NOTE 23 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Unamortised interest on margin money deposits	-	24.41
Statutory dues payable	76.73	56.86
Others	2.59	-
Total	**79.32**	**81.27**

NOTE 24 Equity share capital

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares	Amount ₹ in Crore	Number of shares	Amount ₹ in Crore
Authorised				
Equity shares of ₹ 10 each	300,000,020	300.00	300,000,020	300.00
	300,000,020	**300.00**	**300,000,020**	**300.00**
Issued				
Equity shares of ₹ 10 each	129,627,036	129.63	127,412,759	127.41
	129,627,036	**129.63**	**127,412,759**	**127.41**
Subscribed and paid-up				
Equity shares of ₹ 10 each (fully paid up)	129,627,036	129.63	127,412,759	127.41
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)	-	-	-	-
Total	**129,627,036**	**129.63**	**127,412,759**	**127.41**

Below rounding off norms.

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

24.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of shares	Amount ₹ in Crore	Number of shares	Amount ₹ in Crore
Equity shares of ₹ 10 each (fully paid-up)				
Opening balance	127,412,759	127.41	127,306,110	127.31
Issued during the year*	2,214,277	2.22	106,633	0.10
Converted into fully paid up during the year	-	-	16	#
Equity shares of ₹ 10 each (partly paid up: ₹ 5 each)				
Opening balance	-	-	564	#
Converted into fully paid up share during the year ₹ 10 each	-	-	(16)	#
Forfeited during the year	-	-	(548)	#
Outstanding at the end of the year	**129,627,036**	**129.63**	**127,412,759**	**127.41**

#Below rounding off norms.

*During the year ended March 31, 2026, the Holding Company, pursuant to the approval by the Board of Directors and shareholders, has made private placement offer and issued 22,14,277 equity shares with the face value of ₹ 10 each at a premium of ₹ 1,390 per share.

24.2 Terms/ rights, preference and restriction attached to equity shares of ₹ 10 each

(i) The Holding Company has only one class of equity share having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share held.

(ii) The dividend proposed by the Board of Directors which is subject to approval of shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.

(iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amount, in proportion to capital paid upon such equity share.

24.3 Detail of shareholder holding more than 5% shares in the Holding Company:

Name of Shareholder	As at March 31, 2026		As at March 31, 2025	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Equity shares				
Hero MotoCorp Ltd.	52,431,893	40.45	52,431,893	41.15
Bahadur Chand Investment Pvt. Ltd.	25,896,764	19.98	25,896,764	20.33
Otter Limited	12,882,170	9.94	12,882,170	10.11
Mr. Pawan Munjal (refer note 24.4 below)	3,608,812	2.78	3,608,812	2.83
Ms. Renu Munjal (refer note 24.4 below)	4,094,737	3.16	4,094,737	3.21
Ms. Santosh Munjal (refer note 24.4 below)	-	-	323,600	0.25
Mr. Pawan Munjal* (refer note 24.4 below)	323,600	0.25	-	-
Mr. Suman Kant Munjal (refer note 24.4 below)	4,094,737	3.16	4,094,737	3.21
Total	**12,121,886**	**9.35**	**12,121,886**	**9.50**

*Jointly held with Ms. Renu Munjal and Mr. Suman Kant Munjal

24.4 Holding shares on behalf of Brijmohan Lal Om Parkash (partnership firm).

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

24.5 Shareholding of Promoters

S.No.	Promoter Name	As at March 31, 2026			As at March 31, 2025		
		No. of shares	Percentage of total shares (in %)	Percentage of change during the year	No. of shares	Percentage of total shares (in %)	Percentage of change during the year
1	Hero MotoCorp Limited	52,431,893	40.45	(0.70)	52,431,893	41.15	(0.04)
2	Bahadur Chand Investments Private Limited	25,896,764	19.98	(0.35)	25,896,764	20.33	(0.01)
3	Brijmohan Lal Om Parkash (partnership Firm)	12,121,886	9.35	(0.16)	12,121,886	9.51	(0.01)
4	Hero Investcorp Private Limited	3,433,008	2.65	(0.04)	3,433,008	2.69	(0.01)
5	Pawan Munjal	592,259	0.46	-	592,259	0.46	(0.01)
6	Renu Munjal	410,740	0.32	-	410,740	0.32	-
7	Suman Kant Munjal	184,534	0.14	-	184,534	0.14	(0.01)
8	Abhimanyu Munjal	151,229	0.12	-	151,229	0.12	-
9	Renuka Munjal	16,373	0.01	-	16,373	0.01	-
	Promoter Group						
1	Munjal Acme Packaging Systems Private Limited	1,921,968	1.48	(0.03)	1,921,968	1.51	-
2	Pawan Munjal Family Trust**	790,394	0.61	(0.01)	790,394	0.62	-
3	RK Munjal and Sons Trust#	790,394	0.61	(0.01)	790,394	0.62	-
4	Annuvrat Munjal	342,945	0.26	(0.01)	342,945	0.27	-
5	Sunil Kant Munjal	319,002	0.25	-	314,502	0.25	-
6	Survam Trust^	243,905	0.19	-	243,905	0.19	-
7	Ujjwal Munjal	224,420	0.17	(0.01)	224,420	0.18	-
8	Rahul Munjal	224,166	0.17	(0.01)	224,166	0.18	-
9	Supria Munjal	190,978	0.15	-	190,978	0.15	-
10	Vasudha Dinodia	190,978	0.15	-	190,978	0.15	-
11	Akshay Munjal	187,324	0.14	(0.01)	187,324	0.15	-
12	Munjal Family Trust*	150,682	0.12	-	150,682	0.12	-
13	Radhika Uppal	104,805	0.08	-	104,805	0.08	-
14	Vidur Munjal	99,531	0.08	-	99,531	0.08	-
15	Geeta Anand	99,423	0.08	-	99,423	0.08	-
16	Aniesha Munjal	91,704	0.07	-	91,704	0.07	-
17	Vinod Ahuja Huf	32,000	0.02	(0.01)	37,000	0.03	0.03
18	Love Kumar Khosla	15,544	0.01	-	15,544	0.01	0.01
19	Vandana Raheja	7,204	0.01	-	7,204	0.01	0.01
20	Savita Grover	1,500	0.00	-	1,500	0.00	-

* Beneficial Owner of these shares is Abhimanyu Munjal

** Beneficial Owner of these shares is Pawan Munjal

Beneficial Owner of these shares is Renu Munjal

^ Beneficial Owner of these shares is Renuka Munjal

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

24.6 There are no shares issued by way of bonus shares or issued for consideration other than cash and no shares were bought back during the period of 5 years immediately preceding the reporting date.

24.7 Employee stock options

Terms attached to stock options granted to employees are described in note 46 regarding share based payments.

24.8 Compulsorily convertible preference shares (CCPS)

Refer note 18.6 to 18.9 for terms and rights attached to Compulsorily convertible preference shares (CCPS).

NOTE 25 Other equity

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Securities premium		
Opening balance as at reporting date	**3,951.81**	**3,942.51**
Add: Additions during the year	307.79	6.24
Less: Share issue expenses	(13.52)	-
Add: Transfer from stock options outstanding account (ESOP Reserve)	-	3.06
Closing balance as at reporting date	**4,246.08**	**3,951.81**
Statutory reserve as per RBI Act		
Opening balance as at reporting date	**488.77**	**477.20**
Add: Transferred from retained earnings	-	11.57
Closing balance as at reporting date	**488.77**	**488.77**
Statutory reserve as per NHB Act		
Opening balance as at reporting date	**22.39**	**12.17**
Add: Transferred from retained earnings	16.10	10.22
Closing balance as at reporting date	**38.49**	**22.39**
Stock options outstanding account (ESOP Reserve)		
Opening balance as at reporting date	**66.50**	**45.85**
Add: Charge during the year	13.88	25.21
Less: Transfer to retained earnings	(5.20)	(1.50)
Less: Transfer to securities premium	-	(3.06)
Less: Transfer to non-controlling interests	(0.54)	-
Closing balance as at reporting date	**74.64**	**66.50**
General reserve		
Opening balance as at reporting date	**131.02**	**131.02**
Add: Transfer from retained earning	-	-
Closing balance as at reporting date	**131.02**	**131.02**
Capital reserve		
Opening balance as at reporting date	#	-
Add: Shares forfeited during the year	-	#
Closing balance as at reporting date	#	#
Other comprehensive income/ (loss)		
Opening balance as at reporting date	**-**	**-**
Add: Other comprehensive income/ (loss) for the year	0.47	4.63
Less: Transferred to retained earnings	(0.47)	(4.63)
Closing balance as at reporting date	**-**	**-**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash flow hedge reserve		
Opening balance as at reporting date	**(58.72)**	**(27.11)**
Add: Changes in fair value of FVTOCI hedge instruments	78.05	(31.61)
Closing balance as at reporting date	**19.33**	**(58.72)**
Retained earnings		
Opening balance as at reporting date	**1,023.97**	**1,057.02**
Add: Profit for the year	(226.77)	109.49
Add: Other comprehensive income/ (loss) for the year	0.47	4.63
Add: Transfer from stock options outstanding account (ESOP Reserve)	5.20	1.50
Less: Dividend paid on equity shares	(14.26)	(127.31)
Less: Transfers to statutory reserve	(16.10)	(21.79)
Less: Adjustment for changes in ownership interests in subsidiary	(0.72)	0.43
Closing balance as at reporting date	**771.79**	**1,023.97**
Total	**5,770.12**	**5,625.74**

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Non-controlling interests		
Opening balance as at reporting date	**7.61**	**6.06**
Add: Addition during the year	0.98	1.53
Add: Profit for the year	0.76	0.46
Add: Other comprehensive income for the year, net of tax	0.05	(0.01)
Add: Transfer from stock options outstanding account (ESOP Reserve)	0.54	-
Less: Adjustment for changes in ownership interests in subsidiary	0.72	(0.43)
Closing balance as at reporting date	**10.66**	**7.61**

Nature of other equity:

Securities premium:

Securities premium is used to record the premium on issuance of shares. The securities premium can be utilised as per the provisions of the Companies Act, 2013.

Statutory reserve as per RBI Act

Statutory reserve is used to record reserve in accordance with section 45-IC of the Reserve Bank of India Act, 1934 and in accordance with section 29C of the NHB Act, 1987. The statutory reserves can be utilised for the purpose as specified by the RBI and NHB from time to time.

During the current financial year, the Holding Company has incurred loss after tax; accordingly, no amount has been transferred to the Statutory Reserve.

Statutory reserve as per NHB Act

Reserve fund is created as per the terms of section 29C of the National Housing Bank Act, 1987 as a statutory reserve.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

Stock options outstanding account:

Stock option outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Group for employees of the group. The reserve is used to recognise the fair value of the options issued to employees under Group's employee stock option plan. Refer note 46 for further detail of this plan.

General reserve:

Free reserve to be utilized as per provision of the Companies Act, 2013.

Cash flow hedge reserve

It represents the cumulative gains/ (losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Retained earnings:

Retained earnings is used to record profit/ (loss) for the year. This amount is utilised as per the provision of the Companies Act, 2013.

Capital Reserve:

The Holding Company has transferred money received for forfeited partly paid-up shares to Capital reserve at the time of re-issue of these shares, in accordance with the provision of the Companies Act, 2013 and will be utilised in accordance with the provisions of the Companies Act, 2013.

NOTE 26 Revenue from operations

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on:		
- Loans (at amortised cost)	8,096.48	8,465.41
- Investments (FVTPL)	137.13	107.95
- Fixed deposits	21.88	15.31
Dividend income	0.02	0.02
Profit on sale of investments	96.28	44.62
Insurance commission	228.01	185.53
Gain on derecognition of financial instruments under amortised cost category	185.36	134.82
Others charges	818.10	879.07
Total	**9,583.26**	**9,832.73**

NOTE 27 Other income

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Fees on value added services	-	45.40
Other income	10.15	25.20
Total	**10.15**	**70.60**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 28 Finance costs

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest expense on financial liabilities measured at amortised cost		
- Interest on debt securities	482.70	521.47
- Interest on borrowings (other than debt securities)	3,092.17	3,167.91
- Interest on subordinated liabilities	182.89	124.16
- Interest on lease liabilities	8.52	13.53
- Others	0.15	0.64
Total	**3,766.43**	**3,827.71**

NOTE 29 Net loss on fair value changes

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(A) Net loss/ (gain) on financial instruments at fair value through profit or loss		
(i) On financial instruments designated at fair value through profit or loss	537.21	333.12
(ii) Others	8.27	(30.32)
Total net loss on fair value changes (A)	**545.48**	**302.80**
(B) Fair value changes		
(i) Unrealised loss	544.65	333.12
(ii) Unrealised gain	0.83	(30.32)
Total net loss on fair value changes (B)	**545.48**	**302.80**

NOTE 30 Impairment on financial instruments

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Impairment allowance (on loans measured at amortised cost)#	(462.16)	598.68
Impairment allowance others	0.18	2.04
Settlement loss and bad debts written off *#	2,983.84	2,283.37
Total	**2,521.86**	**2,884.09**
*Net off recoveries from bad debts written off cases	322.96	363.49
# Including the impairment allowance as of the derecognition date	2,239.49	1,771.94

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 31 Employee benefits expenses

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries and wages	713.20	635.27
Contribution to provident and other funds (refer note 36.1)	34.95	32.58
Employee share based payment expense (refer note 46)	14.71	27.81
Gratuity expense (refer note 36.2)	13.27	10.97
Staff welfare expenses	17.75	23.21
Total	**793.88**	**729.84**

NOTE 32 Other expenses

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Rent	4.54	1.67
Rates and taxes	1.11	2.37
Insurance	27.09	19.11
Repairs and maintenance	9.39	9.10
Contractual staff cost	347.71	328.38
Recruitment and training	14.68	13.02
Loan processing fee	35.32	42.00
Communication	19.84	14.84
Printing and stationery	6.90	9.32
Bank charges	26.65	27.35
Travelling and conveyance	79.54	85.42
Loss on sale of property, plant and equipment (net)	2.14	1.60
Advertisement and marketing	83.63	90.53
Information technology	235.54	182.46
Loan collection charges	874.40	806.75
Legal and professional	100.09	109.82
Auditor's remuneration	2.62	2.31
Expenditure towards corporate social responsibility (CSR)	17.42	12.50
Miscellaneous*#	51.41	48.28
Total	**1,940.02**	**1,806.83**

*Includes donation of ₹ 17.00 crore made to Bharatiya Janata Party under section 182 of the Companies Act, 2013 (previous year: ₹ 8.50 crore).

#Includes director's sitting fee of ₹ 1.20 crore (March 31, 2025: ₹ 1.33 crore) (refer note 40 for transactions with related parties).

NOTE 33 Exceptional items

On November 21, 2025, the Government of India notified provisions of the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020, ('Labour Codes') which consolidate twenty-nine existing labour laws into unified framework governing employee benefits during employment and post-employment. The Labour Codes, among other things introduce changes, including a uniform definition of wages and enhanced benefits relating to leave. The Group has assessed the financial implications of these changes and considering the impact arising out of an enactment of the new legislation is an event of non-recurring in nature, the Group has presented this incremental impact amounting to ₹ 26.08 crore as "Exceptional item" in the consolidated financial statements for the year ended March 31, 2026.

The Group will monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 34 Earning per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

The following table shows the income and share data used in the basic and diluted EPS calculations:

(₹ in crore)

	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i)	Net profit for the year attributable to owners of the Company (₹ in Crore) (A)	(226.77)	109.49
	Nominal value of equity share (in ₹)	10	10
	Weighted average number of equity shares outstanding during the year (B)	129,159,719	127,352,756
	Basic earnings per share of face value of ₹ 10 each (A)/ (B)	(17.56)	8.63
	Weighted average number of potential dilutive equity shares* (C)	129,159,719	127,587,349
	Dilutive earnings per share of face value of ₹ 10 each (A)/ (C)	(17.56)	8.62
	Weighted average number of equity shares (diluted)		
	Weighted average number of equity shares outstanding during the year	129,159,719	127,352,756
	Add: Number of potential diluted equity share in respect of employee stock option scheme, partly paid up shares and share issue pending allotment*	-	234,593
	Weighted average number of potential dilutive equity shares	129,159,719	127,587,349

*During the current year, the Holding Company had the potential equity shares (Employee Stock Options (ESOPs) and CCPS) which were anti-dilutive in nature and, accordingly, have not been considered in the computation of diluted earnings per share.

Accordingly, the diluted earning per share is the same as basic earnings per share.

NOTE 35 Investment in subsidiary

The consolidated financial statements include the financial statements of Holding Company and its subsidiary. Group does not have any joint ventures or associates.

	Net assets, i.e. total asset minus total liability			
	As at March 31, 2026		As at March 31, 2025	
	Amount ₹ in Crore	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated net assets
Parent				
Hero FinCorp Limited	5,775.14	97.89%	5,712.40	99.29%
Subsidiary				
Hero Housing Finance Limited	1,135.16	19.24%	848.33	14.73%
Inter Company	(999.89)	(16.95%)	(799.97)	(13.90%)
Non controlling interest in subsidiary	(10.66)	(0.18%)	(7.61)	(0.12%)
Total	**5,899.75**	**100.00%**	**5,753.15**	**100.00%**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

	Share in profit and loss			
	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Amount ₹ in Crore	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated net assets
Parent				
Hero FinCorp Limited	(306.56)	135.19%	57.84	52.83%
Subsidiary				
Hero Housing Finance Limited	80.49	(35.49%)	51.10	46.67%
Inter Company	0.07	(0.03%)	1.01	0.92%
Non controlling interest in subsidiary	(0.76)	0.33%	(0.46)	(0.42%)
Total	**(226.77)**	**100.00%**	**109.49**	**100.00%**

	Share in other comprehensive income			
	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Amount ₹ in Crore	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated net assets
Parent				
Hero FinCorp Limited	73.26	93.30%	(25.55)	94.73%
Subsidiary				
Hero Housing Finance Limited	5.30	6.75%	(1.44)	5.32%
Non controlling interest in subsidiary	(0.04)	(0.05%)	0.01	(0.05%)
Total	**78.52**	**100.00%**	**(26.98)**	**100.00%**

	Share in total comprehensive income			
	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Amount ₹ in Crore	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated net assets
Parent				
Hero FinCorp Limited	(233.30)	157.37%	32.29	39.13%
Subsidiary				
Hero Housing Finance Limited	85.79	(57.87%)	49.66	60.19%
Inter Company	0.07	(0.05%)	1.01	1.23%
Non controlling interest in subsidiary	(0.81)	0.54%	(0.45)	(0.55%)
Total	**(148.25)**	**100.00%**	**82.51**	**100.00%**

NOTE 36 Retirement benefit plan

36.1 Defined contribution plan

The Group makes periodic contribution towards provident fund, superannuation fund and national pension scheme which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the consolidated statement of profit and loss as they accrue. The amount recognized as expense towards such contributions are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Employer's contribution to provident fund	31.76	30.31
Employer's contribution to superannuation fund	0.39	0.37
Employer's contribution to national pension scheme	2.80	1.90
Total	**34.95**	**32.58**

Notes forming part of Consolidated Financial Statements

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36.2 Defined benefit plan

The Group operates an unfunded gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death, whichever is earlier. The benefit vests after five year of continuous service. The benefit to employees is as per the plan rules or as per the Code on Social Security 2020, whichever is earlier (also refer note 3(j)).

i) Reconciliation of the net defined benefit obligations

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	42.96	39.67
Included in statement of profit and loss:		
Current service cost	10.26	8.15
Past Service Cost	12.07	-
Interest expense	3.01	2.82
Benefits paid	(3.01)	(1.49)
	22.33	**9.48**
Remeasurement (gains)/ losses in other comprehensive income (OCI)		
Actuarial loss/(gain) arising from :		
- demographic assumptions	(0.56)	(0.42)
- financial assumptions	(0.70)	1.18
- experience adjustment	0.63	(6.95)
	(0.63)	**(6.19)**
Other		
Contributions paid by the employer	-	-
Balance at the end of the year	**64.66**	**42.96**

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

ii) Expense recognised in statement of profit and loss:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	10.26	8.15
Past Service Cost*	12.07	-
Net interest expense	3.01	2.82
Total	**25.34**	**10.97**

* Included in exceptional items (also refer note 33).

iii) Expense recognised in other comprehensive (income)/ loss:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Remeasurement (gains)/ losses		
Actuarial loss/ (gain) arising from:		
- demographic assumptions	(0.56)	(0.42)
- financial assumptions	(0.70)	1.18
- experience adjustment	0.63	(6.95)
Total	**(0.63)**	**(6.19)**

iv) Plan characteristics and associated risks

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Group is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Group is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liabilty.

Demographic Risk: The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of Chapter V (Gratuity) of the Code on Social Security, 2020 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

v) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) of Holding Company:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Discount rate	6.65%	6.50%
Attrition/ Withdrawal rate		
Up to 30 years	25.00%	22.00%
31 - 44 years	25.00%	22.00%
Above 44 years	25.00%	22.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age (years)	58	58
Future salary growth*	7-10%	7-10%

*The estimate of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market etc.

Principal actuarial assumptions at the reporting date (expressed as weighted averages) of Subsidiary Company:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Discount rate	6.85%	6.55%
Attrition/ Withdrawal rate	10%-20%	10%-20%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age (years)	58 years	58 years
Future salary growth*	10.00%	10.00%

*The estimate of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market etc.

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vi) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in crore)

	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	62.16	67.00	41.22	44.83
Salary growth rate (-/+ 1%)	66.94	62.17	44.70	41.30
Attrition rate (-/+ 50%)	61.77	68.25	40.60	46.14
Mortality rate (-/+ 10%)	64.48	64.50	42.95	42.96

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

vii) Expected contribution during the next annual reporting period

Since the scheme is managed on unfunded basis, the next year contribution is taken as Nil (March 31, 2025: Nil).

viii) Expected maturity analysis of the defined benefit plans in future years (valued on undiscounted basis)

(₹ in crore)

Duration (years)	For the year ended March 31, 2026	For the year ended March 31, 2025
within the next 12 months	18.37	10.87
Between 2 to 5 years	38.67	24.28
Above 5 years	28.56	23.29

As at March 31, 2026, the weighted-average duration of the defined benefit obligation was 3 years (March 31, 2025: 4 years) for the Holding Company, 6 years (March 31, 2025: 6 years) for the Subsidiary Company.

36.3 Other long term employee benefit plan

Other long term employee benefit plans comprises compensated absences. The Group operates compensated absences plan (earned leaves), where in every employee is entitled to the benefit equivalent to certain leaves for every completed year of service subject to maximum as prescribed in the policies. The same is payable during early retirement, withdrawal of scheme, resignation by employee and upon death of employee. The Holding Company also recognises sick leave provision, where in every employee is entitled to the benefit equivalent to 6 days salary for every completed year of service which is subject to maximum of 20 days accumulation of leaves. The amount of the provision is ₹ 40.82 crore (March 31, 2025: ₹ 32.72 crore) as per the actuarial report.

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NOTE 37 Maturity analysis of assets and liabilities

The table below shows a maturity analysis of assets and liabilities. Loans is net of impairment loss allowance on loans considering realisability, the amount recoverable from Stage 3 assets is classified under after 12 months.

Particulars	As at March 31, 2026			As at March 31, 2025		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	416.03	-	416.03	1,964.60	-	1,964.60
Bank balance other than cash and cash equivalents	76.89	-	76.89	67.40	-	67.40
Derivative financial instruments	78.64	529.56	608.20	140.46	(25.55)	114.91
Trade receivables	42.17	-	42.17	27.40	-	27.40
Loans	20,867.81	33,454.87	54,322.68	23,071.54	30,743.76	53,815.30
Investments	3,147.86	25.74	3,173.60	2,530.63	25.51	2,556.14
Other financial assets	194.03	176.41	370.44	227.92	127.36	355.28
Non financial assets						
Current tax assets (net)	5.77	222.63	228.40	-	165.65	165.65
Deferred tax assets (net)	-	347.22	347.22	-	463.53	463.53
Property, plant and equipment	-	155.32	155.32	-	172.19	172.19
Capital work in progress	-	-	-	-	1.55	1.55
Right-of-use assets	-	97.31	97.31	-	112.47	112.47
Intangible assets under development	-	52.00	52.00	-	18.15	18.15
Other Intangible assets	-	96.91	96.91	-	73.66	73.66
Other non-financial assets	199.76	4.71	204.47	132.87	1.29	134.16
Total assets	**25,028.96**	**35,162.68**	**60,191.64**	**28,162.82**	**31,879.57**	**60,042.39**
Liabilities						
Financial liabilities						
Trade Payables						
(i) Total outstanding dues of micro enterprise and small enterprise	3.92	-	3.92	4.91	-	4.91
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	568.31	-	568.31	527.24	-	527.24
Debt securities	3,899.22	1,985.22	5,884.44	5,592.26	1,582.48	7,174.74
Borrowing (other than debt securities)	14,477.69	26,164.67	40,642.36	14,666.36	26,116.63	40,782.99
Subordinated liabilities	3,550.98	2,572.62	6,123.60	3,059.02	1,937.89	4,996.91
Lease Liabilities	33.15	76.21	109.36	33.02	90.85	123.87
Other financial liabilities	729.29	10.88	740.17	476.76	22.16	498.92
Non financial liabilities						
Current tax liabilities (net)	4.84	-	4.84	10.05	-	10.05
Deferred tax liabilities (net)	-	19.43	19.43	-	5.05	5.05
Provisions	31.58	73.90	105.48	20.02	55.66	75.68
Other non - financial liabilities	79.14	0.18	79.32	59.32	21.95	81.27
Total liabilities	**23,378.12**	**30,903.11**	**54,281.23**	**24,448.96**	**29,832.67**	**54,281.63**
Net	**1,650.84**	**4,259.57**	**5,910.41**	**3,713.87**	**2,046.90**	**5,760.76**

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

NOTE 38 Change in liabilities arising from financing activities

(₹ in crore)

Particulars	As at March 31, 2025	Cash flows	Others	As at March 31, 2026
Debt securities*	7,174.74	(1,506.07)	215.77	5,884.44
Borrowings other than debt securities	40,782.99	(464.40)	323.77	40,642.36
Subordinated liabilities	4,996.91	590.00	536.69	6,123.60
Lease Liabilities	123.87	(43.62)	29.11	109.36
Total liabilities from financing activities	**53,078.51**	**(1,424.09)**	**1,105.34**	**52,759.76**

(₹ in crore)

Particulars	As at March 31, 2024	Cash flows	Others	As at March 31, 2025
Debt securities*	6,703.72	582.95	(111.93)	7,174.74
Borrowings other than debt securities	35,840.39	4,927.06	15.54	40,782.99
Subordinated liabilities	3,625.37	1,025.00	346.54	4,996.91
Lease Liabilities	127.24	(42.34)	38.97	123.87
Total liabilities from financing activities	**46,296.72**	**6,492.67**	**289.12**	**53,078.51**

*Others in debt securities represent discount on commercial paper amortised during the year.

NOTE 39 Contingent liabilities, commitments and leasing arrangements

39.1 Capital commitment

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for*	3.34	16.12
(ii) Undrawn committed credit lines	2,860.63	2,821.88
Total	**2,863.97**	**2,838.00**

*Net of advances paid

39.2 Contingent liability

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Claims against the Group not acknowledged as debt:		
VAT matters under appeal	-	0.09
Income tax matters		
Appeals/ Writ by the Group	81.51	109.03
Appeals by the Income tax department	-	-
Bank Guarantee*	0.75	0.75
Total	**82.26**	**109.87**

*The Group has provided bank guarantee to National Stock Exchange to comply with the requirement of Recovery Expense Fund as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 and Second to Unique Identification Authority of India to obtain KYC User Agency license.

39.3 Litigations constitute the pending litigations filed by customers/vendors/ex-employees/others against the Group for service deficiency/title claims/monetary claims, etc. which is in the course of business as usual. A provision is created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels and assessment of such contingency as 'low', 'medium' or 'high'. In respect of the open litigations, the Management believes that the outcome of such matters will not have a material adverse effect on the Group's financial position, its operations and cash flows.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 40 Related party transactions

List of Related parties where transactions have occurred during the year:

(a) Parties having significant influence over the Group:

Hero MotoCorp Limited

Bahadur Chand Investment Private Limited - Core Investment Company

(b) Director's and Other Key Managerial Personnel (KMP):

Mr. Pawan Munjal – Chairman

Ms. Renu Munjal – Whole-Time Director

Mr. Abhimanyu Munjal – Managing Director & Chief Executive Officer

Mr. Pradeep Dinodia - Non-Executive Director

Mr. Sanjay Kukreja - Non-Executive Director

Mr. Sajin Mangalathu - Chief Financial Officer# (upto April 28, 2026)

Mr. Anand Kumar Saluja - Chief Financial Officer# (w.e.f April 28, 2026)

Mr. Shivendra Kumar Suman – Company Secretary#

Mr. Amar Raj Singh Bindra - Non-Executive Director

Mr. Paramdeep Singh - Non-Executive Director

Ms. Anuranjita Kumar - Non-Executive Director

Mr. Kaushik Dutta - Non-Executive Director (w.e.f June 27, 2024)

Ms. Aparna Popat Ved - Non-Executive Director (w.e.f June 27, 2024)

identified as per the provisions of Companies Act, 2013

(c) Enterprises over which key management personnel and their relatives exercise significant influence:-

Hero Investcorp Private Limited

Brijmohan Lal Om Parkash (Partnership Firm)

Munjal Acme Packaging Systems Private Limited

Cosmic Kitchen Private Limited

Ather Energy Limited (formerly known as Ather Energy Private Limited)

Hamari Asha Foundation

BML Munjal University

Richa Global Export Private Limited

Foodcraft India Private Limited

Northcap Services Private Limited

Herox Private Limited

Pawan Munjal Family Trust

RK Munjal and Sons Trust

Survam Trust

Munjal Family Trust

Paisabazaar Marketing and Consulting Private Limited (w.e.f. June 27, 2024)

Elvy Lifestyle Private Limited

Livguard Energy Technologies Private Limited

Two Infinity Partners

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Related Party / Items	Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Loan given	-	-	-	-	-	-	-	-	-	-	-	-	**180.00**	-	**180.00**	-
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	50.00	-	50.00	-
Two Infinity Partners	-	-	-	-	-	-	-	-	-	-	-	-	130.00	-	130.00	-
Loan repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	**107.75**	-	**107.75**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	107.75	-	107.75
Margin money paid	-	-	-	-	-	-	-	-	-	-	-	-	-	**2.44**	-	**2.44**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	2.44	-	2.44
Invocation of default loss guarantee	-	-	-	-	-	-	-	-	-	-	-	-	**23.66**	-	**23.66**	-
Paisabazaar Marketing and Consulting Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	23.66	-	23.66	-
Purchase of vehicles	-	**0.13**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.13**
Hero MotoCorp Limited	-	0.13	-	-	-	-	-	-	-	-	-	-	-	-	-	0.13
Subvention income	**0.05**	**0.78**	-	-	-	-	-	-	-	-	-	-	-	-	**0.05**	**0.78**
Hero MotoCorp Limited	0.05	0.78	-	-	-	-	-	-	-	-	-	-	-	-	0.05	0.78
Right to subscribe income	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.46**	-	**0.46**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0.46	-	0.46
Processing fee received	-	-	-	-	-	-	-	-	-	-	-	-	**2.56**	-	**2.56**	-
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.50	-	0.50	-
Two Infinity Partners	-	-	-	-	-	-	-	-	-	-	-	-	2.06	-	2.06	-
Interest received/ accrued	-	-	-	-	-	-	-	-	-	-	-	-	**3.22**	**7.96**	**3.22**	**7.96**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	7.96	-	7.96
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	1.86	-	1.86	-
Two Infinity Partners	-	-	-	-	-	-	-	-	-	-	-	-	1.36	-	1.36	-
Other Income	**4.81**	**3.24**	-	-	-	-	-	-	-	-	-	-	**#**	-	**4.81**	**3.24**
Hero MotoCorp Limited	4.81	3.24	-	-	-	-	-	-	-	-	-	-	-	-	4.81	3.24
Livguard Energy Technologies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	#	-	#	-
Employee's training expense	-	-	-	-	-	-	-	-	-	-	-	-	**0.82**	**0.87**	**0.82**	**0.87**
BML Munjal University	-	-	-	-	-	-	-	-	-	-	-	-	0.82	0.78	0.82	0.78
Herox Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	-	0.09

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Related Party / Items	Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Sourcing and collection expense	-	-	-	-	-	-	-	-	-	-	-	-	**122.17**	**84.01**	**122.17**	**84.01**
Paisabazaar Marketing and Consulting Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	122.17	84.01	122.17	84.01
Dealer commission expense	-	-	-	-	-	-	-	-	-	-	-	-	**0.11**	**0.13**	**0.11**	**0.13**
Ather Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.04	0.02	0.04	0.02
Paisabazaar Marketing and Consulting Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.07	0.11	0.07	0.11
Staff welfare expenses and others	-	-	-	-	-	-	-	-	-	-	-	-	**2.68**	**2.95**	**2.68**	**2.95**
Cosmic Kitchen Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	2.41	2.46	2.41	2.46
Hamari Asha Foundation	-	-	-	-	-	-	-	-	-	-	-	-	0.27	0.41	0.27	0.41
Foodcraft India Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	#	0.08	#	0.08
Courier expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.02**	-	**0.02**
Richa Global Export Private Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Travelling expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.01**	-	**0.01**
Northcap Services Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
General Office Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.01**	-	**0.01**
Elvy Lifestyle Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
Director sitting fee/ commission	-	-	-	-	**4.94**	**3.38**	-	-	-	-	-	-	-	-	**4.94**	**3.38**
Non-executive directors	-	-	-	-	4.94	3.38	-	-	-	-	-	-	-	-	4.94	3.38
Dividend paid on equity shares	**8.62**	**78.33**	-	-	**0.13**	**1.16**	**0.25**	**2.32**	-	-	-	-	**2.15**	**19.44**	**11.15**	**101.25**
Directors and their relatives	-	-	-	-	0.13	1.16	0.25	2.32	-	-	-	-	-	-	0.38	3.48
Bahadur Chand Investment Private Limited	2.85	25.90	-	-	-	-	-	-	-	-	-	-	-	-	2.85	25.90
BrijMohan Lal Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	-	1.33	12.12	1.33	12.12
Hero Investcorp Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.38	3.43	0.38	3.43
Hero MotoCorp Limited	5.77	52.43	-	-	-	-	-	-	-	-	-	-	-	-	5.77	52.43
Munjal Acme Packaging Systems Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.21	1.92	0.21	1.92

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Items \ Related Party	Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Pawan Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	0.09	0.79	0.09	0.79
RK Munjal and Sons Trust	-	-	-	-	-	-	-	-	-	-	-	-	0.09	0.79	0.09	0.79
Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.15	0.02	0.15
Survam Trust	-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.24	0.03	0.24
Dividend paid on compulsorily convertible preference shares	**21.00**	**21.00**	-	-	-	-	-	-	-	-	-	-	**9.00**	**9.00**	**30.00**	**30.00**
Hero MotoCorp Limited	21.00	21.00	-	-	-	-	-	-	-	-	-	-	-	-	21.00	21.00
BrijMohan Lal Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	-	2.40	2.40	2.40	2.40
Pawan Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	3.00	3.00	3.00	3.00
RK Munjal and Sons Trust	-	-	-	-	-	-	-	-	-	-	-	-	3.00	3.00	3.00	3.00
Survam Trust	-	-	-	-	-	-	-	-	-	-	-	-	0.60	0.60	0.60	0.60
Dividend received	**0.02**	**0.02**	-	-	-	-	-	-	-	-	-	-	-	-	**0.02**	**0.02**
Hero MotoCorp Limited	0.02	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.02
Reimbursement of expenses	-	-	-	-	-	-	-	-	**0.06**	**0.07**	-	-	-	-	**0.06**	**0.07**
Key Management Personnel	-	-	-	-	-	-	-	-	0.06	0.07	-	-	-	-	0.06	0.07
Issue of equity shares (incl. securities premium)	-	-	-	-	-	-	-	-	-	**0.14**	-	-	-	-	-	**0.14**
Key Management Personnel	-	-	-	-	-	-	-	-	-	0.14	-	-	-	-	-	0.14
Sale of data processing equipment	-	-	-	-	-	-	-	-	-	**#**	-	-	-	-	-	**#**
Key Management Personnel	-	-	-	-	-	-	-	-	-	#	-	-	-	-	-	#
Short term employee benefits**	-	-	-	-	**30.32**	**39.03**	-	-	**7.95**	**5.41**	-	-	-	-	**38.27**	**44.44**
Executive Directors	-	-	-	-	30.32	39.03	-	-	-	-	-	-	-	-	30.32	39.03
Key Management Personnel	-	-	-	-	-	-	-	-	7.95	5.41	-	-	-	-	7.95	5.41
Post-employment benefits***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Parties having significant influence over the Group.

** Includes variable pay/ commission on payment basis since accruals are made at the Group level and are subject to requisite approvals (also refer note 40.1).

*** Does not include gratuity and compensated absences as these are provided based on the Group as a whole.

Below rounding off norms.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Items / Related Party	Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Outstanding balances at the year end																
Investment in equity shares	**0.69**	**0.51**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.69**	**0.51**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 0.79 crore (Previous year ₹ 0.78 crore))	0.69	0.51	-	-	-	-	-	-	-	-	-	-	-	-	0.69	0.51
Compulsory convertible preference shares^	**700.00**	**700.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300.00**	**300.00**	**1,000.00**	**1,000.00**
Hero MotoCorp Limited	700.00	700.00	-	-	-	-	-	-	-	-	-	-	-	-	700.00	700.00
BrijMohan Lal Om Prakash (Partnership firm)	-	-	-	-	-	-	-	-	-	-	-	-	80.00	80.00	80.00	80.00
Pawan Munjal Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	100.00	100.00	100.00	100.00
RK Munjal and Sons Trust	-	-	-	-	-	-	-	-	-	-	-	-	100.00	100.00	100.00	100.00
Survam Trust	-	-	-	-	-	-	-	-	-	-	-	-	20.00	20.00	20.00	20.00
Loan outstanding at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**181.36**	**-**	**181.36**	**-**
Livguard Energy Technologies Private Limited((Maximum outstanding during the year ₹ 50.52 crores (Previous year ₹ Nil))	-	-	-	-	-	-	-	-	-	-	-	-	50.00	-	50.00	-
Two Infinity Partners ((Maximum outstanding during the year ₹ 131.36 crores (Previous year ₹ Nil))	-	-	-	-	-	-	-	-	-	-	-	-	131.36	-	131.36	-
Amount payable at the year end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11.58**	**16.79**	**11.58**	**16.79**
Cosmic Kitchen Private Limited ((Maximum outstanding during the year ₹ 0.19 crore (Previous year ₹ 0.23 crore))	-	-	-	-	-	-	-	-	-	-	-	-	0.37	0.16	0.37	0.16
Paisabazaar Marketing and Consulting Private Limited ((Maximum outstanding during the year ₹ 15.59 crore (Previous year ₹ 15.59 crore))	-	-	-	-	-	-	-	-	-	-	-	-	11.21	15.59	11.21	15.59
Ather Energy Limited ((Maximum outstanding during the year ₹ 0.02 crore (Previous year ₹ 0.01 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

Related Party / Items	Associates*		Associates/Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of other Key Management Personnel		Others		Grand Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Amount payable at the year end																
Herox Private Limited ((Maximum outstanding during the year ₹ 0.03 crore (Previous year ₹ 0.03 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03
Foodcraft India Private Limited ((Maximum outstanding during the year ₹ 0.01 crore (Previous year ₹ 0.06 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
Richa Global Export Private Ltd ((Maximum outstanding during the year ₹ 0.02 crore (Previous year ₹ 0.02 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Paramdeep Singh ((Maximum outstanding during the year ₹ 1.29 crore (Previous year ₹ 0.96 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	0.96	-	0.96
Amar Raj Singh Bindra ((Maximum outstanding during the year ₹ 0.56 crore (Previous year ₹ 0.48 crore))	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	0.01
Amount receivable as at year end	-	**0.57**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.57**
Hero MotoCorp Limited ((Maximum outstanding during the year ₹ 5.74 crores (Previous year ₹ 4.39 crores))	-	0.57	-	-	-	-	-	-	-	-	-	-	-	-	-	0.57

*Parties having significant influence over the Group.

Notes:

1. Dividend related transactions are on actual payment/ receipt basis.

2. The above disclosures excludes payments made on behalf and recovered thereafter.

^represented amount invested by the respective parties in compulsory convertible preference shares and fair value changes is not included.

40.1 the managerial remuneration (incentives/ commission) provided/ payable by the Holding Company (in addition to the remuneration paid to its Directors) for the year ended March 31, 2026 amounting to ₹ 18.10 crore(including ₹ 4.10 crores to Non-Executive/ Independent Directors), as recommended by the Nomination and Remuneration committee and approved by the Board of Directors is subject to the approval by the shareholders through special resolution in terms of section 197 of the Act read with schedule V of the Act in the ensuing Annual General Meeting.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 41 Operating segments

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. The Group is engaged in the business of financing, leasing and related financial services. The Group's activities/ business is reviewed from an overall business perspective, rather than reviewing its product/ services as individual standalone components. Thus, the Group has only one operating segment, and no reportable segments in accordance with Ind AS 108 Operating Segments.

a) The Group wide disclosures as required by Ind AS 108 are as follows;

Information about products and services:

The Group provides a wide portfolio of other financial products including two-wheeler loans, pre-owned car loans, loyalty personal loan, inventory funding, loan against property, housing loan, loans to SMEs and emerging corporates etc.

The break-up of revenue from interest income and other income is provided in note 26.

The entire income of the Group is generated from customers who are domiciled in India. The Group does not derives revenues, from any single customer, amounting to ten per cent or more of Group's revenues.

NOTE 42 Events after balance sheet date

There have been no significant events after the reporting date that requires disclosure in these consolidated financial statements.

NOTE 43 Leases

(i) Statement showing carrying value of right of use assets

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
At the beginning of the year	**112.47**	**118.27**
Additions	27.87	69.80
Deductions/ (Adjustments)	9.60	38.08
Depreciation	(33.43)	(37.52)
At the year end	**97.31**	**112.47**

(ii) Statement showing movement in lease liabilities

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
At the beginning of the year	**123.87**	**127.24**
Add : Additions during the year	27.46	66.88
: Interest on lease liability	8.52	13.53
Less : Deletion / (Adjustments) during the year	9.78	41.44
: Lease rental payments	40.71	42.34
At the year end	**109.36**	**123.87**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(iii) Amount recognized in Profit/ Loss

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Depreciation charge for right-of-use assets	33.43	37.52
Interest expense (included in finance cost)	8.52	13.53
Variable lease payments	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses related to short term leases and leases of low value assets	1.81	1.67

(iv) Maturity analysis of undiscounted lease liability

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Less than one year	41.49	41.56
One to Five years	70.98	89.15
More than five years	17.81	18.63
Total Payments	**130.28**	**149.34**

(v) Cash Flows

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
The total cash outflow of leases	43.62	42.34

(vi) Future Commitments

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Future undiscounted lease payments to which leases are not commenced	-	-

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 44 FINANCIAL INSTRUMENTS

(a) Financial instruments by category and fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in crore)

	Carrying amount					Fair value*		
As at March 31, 2026	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Derivative instruments in hedging relationship**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets								
Cash and cash equivalents#	-	-	416.03	-	**416.03**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	76.89	-	**76.89**	-	-	-
Derivative financial instruments	-	-	-	608.20	**608.20**	-	608.20	-
Trade receivables#	-	-	42.17	-	**42.17**	-	-	-
Loans	**-**	**-**	**54,322.68**	**-**	**54,322.68**	**-**	**-**	**54,515.12**
Investments##	3,173.60	-	-	-	**3,173.60**	125.77	3,022.78	25.05
Other financial assets#	-	-	370.44	-	**370.44**	-	-	111.03
	3,173.60	**-**	**55,228.21**	**608.20**	**59,010.01**	**125.77**	**3,630.98**	**54,651.20**
Financial liabilities								
Trade payables#								
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	3.92	-	**3.92**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	568.31	-	**568.31**	-	-	-
Debt securities	-	-	5,884.44	-	**5,884.44**	-	-	5,893.31
Borrowing (other than debt securities)	-	-	40,642.36	-	**40,642.36**	-	-	40,639.93
Subordinated liabilities	3,361.57	-	2,762.03	-	**6,123.60**	-	-	6,128.71
Lease Liabilities#	-	-	109.36	-	**109.36**	-	-	-
Other financial liabilities#	-	-	740.17	-	**740.17**	-	-	-
	3,361.57	**-**	**50,710.59**	**-**	**54,072.16**	**-**	**-**	**52,661.96**

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in crore)

As at March 31, 2025	Carrying amount					Fair value*		
	FVTPL	FVTOCI	Amortised Cost	Derivative instruments in hedging relationship	Total	Level 1	Level 2	Level 3
Financial assets								
Cash and cash equivalents#	-	-	1,964.60	-	**1,964.60**	-	-	-
Bank balance other than cash and cash equivalents#	-	-	67.40	-	**67.40**	-	-	-
Derivative financial instruments	-	-	-	114.91	**114.91**	-	114.91	-
Trade receivables#	-	-	27.40	-	**27.40**	-	-	-
Loans	-	-	53,815.30	-	**53,815.30**	-	-	53,908.36
Investments##	2,556.14	-	-	-	**2,556.14**	565.25	1,965.86	25.03
Other financial assets#	-	-	355.28	-	**355.28**	-	-	-
	2,556.14	**-**	**56,229.98**	**114.91**	**58,901.03**	**565.25**	**2,080.77**	**53,933.39**
Financial liabilities								
Trade payables#								
(i) Total outstanding dues of micro enterprises and small enterprises; and	-	-	4.91	-	**4.91**	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	527.24	-	**527.24**	-	-	-
Debt securities	-	-	7,174.74	-	**7,174.74**	-	-	7,197.00
Borrowing (other than debt securities)	-	-	40,782.99	-	**40,782.99**	-	-	40,783.33
Subordinated liabilities	2,884.36	-	2,112.55	-	**4,996.91**	-	-	4,997.91
Lease Liabilities#	-	-	123.87	-	**123.87**	-	-	-
Other financial liabilities#	-	-	498.92	-	**498.92**	-	-	-
	2,884.36	**-**	**51,225.22**	**-**	**54,109.58**	**-**	**-**	**52,978.24**

*This includes fair value of financial instruments subsequently measured at amortised costs for which fair value as at reporting date is disclosed as per requirements of Ind AS 107 Financial Instruments : Disclosures.

#The carrying amount of cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, other financial assets, trade payable, lease liabilities and other financial liabilities approximates the fair value, due to their short-term nature.

##The fair values disclosed are only in respect of investment carried at FVTPL.

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

(b) Changes in level 3 financial instruments (Valued at FVTPL)

(₹ in crore)

Particulars	Financial Assets		Financial Liabilities	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Opening balance	25.03	7.02	2,884.36	2,611.24
Acquisitions during the year	-	25.00	-	-
Disposals/repayments during the year	(0.01)	7.70	(60.00)	(60.00)
Fair value (gains)/losses recognised in profit or loss*	(0.03)	0.71	537.21	333.12
(Gains)/losses recognised in other comprehensive income	-	-	-	-
Closing balance	**25.05**	**25.03**	**3,361.57**	**2,884.36**
*includes unrealised (gain)/ loss recognized in profit or loss related to assets and liabilities held at the end of the reporting period	(0.03)	(0.01)	537.21	333.12

(c) Valuation framework

The finance department of the Group includes personnel that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO).

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 : Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Group develops Level 3 inputs based on the best information available in the circumstances.

The Group uses suitable valuation models to determine the fair value of common and simple financial instruments, that use only observable market data and require little management judgement and estimation.

Loans

The fair value of loan and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represent the discounted value (discounted basis the weighted average yield of recently disbursed loans) of the expected future cash flow. For floating rate interest loans, the carrying amount of loans represent fair market value of loans.

Debt securities, borrowings (other than debt securities) and subordinated liabilities (other than compulsorily convertible preference shares (CCPS))

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the group's own credit risk or based on market-observable data such as secondary market prices for its traded debt. Further, for floating rate interest bearing borrowings, the carrying amount of borrowings represent fair market value of borrowings.

Notes forming part of Consolidated Financial Statements

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Compulsorily Convertible Preference Shares (CCPS)

Fair value is estimated by using a discounted cash flow model based on management expected cash flows (determined using monte carlo simulations), discount rates (market inputs adjusted for the holding company specific risk) and terms of CCPS. The significant unobservable inputs include risk adjusted discount rate. Increase in the discount rate by 100 bps would decrease the fair value by ₹ 16.45 crore (March 31, 2025: ₹ 14.07 crore) and decrease in discount rate by 100 bps would increase the fair value by ₹ 16.53 crore (March 31, 2025: ₹ 14.14 crore).

Investments

Investment in alternate investment fund is recorded at fair value determined by third party using discounted cash flow method. Investment in government securities, commercial paper, treasury bills, certificate of deposits, corporate bonds etc. are fair valued at reporting date. For rest of the investments, based on the information available from external sources, management believes that the carrying value of the investments approximates the fair value.

There were no transfers between levels during the year.

NOTE 45 Risk management framework

45.1 Risk profile and risk mitigation

(a) Risk management structure and Group's risk profile

The respective Company's Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The respective Board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee of respective Companies oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the respective Companies.

45.2 Credit risk

Credit risk arises from loans, cash and cash equivalents, bank balance other than cash and cash equivalents, investments, trade receivables and other financial assets. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's asset on finance and trade receivables from customers; loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

The Group holds cash and cash equivalents and other bank balances with banks and financial institutions. Funds are invested after taking into account parameters like safety, liquidity and post-tax returns etc. The credit worthiness of such banks and financial institutions is evaluated by the Management on an ongoing basis and is considered to be high.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

a) Credit risk management

Financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organization; "

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group standard payment and terms and conditions are offered. The Group's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Portfolio review is performed by the management on quarterly basis.

(b) Definition of default

The Group considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. Further in compliance with RBI circular dated November 12, 2021, Cases, where borrower had crossed 90 days past due, continued to be considered as Stage 3 (credit-impaired) for ECL calculations till the time all the due contractual payments are paid by the borrower.

The Group considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant changes in expected performance and behaviour of the borrower including changes in payment status of borrowers.

(c) Probability of default (PD)

Day past dues (DPD) analysis is the preliminary inputs in the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrowers as well as by DPD. The Group analyses the data collected and generates estimates of the PD of exposures and how these are expected to change as result of passage of time.

The month-on-month outstanding balances in each DPD bucket are assessed to estimate the historic probability of default for each bucket; this probability is then combined with a macro-economic variable to compute the final PD estimate.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(d) Exposure at default

The exposure at default (EAD) represents the gross carrying amount (in addition to the interest to be earned during the next year) of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

(e) Loss given default

Loss given default (LGD) represent estimated financial loss the Group is likely to suffer in the event of default and it is used to calculate provision requirement on EAD along with probability of default. LGD values are assessed, reviewed and approved by the Group. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

(f) Significant increase in credit risk

The Group continuously monitor all the assets subject to ECL in order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assesses whether there has been significant increase in credit risk since initial recognition. The Group also applies a secondary qualitative methods for triggering a significant increase in credit risk for an asset, such as moving customer/ facilities to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than one month overdue, the credit risk is deemed to have increase significantly since initial recognition. The Group continuously monitors all assets subject to ECLs.

g) Expected credit loss on loans

The Group assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, date of initial recognition, remaining term to maturity, collateral type, and other relevant factors.

For the assessment, each financial asset (after segmentation based on the nature), is then clubbed into the following DPD cohorts:

- Stage 1 (0-30 DPD)
- Stage 2 (31-90 DPD)
- Stage 3 (>90 DPD)

The Group considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further in compliance with RBI circular dated November 12, 2021, Cases, where borrower had crossed 90 days past due, continued to be considered as Stage 3 (credit-impaired) for ECL calculations till the time all the due contractual payments are paid by the borrower.

The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the statistical models and other historical data.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

45.2.1 Inputs, assumptions and estimation techniques used to determine expected credit loss

The Holding Company's loan loss provision are made on the basis of the Holding Company's historical loss experience and future expected credit loss, after factoring in various macro-economic parameters such as Consumer Prices (% change pa; av), Industrial Production (% change pa), Real GDP, Unemployment Rate (%), Real Manufacturing, Lending Interest Rate (%) etc. The selection of these variables was made basis statistical analysis and relevance to the business.

The macro- economic variables were regressed using a regression model against the log-odds of the weighted average PDs to forecast the forward-looking PDs with macro-economic overlay incorporated.

Best, base and worst scenarios were created for all the variables and default rates were estimated for all the scenarios. These default rates were then used with the same LGD and EAD to arrive at the expected credit loss for all three cases. The three cases were then assigned weights and a final probability-weighted expected credit loss estimate was computed.

Macro economic indicator	Scenario	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4
Real GDP (% change pa)	Base	2.34	3.61	4.65	5.41	5.09	4.37	3.75	3.65
	Best	2.11	3.25	4.19	4.87	4.58	3.93	3.38	3.28
	Worst	3.04	4.69	6.05	7.03	6.62	5.68	4.88	4.74
Private consumption (real % change pa)	Base	12.70	12.50	12.28	11.82	11.40	11.07	10.84	10.69
	Best	11.43	11.25	11.05	10.64	10.26	9.97	9.75	9.62
	Worst	16.51	16.25	15.96	15.37	14.82	14.39	14.09	13.90
Gross fixed investment (% real change pa)	Base	8.60	7.68	7.58	10.70	10.38	10.73	11.06	10.11
	Best	9.46	8.45	8.34	11.77	11.42	11.81	12.17	11.12
	Worst	6.02	5.37	5.31	7.49	7.26	7.51	7.74	7.08
Domestic demand (% real change pa)	Base	4.80	4.86	4.91	4.97	5.03	5.08	5.14	5.20
	Best	5.28	5.34	5.40	5.47	5.53	5.59	5.65	5.72
	Worst	3.36	3.40	3.44	3.48	3.52	3.56	3.60	3.64
Agriculture (% change pa)	Base	4.32	4.30	5.41	9.66	9.62	9.16	8.91	8.22
	Best	4.75	4.73	5.95	10.63	10.58	10.08	9.80	9.04
	Worst	3.02	3.01	3.79	6.76	6.74	6.42	6.24	5.75
Services (% change pa)	Base	6.09	6.65	6.71	7.06	8.38	7.44	6.87	6.90
	Best	6.69	7.32	7.38	7.77	9.21	8.19	7.55	7.58
	Worst	4.26	4.66	4.70	4.94	5.86	5.21	4.81	4.83
Lending interest rate (%)	Base	6.82	6.76	6.69	6.63	6.57	6.50	6.44	6.38
	Best	7.50	7.43	7.36	7.29	7.22	7.15	7.08	7.01
	Worst	4.77	4.73	4.69	4.64	4.60	4.55	4.51	4.46
Consumer prices (% change pa; av)	Base	5.40	5.40	5.30	5.30	5.36	5.42	5.48	5.55
	Best	4.86	4.86	4.77	4.77	4.83	4.88	4.94	4.99
	Worst	7.02	7.02	6.89	6.89	6.97	7.05	7.13	7.21

45.2.2 Analysis of risk concentration

The Group's concentrations of risk are managed by client/ counterparty and industry sector.

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Maximum credit exposure to any individual client or counterparty	361.97	313.19

Notes forming part of Consolidated Financial Statements
for the year ended March 31, 2026

45.2.3 Analysis of portfolio

An analysis of changes in gross carrying amount in relation to loan portfolio is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3*#	Total	Stage 1	Stage 2	Stage 3*#	Total
Gross carrying amount opening balance	51,641.30	1,551.34	2,827.97	56,020.61	48,133.90	1,281.94	2,071.25	51,487.09
New assets originated (refer note 1and 2 below)	29,419.40	187.59	180.16	29,787.15	29,767.31	453.25	468.83	30,689.39
Assets repaid (excluding write offs) (refer note 2 below)	(25,637.15)	(433.38)	(82.85)	(26,153.38)	(22,924.16)	(359.07)	(54.93)	(23,338.16)
Transfers from Stage 1	(2,259.80)	757.25	1,502.55	-	(2,776.32)	970.67	1,805.65	-
Transfers from Stage 2	104.38	(357.01)	252.63	-	67.78	(272.17)	204.39	-
Transfers from Stage 3	32.30	11.96	(44.26)	-	33.47	7.69	(41.16)	-
Settlement loss and bad debts written off **	(564.52)	(586.67)	(2,399.20)	(3,550.39)	(660.68)	(530.97)	(1,626.06)	(2,817.71)
Gross carrying amount closing balance	**52,735.91**	**1,131.08**	**2,237.00**	**56,103.99**	**51,641.30**	**1,551.34**	**2,827.97**	**56,020.61**

* Principal overdue and total interest overdue (as per contractual terms) of more than 90 days cases is as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Principal Overdue for more than 90 days (Number of cases)	269,265	325,299
Principal Overdue for more than 90 days cases (₹ in Crore)	604.50	763.38
Total Interest overdue (as per contractual terms) for more than 90 days cases (₹ in Crore)	265.49	306.22

** Interest overdue on bad debts written off cases is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest overdue on bad debts written off cases	244.20	184.11

#Stage 3 assets is net of interest income on impaired portion of loan assets amounting to ₹ 133.36 crore (March 31, 2025 : ₹ 159.63 crore)

Reconciliation of Impairment loss allowance in relation to loan portfolio is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	291.57	335.86	1,577.88	2,205.31	283.61	258.27	1,064.74	1,606.62
New assets originated (refer note 1 and 2 below)	151.76	45.32	105.62	302.70	176.00	107.20	278.77	561.97
Effect of change in estimate/ repayment/ staging	179.70	289.05	1,044.04	1,512.79	283.89	337.58	1,187.19	1,808.66
Transfers from Stage 1	(17.98)	5.56	12.42	-	(44.03)	17.85	26.18	-
Transfers from Stage 2	16.02	(63.18)	47.16	-	7.50	(46.11)	38.61	-
Transfers from Stage 3	13.94	4.00	(17.94)	-	9.69	2.60	(12.29)	-
Settlement loss and bad debts written off	(363.39)	(378.09)	(1,498.01)	(2,239.49)	(425.09)	(341.53)	(1,005.32)	(1,771.94)
Impairment allowance - Closing balance	**271.62**	**238.52**	**1,271.17**	**1,781.31**	**291.57**	**335.86**	**1,577.88**	**2,205.31**

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An analysis of Expected credit loss rate:

Particulars	For the year ended March 31, 2026				For the year ended March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	0.52%	21.09%	56.82%	3.18%	0.56%	21.65%	55.80%	3.94%

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage 1, stage 2, and stage 3 is based on year end staging. Interest accruals on existing loans that remain unpaid at the end of the year, are classified under new assets originated as per their opening stage category.

Note 2: Assets originated and repaid during the year have not been disclosed in the movement of gross carrying amount.

Note 3: The contractual amount of financial assets that has been written off by the Group is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Contractual amount of financial assets that has been written off that were still subject to enforcement activity	3,163.70	2,489.23

Note 4: The Group recognize expected credit loss (ECL) on collective basis that takes into account comprehensive credit risk information.

Note 5: Stage 3 assets include properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Properties	28.99	23.16

Note 6: Derecognition of financial assets

During the year ended March 31, 2026 and March 31, 2025, the Group has sold 80% / 90% of a portion of its loans through direct assignments, measured at amortised cost, to maintain reasonable leverage. As per regulatory requirement, the Group continues to hold balance 10% or more of those loans as Minimum Retention Requirement (MRR). The Group transferred substantially all the risks and rewards relating to assets to the buyer and accordingly, sold portion of loans was derecognised.

The following table below sets forth, for the periods indicated, the summary of carrying amounts of the derecognised financial assets measured at amortised cost and the gain/ (loss) on derecognition.

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Carrying value of financial assets derecognised	2,171.86	1,633.77
Gain on derecognition of financial assets	185.36	134.82

Since the Group transferred the above financial asset is a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition as interest-only strip receivable (excess interest spread receivable

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on assigned loans) with a corresponding credit to the statement of profit and loss. The Outstanding pool of downsell portfolio as on March 31, 2026 is ₹ 2,558.75 crores (March 31, 2025: ₹ 1,699.92 crores).

45.2.4 Collateral and other credit enhancements

The loan portfolio of the Group has both secured and unsecured loans and they vary with the type of funding. Products like loan against property, corporate loan, two wheeler loan and pre owned car loan are all secured loans whereas products like business loan and personal loan generally do not carry any collateral security.

For loan against property, properties (residential, commercial, industrial, mixed use, etc.) are generally acceptable collateral. For corporate loan there is usually a collateral basket comprising of properties, rated securities, current assets (including stock and book debts), plant and machinery, and deposits. For two wheeler loan and pre owned car loan, the respective vehicle against which the loan been offered is taken as a collateral security.

The Holding Company has a pre-defined loan to value norms in the policy and the same is disbursed to control the risk of the Holding Company. For loan against property, the loan to value ('LTV') is in the range of 50% to 75%. For corporate loan, the funding is secured by way of a collateral basket – the overall security cover is generally maintained in the range of 1.1 times to 3.0 times and above. For loan against shares, a minimum cover of 2.0 times is maintained.

For pre-owned car and two wheeler loan, the Holding Company maintains a loan to value range of 75% to 90% depending upon tenure and model. The loan to value for refinance of pre-owned car can be up to 200%.

Valuation of the collateral, wherever applicable, is done by empanelled valuers who carry the necessary experience and expertise in the area. The guidelines governing these valuation have been clearly laid out for each collateral class. For two wheeler loan since the asset is new no valuation has been carried out by the Holding Company. Valuation of the collateral for pre-owned car is done by empanelled valuers who carry the necessary experience and expertise in the area. Collaterals related to credit impaired assets are revalued for assessment /provisioning purposes and distress value is considered. The Group has an in-house team of technical managers who oversee the property valuation activity undertaken by empaneled technical valuers.

The loan portfolio of the subsidiary company generally comprises housing loan and non-housing loan which are generally secured by land and building such as residential building, commercial building, industrial building, etc.

As at March 31, 2026

(₹ in crore)

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL
1,052.03	1,251.00	634.78	10.18	1,895.96	(843.93)	468.98

As at March 31, 2025

(₹ in crore)

Stage 3 Total Outstanding (TOS) (A)	Wheeled Assets (B)	Immovables (Land & Buildings) (C)	Other Asset (D)	Total Collateral (E=B+C+D)	Net Exposure (F=A-E)	Total ECL
1,428.02	1,638.11	681.01	72.26	2,391.38	(963.36)	588.73

Note 1: Including Buyout Portfolio

Note 2: Stage 3 TOS and Total ECL is of the secured assets.

Note 3: The total collateral value is the fair market value of the collaterals and the distress value of the collaterals has been used to compute the total ECL allowances.

45.3 Liquidity risk

Liquidity risk arises as the Group has contractual financial liabilities that are required to be serviced and redeemed as per committed timelines and in the business of lending where funds are required for the disbursement and creation of financial assets to address the going concern of the Group. Liquidity risk management is imperative to the Group as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with its operations. The Group uses various liquidity monitoring tools to measure and gauge the liquidity risk as per necessary guidelines stipulated by the RBI. The Group with the help of the Asset and Liability Committee (ALCO), ALM policy and Liquidity Desk, monitors the Liquidity risk and uses structural, dynamic liquidity statements and cash flow statements as a mechanism to address this. To effectively manage the fallout of the COVID-19 pandemic related RBI measures on its funding and liquidity, the Group has been continuously maintaining adequate level of liquidity buffers in terms of High Quality Liquid Assets as a safeguard against any likely disruption in the funding and market liquidity.

45.3.1 Contractual maturities of financial instruments

The table below summarizes the maturity profile of the undiscounted cash flows of the Group's financial liabilities as at reporting date.

(₹ in crore)

As at March 31, 2026	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	572.23	572.23	-	-	572.23
Debt securities*	5,884.44	4,022.39	2,225.74	169.83	6,417.96
Borrowings (other than debt securities)*	40,642.36	16,897.33	28,013.61	530.38	45,441.32
Subordinate liabilities*#	6,123.60	439.69	1,818.48	2,322.05	4,580.22
Lease liabilities	109.36	41.49	70.98	17.81	130.28
Other financial liabilities	740.17	729.30	11.45	3.03	743.78
Total undiscounted financial liabilities	**54,072.16**	**22,702.43**	**32,140.26**	**3,043.10**	**57,885.79**

(₹ in crore)

As at March 31, 2025	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	532.15	532.15	-	-	532.15
Debt securities*	7,174.74	5,655.02	1,956.76	53.68	7,665.46
Borrowings (other than debt securities)*	40,782.99	16,856.21	28,351.16	626.95	45,834.32
Subordinate liabilities*#	4,996.91	345.77	1,148.46	1,884.26	3,378.49
Lease liabilities	123.87	41.56	89.15	18.63	149.34
Other financial liabilities	498.92	478.35	17.98	31.17	527.50
Total undiscounted financial liabilities	**54,109.58**	**23,909.06**	**31,563.51**	**2,614.69**	**58,087.26**

*The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amounts may change as market interest rates change.

#In respect of Compulsorily Convertible Preference Shares (CCPS) issued during the year, the Holding Company has only considered a mandatory pay-out of preference dividend of 3% p.a. for the purpose of liquidity risk. Also refer to note 18.8.

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45.4 Market risk

Market risk is the risk that the fair value or future cash flow of financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates etc. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while maximising the return. Cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, and other financial assets do not have any interest and market risk exposure due to the nature of balances.

Interest rate risk

A major portion of the Group's assets and liabilities are interest bearing - which could be either at a fixed or a floating rate. Interest rate risk is managed by way of regular monitoring of all interest rate bearing assets and liabilities. The same also forms part of the ALCO and ALM policy.

The exposure of Group's financial assets and liabilities to interest rate risk is as follows:

(₹ in crore)

	Floating rate	Fixed rate
Financial assets		
March 31, 2026	14,347.04	41,756.95
March 31, 2025	14,197.29	41,823.32
Financial liabilities		
March 31, 2026	35,712.26	16,938.14
March 31, 2025	37,822.66	15,131.98

The table below illustrates the impact of a 1.00% movement in interest rates on interest income and interest expense on floating loans and floating borrowings respectively for next one year, assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average loans and borrowings outstanding during the year.

	Impact on profit before tax (₹ in Crore)	
Movement in interest rates	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
1.00%	(128.72)	(160.52)
(1.00%)	128.72	160.52

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds, G-secs, T-Bills, money market instruments etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

(₹ in crore)

Particulars	As at March 31, 2026	As at March 31, 2025
Investments carried at FVTPL	3,148.60	2,531.15

	Impact on profit before tax (₹ in Crore)	
Movement in price	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
5.00%	157.43	126.56
(5.00%)	(157.43)	(126.56)

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45.5 Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arises majorly on account of foreign currency borrowings. The Group presently manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the underlying exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ in Crore, are as follows:

Foreign currency exposure	Currency	As at March 31, 2026	As at March 31, 2025
Borrowings (other than debt securities)	USD	5,195.52	7,358.28
Borrowings (other than debt securities)	SGD	-	314.03
Borrowings (other than debt securities)	AED	476.01	429.05
Trade Payables	USD	0.09	0.53
Trade Payables	AED	-	0.01
Trade Payables	GBP	-	0.67
Trade Payables	SGD	-	0.14

Foreign currency sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other comprehensive income arises from foreign forward exchange contracts and foreign exchange option contracts designated as cash flow hedges. Group has considered a sensitivity of +/- 5% for increase and decrease in the ₹ against the relevant foreign currencies to calculate the net impact on OCI.

(₹ in crore)

	Impact on profit after tax		Impact on other comprehensive income	
Foreign currency exposure	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
USD				
Borrowings (other than debt securities) +5%	-	-	(19.89)	23.73
Borrowings (other than debt securities) -5%	-	-	48.77	(23.74)
Trade Payables +5%	-	0.03	(28.88)	-
Trade Payables -5%	-	(0.03)	-	-
SGD				
Borrowings (other than debt securities) +5%	-	-	-	0.18
Borrowings (other than debt securities) -5%	-	-	-	(0.18)
Trade Payables +5%	-	0.01	-	-
Trade Payables -5%	-	(0.01)	-	-
AED				
Borrowings (other than debt securities) +5%	-	-	-	(0.41)
Borrowings (other than debt securities) -5%	-	-	(0.71)	0.41
Trade Payables +5%	-	#	0.71	-
Trade Payables -5%	-	#	-	-
GBP				
Trade Payables +5%	-	0.03	-	-
Trade Payables -5%	-	(0.03)	-	-

Below rounding off norms.

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45.6 Interest rate sensitivity on derivative financial instruments

The sensitivity of changes in the interest rates from derivative financial instruments i.e. forward exchange contracts and currency swaps, designated as cash flow hedges, will be recognised in OCI. Group has considered a sensitivity of +/-1% for related interest rate changes to calculate the impact on OCI.

(₹ in crore)

	Impact on profit after tax		Impact on other comprehensive income	
Movement in interest rates	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
USD				
1.00%	-	-	(3.98)	(120.32)
(1.00%)	-	-	(71.32)	128.41
SGD				
1.00%	-	-	-	(1.37)
(1.00%)	-	-	-	1.39
AED				
1.00%	-	-	-	0.61
(1.00%)	-	-	0.93	(0.66)
INR				
1.00%	-	-	-	-
(1.00%)	-	-	5.50	-

45.7 Hedging Policy

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. The hedge ratio established remains at 1:1 for the hedge relationship as the underlying risks and notional amount of the hedging instrument are identical to that of the hedged items.

Impact of hedge on the Balance Sheet:

(₹ in crore)

	For the year ended March 31, 2026				For the year ended March 31, 2025		
Foreign currency exposure	Currency	Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability	Notional Amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
External commercial borrowing	USD	5,066.37	616.22	-	7,396.48	145.89	22.50
	SGD	-	-	-	300.00	8.63	-
	AED	434.85	-	7.50	434.85	-	17.51
Foreign currency loan	USD	-	-	-	185.43	0.40	-
Interest Rate Swap	INR	685.71	2.48	3.00	-	-	-

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Movement in cash flow hedge reserve

(₹ in crore)

Derivative instruments	Foreign exchange contracts	Cross currency swaps	Interest rate swaps	Total
As at April 1, 2025	**2.21**	**56.51**	**-**	**58.72**
Add: changes in discounted spot element of foreign exchange contracts/CCS	30.50	358.43	-	388.93
Add: MTM gain/ loss of derivative contracts	(34.68)	(459.09)	0.53	(493.24)
Less: amount reclassified to P&L	-	-	-	-
Less: Deferred tax relating to above	(1.05)	(25.34)	0.13	(26.26)
As at March 31, 2026	**(0.92)**	**(18.81)**	**0.40**	**(19.33)**
As at April 1, 2024	**0.54**	**26.57**	**-**	**27.11**
Add: changes in discounted spot element of foreign exchange contracts	2.87	20.71	-	23.58
Add: changes in FV of interest rate swaps	(0.57)	19.31	-	18.74
Less: amount reclassified to P&L	-	-	-	-
Less: Deferred tax relating to above	0.63	10.08	-	10.71
As at March 31, 2025	**2.21**	**56.51**	**-**	**58.72**

45.8 Modified financial assets

(₹ in crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Amortized cost of modified assets at the time of modification during the year	0.25	7.92
Modification gain/ (loss) for the year	-	-
Carrying cost of the modified financial assets	99.21	133.06

NOTE 46 Employee Stock Option Scheme

(i) Equity settled

The Employee Stock Options Scheme titled "ESOP Scheme 2017" in respect of holding company and "ESOP Scheme 2018" in respect of subsidiary company or "the Scheme" was approved by the shareholders of the holding Company and subsidiary company through postal ballot on June 09, 2017 and September 21, 2018 respectively. The Scheme covered 26,39,703 options of Holding Company and 2,29,00,000 options of subsidiary company. The Scheme allows the issue of options to employees of the respective companies which are convertible to one equity share of the respective companies. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the ESOP Plan. The fair value as on the date of the grant of the options, representing Stock compensation charge, is expensed over the vesting period.

Plan	Number of Options Granted	Grant date	Number of Options outstanding	Vesting condition and vesting period	Exercise price (₹)	Weighted average fair value of the options at grant date (₹)
ESOP 2017#	962,590	July 1, 2017	328,364	10% on completion of first year, 20% on completion of second year, 30% on completion of third year and 40% on completion of fourth year	495.00	240.60
	25,000	December 1, 2017	-		495.00	329.09
	49,000	December 5, 2017	49,000		495.00	329.21
	93,215	January 8, 2018	69,889		495.00	327.95
	30,000	December 6, 2019	30,000		780.00	345.68
	115,000	April 1, 2020	-		780.00	345.68

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Plan	Number of Options Granted	Grant date	Number of Options outstanding	Vesting condition and vesting period	Exercise price (₹)	Weighted average fair value of the options at grant date (₹)
ESOP 2017^	678,600	July 1, 2020	227,086	10% on completion of first year, 25% on completion of second year, 30% on completion of third year and 35% on completion of fourth year	780.00	306.80
	17,400	October 1, 2020	17,400		780.00	306.80
	6,400	January 1, 2021	5,140		780.00	306.80
	45,000	October 1, 2021	29,000		780.00	199.52
	6,000	January 1, 2022	3,900		780.00	199.52
	202,800	June 1, 2022	96,800		780.00	201.45
	7,500	October 1, 2022	-		780.00	201.45
	12,000	November 1, 2022	12,000		780.00	201.45
	142,000	January 2, 2023	142,000		780.00	273.64
	107,418	March 1, 2023	107,418		780.00	273.64
	1,108,656	October 1, 2023	927,441		780.00	492.76
	20,000	December 1, 2023	20,000		780.00	492.76
	12,600	March 1, 2024	12,600		780.00	565.43
	30,000	August 1, 2024	30,000		780.00	565.43
	86,000	May 1, 2025	86,000		780.00	549.76
	17,600	June 1, 2025	17,600		780.00	547.79
	71,311	August 1, 2025	71,311		780.00	547.79
	18,000	March 3, 2026	18,000		780.00	699.17
ESOP 2018*	12,000,000	September 24, 2018	7,000	10% on completion of first year, 25% on completion of second year, 30% on completion of third year and 35% on completion of fourth year	10.00	4.69
ESOP 2018**	8,500,000	July 01, 2020	6,787,500		10.00	4.84
	2,160,000	December 01, 2021	1,125,000		12.00	5.45
	450,000	May 01, 2022	8,750		12.00	7.79
ESOP 2018**	303,800	April 01, 2023	156,440	10% on completion of first year, 25% on completion of second year, 30% on completion of third year and 35% on completion of fourth year	20.00	7.19
	129,492	May 01, 2023	-		21.20	6.50
	50,000	August 01, 2023	32,500		21.20	6.50

Modification to scheme approved by shareholders of Holding Company vide special resolution dated June 30, 2024, incremental fair value granted due to modification is ₹ 23.58 per option and incremental cost recognized due to modification ₹ 6.01 crore during the year ended March 31, 2025.

^ As amended by shareholders of Holding Company vide shareholders' special resolution dated June 28, 2020.

* Approved by shareholders of Subsidiary Company dated September 21, 2018.

** Amended and approved by shareholders of Subsidiary Company dated June 30, 2020.

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Fair value of share options granted

The fair value of options granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below:

Inputs in to the pricing model of Holding Company

	Particulars						
ESOP 2017	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
July 1, 2017	240.60	616.30	495.00	Nil	4.5	0.26	6.58
December 1, 2017	329.09	647.40	495.00	38.18	4.5	0.82	6.60
December 5, 2017	329.21	647.40	495.00	38.22	4.5	0.82	6.60
January 8, 2018	327.95	647.40	495.00	37.8	4.5	0.82	6.60
December 6, 2019	345.68	820.70	780.00	38.55	4.5	1.75	6.28
April 1, 2020	345.68	820.70	780.00	38.55	4.5	1.75	6.28
July 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2020	306.80	740.90	780.00	43.40	4.5	0.32	5.20
January 1, 2021	306.80	740.90	780.00	43.40	4.5	0.32	5.20
October 1, 2021	199.52	550.60	780.00	48.80	4.5	0.39	5.49
January 1, 2022	199.52	550.60	780.00	48.80	4.5	0.39	5.49
June 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
October 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
November 1, 2022	201.45	550.00	780.00	47.67	4.5	0.36	7.00
January 2, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
March 1, 2023	273.64	611.80	780.00	53.09	4.5	0.38	7.21
October 1, 2023	492.76	892.83	780.00	51.13	5.4	0.82	7.38
December 1, 2023	492.76	892.83	780.00	51.13	5.4	0.82	7.38
March 1, 2024	565.43	993.13	780.00	49.73	5.4	0.82	7.20
August 1, 2024	565.43	993.13	780.00	49.73	5.4	0.82	7.20
May 1, 2025	549.76	869.50	780.00	64.10	5.4	0.13	6.25
June 1, 2025	547.79	869.50	780.00	64.10	5.4	0.13	6.04
August 1, 2025	547.79	869.50	780.00	64.10	5.4	0.13	6.04
March 3, 2026	699.17	1,104.30	780.00	52.60	5.4	0.10	6.48

*The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

**Expected volatility calculation is based on volatility of similar listed enterprises.

Inputs in to the pricing model of Subsidiary Company

	Particulars						
ESOP 2018 (For grant date September 24, 2018)	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	4.69	11.24	10.00	35.61	3.5	Nil	7.94
Tranche 2	5.34	11.24	10.00	36.29	4.5	Nil	8.03
Tranche 3	5.87	11.24	10.00	36.09	5.5	Nil	8.09
Tranche 4	6.33	11.24	10.00	35.69	6.5	Nil	8.13

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

ESOP 2018 (For grant date July 1, 2020)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	4.84	11.46	10.00	43.4	3.5	Nil	4.81
Tranche 2	5.33	11.46	10.00	41.5	4.5	Nil	5.20
Tranche 3	5.81	11.46	10.00	40.5	5.5	Nil	5.51
Tranche 4	6.22	11.46	10.00	39.4	6.5	Nil	5.76

ESOP 2018 (For grant date December 1, 2021)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	5.45	12.76	12.00	47.92	3.5	Nil	5.18
Tranche 2	5.95	12.76	12.00	44.95	4.5	Nil	5.53
Tranche 3	6.49	12.76	12.00	43.7	5.5	Nil	5.83
Tranche 4	6.97	12.76	12.00	42.51	6.5	Nil	6.08

ESOP 2018 (For grant date May 1, 2022)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	7.79	16.96	12.00	28.19	3.5	Nil	6.20
Tranche 2	8.40	16.96	12.00	25.75	4.5	Nil	6.51
Tranche 3	9.00	16.96	12.00	24.07	5.5	Nil	6.73
Tranche 4	9.57	16.96	12.00	23.2	6.5	Nil	6.90

ESOP 2018 (For grant date April 1, 2023)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	7.19	21.20	20.00	27.63	3.5	Nil	7.12
Tranche 2	8.09	21.20	20.00	26.08	4.5	Nil	7.14
Tranche 3	8.85	21.20	20.00	24.32	5.5	Nil	7.14
Tranche 4	9.59	21.20	20.00	23.02	6.5	Nil	7.15

ESOP 2018 (For grant date May 1, 2023)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	6.50	21.20	21.20	27.36	3.5	Nil	6.86
Tranche 2	7.39	21.20	21.20	25.69	4.5	Nil	6.92
Tranche 3	8.19	21.20	21.20	24.13	5.5	Nil	6.96
Tranche 4	8.94	21.20	21.20	22.81	6.5	Nil	7.00

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

ESOP 2018 (For grant date August 1, 2023)	Particulars						
	Weighted average fair value of option (₹)	Weighted average share price (₹)	Exercise price (₹)	Expected volatility**	Option life (Years)	Dividend yield (%)	Risk-free interest rate (%)*
Tranche 1	6.50	21.20	21.20	27.36	3.5	Nil	6.86
Tranche 2	7.39	21.20	21.20	25.69	4.5	Nil	6.92
Tranche 3	8.19	21.20	21.20	24.13	5.5	Nil	6.96
Tranche 4	8.94	21.20	21.20	22.81	6.5	Nil	7.00

*The risk free interest rate being considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

**Expected volatility calculation is based on volatility of similar listed enterprises.

Movement in share options during the year of Holding Company

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Number of options	Weighted average exercise price of the options (₹ per share)	Number of options	Weighted average exercise price of the options (₹ per share)
(i) Outstanding at the beginning of the year	2,376,072	726.35	2,556,529	721.76
(ii) Granted during the year	192,911	780.00	30,000	780.00
(iii) Forfeited/cancelled during the year	268,034	780.00	104,372	772.77
(iv) Exercised during the year	-	-	106,085	585.08
(v) Outstanding at the end of the year	2,300,949	724.60	2,376,072	726.35
(vi) Exercisable at the end of the year	1,321,373	683.53	1,099,574	664.08

Weighted average remaining contractual life of options outstanding as at year end is 4.5 months (March 31, 2025: 6.2 months) of Holding Company.

Movement in share options during the year of Subsidiary Company

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	Number of options	Weighted average exercise price of the options (₹ per share)	Number of options	Weighted average exercise price of the options (₹ per share)
(i) Outstanding at the beginning of the year	9,143,794	6.03	10,330,292	6.23
(ii) Granted during the year	-	-	-	-
(iii) Forfeited/ cancelled during the year	174,803	8.63	330,560	-
(iv) Exercised during the year	851,801	6.41	855,938	-
(v) Outstanding at the end of the year	8,117,190	5.93	9,143,794	6.03
(vi) Exercisable at the end of the year	7,977,725	5.88	8,040,641	5.81

Weighted average remaining contractual life of options outstanding as at year end is 0.49 years (March 31, 2025: 1.17 years) of subsidiary company.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(ii) Cash settled

The Cash settled Employee Stock Options Scheme titled "Phantom Stock Units Plan 2022" or "the Phantom Scheme" was approved, on the recommendations of the Nomination and Remuneration Committee (NRC), by the Board of the Holding Company on August 03, 2022. The Scheme confers a right upon the Employee to receive sum of money equal to appreciation in accordance with the terms and conditions of such issue. As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The fair value is re-measured at each reporting period up to, and including the settlement date, is expensed over the vesting period. The said scheme vide board resolution dated June 27, 2024 has been converted into "Long Term Cash Reward Plan", hence no disclosure is required.

(iii) Expense recognised for share based payment transactions

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Expense arising from equity-settled share based payment transactions	14.71	27.81
Expense arising from cash-settled share based payment transactions	-	-
Total expense arising from share based payment transactions	**14.71**	**27.81**

NOTE 47 Dividend paid and proposed

(₹ in crore)

	For the year ended March 31, 2026	For the year ended March 31, 2025
Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for the year ended March 31, 2025: ₹ 1.10# per share (March 31, 2024: ₹ 10.00 per share)	14.26	127.31
Total dividends paid	**14.26**	**127.31**

After the reporting dates the following dividends were proposed by the Board of Directors subject to the approval of the shareholders at Annual General Meeting. Accordingly, the dividends have not been recognised as liabilities.

	For the year ended March 31, 2026	For the year ended March 31, 2025
Dividend on ordinary shares:		
Proposed for approval at Annual General Meeting March 31, 2026: ₹ Nil per share (March 31, 2025: ₹ 1.10# per share)	-	14.02
	• -	**14.02**

#On April 29, 2025, the Board of Directors of the Holding Company has proposed a final dividend on equity shares of ₹ 1.10 per share for the financial year ended March 31, 2025 subject to the approval by the shareholders at the Annual General Meeting.

NOTE 48 Additional Information:

(i) The Group has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.

(ii) The Group is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

(iii) During the year, no scheme of arrangements in relation to the Group has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction.

(iv) The Group does not have any transactions which were not recorded in the books of accounts, but offered as income during the year in the income tax assessment.

(v) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vi) The Group has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

(vii) The Group has not advanced or provided loan to or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(viii) The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE 49

As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014, the Group uses only such accounting software for maintaining its books of account that have a feature of recording audit trail for all relevant transaction and same was enabled and operated throughout the year and maintain backup, on a daily basis, of such books of account maintained in electronic mode in a server physically located in India except for:

(i) three accounting software, used by the Parent for maintaining loan records, where the audit trail feature was not enabled at the database level to log any direct data changes during the period from April 1, 2025 to January 14, 2026. During the said period, the audit trail feature at the database level was enabled through a privilege access management (PAM) tool, which logs direct data changes except for details of what are the changes made and not retaining the log throughout the year.

(ii) one accounting software, used by the subsidiary Company for loan management system, where the audit log at database level enabled through privilege access management (PAM) tool that do not capture details of what changes are made and not retaining those throughout the year.

(iii) one accounting software used for maintaining loan records where the independent auditor's system and organization controls report does not cover the audit trail requirement.

(iv) one accounting software, used by the Parent for maintaining loan records, where backup on a daily basis of such books of account is not maintained in electronic mode in a server physically located in India.

Further, there was no instance of audit trail feature being tampered with during the year except where the independent auditor's system and organization controls report does not cover the same. Additionally, the audit trail that was enabled and operated for the year ended March 31, 2025, has been preserved by the Group as per the statutory requirements for record retention.

Notes forming part of Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 50 CAPITAL

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Reserve Bank of India (RBI). The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI. The Group has complied in full with all its externally imposed capital requirements over the reported period.

50.1 Capital management

The primary objectives of Group's capital management policy are to ensure that the Group complies with regulatory capital requirements. The Group ensures adequate capital at all time and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flow are monitored, borrowing covenants are honoured and ratings are maintained.

Regulatory capital- related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed level. In accordance with such norms, Tier I capital of the Group comprises of share capital, share premium, retained earnings, general reserve, statutory reserve, employee stock options outstanding account less deferred revenue expenditure, deferred tax assets and intangible assets (excluding right-of-use assets). The other component of regulatory capital is Tier II Capital Instruments, which include subordinate debt and impairment allowance on loans for stage 1 to the extent the same does not exceed 1.25 % of Risk Weight Assets. There were no changes in capital management process during the period presented.

NOTE 51

The Group has reclassified/ regrouped previous year figures to conform to the current year's classification, where applicable.

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

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

Form AOC -1

Salient features of Financial Statements of Subsidiaries/ Joint Ventures pursuant to provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

PART "A" : SUBSIDIARIES

Sl No.	Particulars	Amount (₹ in Crore)
1	Name of Subsidiary Company	Hero Housing Finance Limited
2	Reporting period	Year ended March 31, 2026
3	Reporting Currency and Exchange rate as on last date of financial year in case of foreign subsidiaries	-
4	Share Capital	692.67
5	Reserves & Surplus	442.49
6	Total Assets	7,362.50
7	Total Liabilities(i)	7,362.50
8	Investments	381.69
9	Turnover(ii)	843.94
10	Profit/ (Loss) before Taxation	112.68
11	Provision for Taxation	32.19
12	Profit/ (Loss) after Taxation	80.50
13	Proposed Dividend	-
14	% of Shareholding	99.06%

Notes:

(i) Total liabilities are inclusive of share capital and reserves.

(ii) Turnover includes other income and other operating revenue.

PART "B" : ASSOCIATES

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies

Sl No.	Particulars	2025-26
1	Name of Associate	N.A.
2	Latest audited Balance Sheet Date	N.A.
3	Shares of Associates held by the company on the year end	
	Amount of Investment in Associate	N.A.
	Extend of Holding %	N.A.
4	Description of how there is significant influence	N.A.
5	Reason why the associate/joint venture is not consolidated	N.A.
6	Net worth attributable to shareholding as per latest audited Balance Sheet	N.A.
7	Profit / (loss) for the year	
	i. Considered in Consolidation	N.A.
	ii. Not Considered in Consolidation	N.A.

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

Pawan Munjal
Chairman
DIN No.: 00004223
Place: Gurugram

Abhimanyu Munjal
Managing Director & CEO
DIN No.: 02822641
Place: Gurugram

Kaushik Dutta
Director
DIN No.: 03328890
Place: Gurugram

Anand Kumar Saluja
Chief Financial Officer
Place: Gurugram

Shivendra Suman
Company Secretary
Place: Gurugram

Date: April 28, 2026

CIN: U74899DL1991PLC046774

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

Tel: 011 4604 4100, 011 2614 2451

Email Id: investors@HeroFinCorp.com

Website: www.HeroFinCorp.com