

Independent Auditor's Report

To the Members of Hero Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hero Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2025, and the statement of Profit and Loss (including other comprehensive income), statement of Changes in Equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS"), the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time ("RBI Guidelines") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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.



S No.	Key audit matters	How our audit addressed the key audit matter
1.	<p>Impairment allowance on financial instruments</p> <p>As disclosed in the financial statements, the Company determines impairment allowance on financial instruments in accordance with the Expected Credit Loss (ECL) model prescribed under Ind AS 109 – Financial Instruments.</p> <p>The determination of ECL involves significant management judgement and estimation, particularly in the following areas:</p> <ul style="list-style-type: none"> • Completeness and accuracy of data inputs into the ECL model; • Estimation of model parameters such as Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD); • Selection and application of forward-looking macroeconomic scenarios and assigning probability weights; • Application of staging criteria to classify financial instruments; <p>Due to the inherent complexity of the model, use of significant judgement, and estimation uncertainty involved, we considered this to be a key audit matter.</p>	<p>Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate.</p> <p>These procedures included, but not limited, to the following:</p> <p>Design and implementation of controls</p> <ul style="list-style-type: none"> • Evaluated the design and tested the operating effectiveness of key controls over: <ul style="list-style-type: none"> - Examination and Compliance with ECL policy approved by the board; - Data accuracy and completeness used in the ECL model; - Application of staging criteria for classification of assets; - Selection and implementation of macroeconomic scenarios and related probability weights; - Review of minutes of the ECL committee for adopting any changes to the judgements / assumptions and their reasonableness - Compliance with Ind AS 109 disclosure requirements. <p>Substantive procedures</p> <ul style="list-style-type: none"> - Performed detailed testing of key inputs and assumptions including PD, LGD, and EAD; - Verified the process of evaluation of valuation of security and its impact in LGD - Assessed the reasonableness of macroeconomic assumptions and probability weights applied; - Verified the consistency and integrity of model outputs and reconciliations with general ledger balances; - Evaluated the adequacy of related disclosures, including sensitivity analysis and significant judgements applied by management in estimating ECLs. <p>Based on the procedures performed above, we considered the management's assessment of impairment loss allowance under ECL on Loans to be reasonable.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors' report, Management Discussion and Analysis Report but does not include the financial statements and our auditors' report thereon. The Directors' report is expected to be made available to us after the date of this auditor's report.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and Board of Directors for Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and RBI Guidelines. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the 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 and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 matter

The financial statements of the Company for the year ended 31st March 2024 prepared in accordance with Ind AS included in this statement has been audited by the predecessor auditor. The audit report of the predecessor auditor dated 27th April 2024 on this financial information expressed an unmodified opinion.

Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matter stated in the paragraph (h(vi)) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS").
- (e) On the basis of the written representations received from the directors as on 31 March 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) and paragraph (h (vi)) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- (g) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its financial statements – Refer Note 35 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not required to transfer any amounts to the Investor Education and Protection Fund.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 39, 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"), during the year, with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 Note 39, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, during the year, whether recorded in writing or otherwise, that the company shall, whether, 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 such audit procedures that we have 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 (a) and (b) contain any material misstatement.
- v. The Company has not paid/declared any dividend during the financial year. Accordingly, reporting on compliance with the provisions of Section 123 of the Act is not applicable.
- vi. Based on our examination, which included test checks, the Company has used three accounting software.

First accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility both at application level and direct database level changes. The audit trail feature has operated throughout the year for all relevant transactions recorded in the software and not come across any instance of tampering.

The second accounting software used for loan management system, 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, we are unable to comment whether audit trail was enabled or there were any instances of the audit trail feature being tampered with throughout the year.

In third accounting software the audit trail feature was enabled at the application level and operated for all relevant transactions recorded in such software. Audit log is not maintained for changes at the database level to log any direct data changes.

The audit logs where enabled are preserved as required by law.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be reported upon by us.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018




S. Narasimhan
Partner
Membership No. 206047
UDIN: 25206047BMOJGE4582

Place of Signature: Gurugram
Date: 26th April 2025

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Hero Housing Finance Limited ("the Company") on the financial statements as of and for the year ended 31 March 2025.

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and 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 the records examined by us, the Company does not own any immovable property (other than properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee). Hence, reporting requirement of Clause 3(i)(c) of the Order is not applicable.
 - (d) The Company has not revalued its Property, Plant and Equipment and intangible assets during the year and hence this clause is not applicable to the Company.
 - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii)
- a) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii)(a) of the order are not applicable.
 - b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of loan receivable. The Company has filed quarterly returns or statements with such banks or financial institutions and differences noted in such quarterly returns or statements with the unaudited books of accounts were insignificant. Refer Note No 16.9 to financial statements.
- (iii)
- a. Company's principal business is to give loans and hence this sub-clause is not applicable.
 - b. Based on our audit procedures & according to the information and explanation given to us, the investments made are not prejudicial to the Company's interests.
 - c. In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated. Note 3 to the Financial Statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at March 31, 2025, aggregating Rs. 107.18 Crores were categorised as credit impaired including interest



accrued and due ("Stage 3") and Rs. 172.62 Crores were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 7 to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating Rs. 5,864.44 Crores, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delay in the repayment of interest and/or principal in respect of loans aggregating to Rs. 153.08 Crores were also identified. 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. The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year end is Rs. 105.79 Crores including interest accrued and due. Reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.
 - 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 during the year 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 subsection (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it, if any. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a Housing finance company registered with the NHB engaged in the business of giving loans.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of sections 73 to 76, or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. Hence, reporting under Clause 3(v) of the Order is not applicable
- (vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii)
- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax and any other material statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31 March 2025 for a period of more than six months from the date they became payable.



(b) As at March 31, 2025, the following are the particulars of dues referred in sub-clause (a) above which have not been deposited on account of any dispute

Name of the Statute	Nature of dues	Amount demanded (In INR Crores)	Amount paid* (In INR Crores)	Period to which amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	0.02	0.02	AY 2017-18	Commissioner (Appeals)	

*Adjusted against earlier / subsequent year refund orders.

(viii) As per the information and explanations given by the management and on the basis of our examination of the records of the Company, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix)

(a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared willful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and the records of the Company examined by us, no funds raised on short term basis have been utilized for long term purposes.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company taking loan from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company raising any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x)

(a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.



(xi)

- (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report 1 instance of fraud amounting to Rs. 0.62 Crores on the Company has been noticed and reported during the year.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of Section 143 of the Act has been filed by secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government of India for the period covered by our audit.
- (c) We have taken into consideration the whistle blower complaints received by the company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

(xiv)

- (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

- (a) Based on our audit procedures and according to the information and explanations given to us, the Company is required to be registered under Section 45-I of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has conducted Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the National Housing Bank vide registration 07.0159.17 dated 21st August 2017. Subsequently, Reserve Bank of India on 13th August, 2019 released a press note stating that "The Central Government on 09th August, 2019 has conferred powers of regulation of Housing Finance Companies with RBI". The Company is not required to obtain a fresh registration with RBI.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Hero Group (as defined in the Core Investment Companies (Reserve Bank) Directions,




2016) ("the group") has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

- (xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, 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 that the 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.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in the Directors' report is expected to be made available to us after the date of this auditors' report.

- (xx) Based on our audit procedures and according to the information and explanations given to us, the company is not required to spend the amount for corporate social responsibilities and Accordingly, paragraph 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018


S. Narasimhan
Partner
Membership No. 206047
UDIN: 25206047BMOJGE4582



Place of Signature: Gurugram
Date: 26th April 2025

Annexure B

Referred to in paragraph 2(g) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of Hero Housing Finance Limited ("the Company") as of 31 March 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's and Board of Directors' Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to 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 (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to 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 financial statements were 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, 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 financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to 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 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.


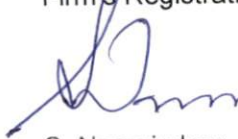
Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018



S. Narasimhan
Partner
Membership No. 206047
UDIN: 25206047BMOJGE4582

Place of Signature: Gurugram
Date: 26th April 2025

Hero Housing Finance Limited
Balance Sheet as at 31 March 2025
(All amounts are in Rupees crores, except share data and unless otherwise stated)

Particulars	Note	As at 31 March 2025	As at 31 March 2024
Assets			
Financial Assets			
Cash and cash equivalents	4	1.11	70.44
Bank balance other than cash and cash equivalents	5	15.39	15.13
Derivative financial instruments	6	0.27	0.05
Loans	7	6,084.03	4,950.57
Investments	8	422.53	263.07
Other financial assets	9	96.08	58.33
Non-Financial Assets			
Current tax assets (net)	10	4.22	1.92
Property, Plant and Equipment	12.1	23.42	27.59
Right-of-use assets	12.2	23.12	27.67
Intangible assets	12.3	21.60	17.93
Intangible assets under development	12.4	2.62	0.75
Other non-financial assets	13	25.62	21.80
Total Assets		6,720.01	5,455.25
Liabilities and equity			
Liabilities			
Financial Liabilities			
Trade payables	14		
(i) total outstanding dues of micro enterprises and small enterprises; and		1.33	0.52
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19.52	28.13
Debt securities	15	887.82	408.41
Borrowings (other than debt securities)	16	4,764.59	3,985.53
Subordinated liabilities	17	76.20	76.15
Lease liabilities	18	24.14	27.14
Other financial liabilities	19	78.23	117.58
Non-financial Liabilities			
Deferred tax liabilities (net)	11	5.05	-
Provisions	20	9.86	8.48
Other non-financial liabilities	21	4.94	5.87
Total Liabilities		5,871.68	4,657.81
Equity			
Equity share capital	22	630.66	629.81
Other equity	23	217.67	167.63
Total Equity		848.33	797.44
Total Liabilities and Equity		6,720.01	5,455.25

Material accounting policies 3
Notes to the financial statements 1 to 53

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration Number: 003990S S200018

S. Narasimhan
Partner

Membership Number: 20011



For and on behalf of the Board of Directors of
Hero Housing Finance Limited

Renu Munjal
Renu Munjal
Chairperson

DIN No.: 00012870
Place : Gurugram

A. Munjal
Abhimanyu Munjal
Vice-Chairman & Non-Executive Director
DIN No.: 02822641
Place : Gurugram

Apul Nayyar
Apul Nayyar
Whole Time Director- Executive & CEO
DIN No.: 01738973
Place : Gurugram

Nagesh Dinkar Pinge
Nagesh Dinkar Pinge
Director
DIN No.: 00062900
Place : Gurugram

Deep Mittal
Deep Mittal
Chief Financial Officer
PAN: ANIPM6254D
Place : Gurugram

Anjali Singh
Anjali Singh
Company Secretary
ACS: 56345
Place : Gurugram

Place : Gurugram
Date: 26 April, 2025

Hero Housing Finance Limited
Statement of Profit and Loss for the year ended 31 March 2025
(All amounts are in Rupees crores, except share data and unless otherwise stated)

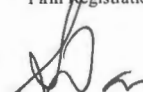

Particulars	Note	For the year ended 31 March 2025	For the year ended 31 March 2024
Income			
Revenue from operations	24		
Interest income		658.48	502.14
Gain on derecognition of financial instruments under amortised cost category		52.35	21.28
Net gain on fair value changes		8.72	11.32
Other charges		12.39	12.08
Total Revenue from operations		731.94	546.82
Other Income	25	30.64	22.22
Total Income		762.58	569.04
Expenses			
Finance costs	26	427.48	302.92
Impairment allowance on financial instruments	27	18.53	14.25
Employee benefits expenses	28	125.44	113.48
Depreciation, amortization and impairment	12	20.36	14.80
Other expenses	29	114.07	87.27
Total expenses		705.88	532.72
Profit before tax		56.70	36.32
Tax expense:			
Current tax		-	-
Deferred tax charge (net)	11	5.60	0.22
Net Profit after tax		51.10	36.10
Other Comprehensive Income gain / (loss)			
a) Items that will not be reclassified to profit or loss:-			
Remeasurement of gains/ (losses) on defined benefit plans		0.58	0.33
Income tax impact on above		(0.15)	-
Sub-total (a)		0.43	0.33
b) Items that will be reclassified to profit or loss:-			
Movement in cash flow hedge reserve		(2.57)	0.23
Income tax impact on above		0.70	-
Sub-total (b)		(1.87)	0.23
Other Comprehensive Income for the year, net of tax		(1.44)	0.56
Total Comprehensive Income for the year, net of tax		49.66	36.66
Earnings per equity share (Face value Rs 10)	30		
Basic (Rs.)		0.81	0.57
Diluted (Rs.)		0.81	0.57

Material accounting policies 3
Notes to the financial statements 1 to 53

The notes referred to above form an integral part of the financial statements

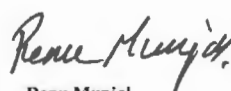
As per our report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration Number: 003990S / S200018

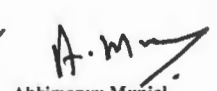

S. Narasimhan
Partner

Membership Number: 26607

Place : Gurugram
Date: 26 April, 2025


For and on behalf of the Board of Directors of
Hero Housing Finance Limited


Renu Munjal
Chairperson

DIN No.: 00012870
Place : Gurugram


Abhimanyu Munjal
Vice-Chairman & Non-Executive
Director

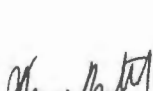
DIN No.: 02822641
Place : Gurugram


Ajul Nayyar
Whole Time Director-
Executive & CEO


DIN No.: 01738973
Place : Gurugram


Nagesh Dinkar Pinge
Director

DIN No.: 00062900
Place : Gurugram


Dhoojit Mittal
Chief Financial Officer

PAN: ANIPM6254D
Place : Gurugram


Anjan Singh
Company Secretary

ACS: 56345
Place : Gurugram

Hero Housing Finance Limited
Statement of Changes in Equity for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

A. Equity share capital
For the year ended 31 March 2025

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
629.81	-	-	0.85	630.66

For the year ended 31 March 2024

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
629.23	-	-	0.58	629.81

B. Other equity
For the year ended 31 March 2025

Particulars	Reserves and surplus			Stock options outstanding account	Other comprehensive income / (loss)		Total
	Statutory reserve in terms of Section 29C of the NHB Act, 1987	Securities premium	Retained earnings		Remeasurement of gains/ (losses) on defined benefit plans	Cash flow hedges reserve	
As at 1 April 2024	12.17	177.58	(27.48)	5.57	-	(0.21)	167.63
Profit / (loss) for the year	-	-	51.10	-	-	-	51.10
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	0.43	(1.87)	(1.44)
Transfers to retained earnings	-	-	0.43	-	(0.43)	-	-
Total comprehensive income/ (loss) for the year, net of tax	-	-	51.53	-	-	(1.87)	49.66
Securities premium received / transferred	-	0.68	-	(0.59)	-	-	0.09
Transfer from retained earnings to the Statutory reserve in terms of Section 29C of the NHB Act, 1987	10.22	-	(10.22)	-	-	-	-
Share based payment charge	-	-	-	0.29	-	-	0.29
Share issue expense	-	-	-	-	-	-	-
As at 31 March 2025	22.39	178.26	13.83	5.27	-	(2.08)	217.67

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Hero Housing Finance Limited
Statement of Changes in Equity for the year ended 31 March 2025
(All amounts are in Rupees crores, except share data and unless otherwise stated)

For the year ended 31 March 2024

Particulars	Reserves and surplus			Stock options outstanding account	Other comprehensive income / (loss)		Total
	Statutory reserve in terms of Section 29C of the NHB Act, 1987	Securities premium	Retained earnings		Remeasurement of gains/ (losses) on defined benefit plans	Cash flow hedges reserve	
As at 1 April 2023	4.95	177.45	(56.69)	4.73	-	(0.44)	130.00
Profit / (loss) for the year	-	-	36.10	-	-	-	36.10
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	0.33	0.23	0.56
Transfers to retained earnings	-	-	0.33	-	(0.33)	-	-
Total comprehensive income/ (loss) for the year, net of tax	-	-	36.43	-	-	0.23	36.66
Securities premium received / transferred	-	0.38	-	(0.35)	-	-	0.03
Transfer from retained earnings to the Statutory reserve in terms of Section 29C of the NHB Act, 1987	7.22	-	(7.22)	-	-	-	-
Share based payment charge	-	-	-	1.19	-	-	1.19
Share issue expense	-	(0.25)	-	-	-	-	(0.25)
As at 31 March 2024	12.17	177.58	(27.48)	5.57	-	(0.21)	167.63


Material accounting policies
Notes to the financial statements

3
1 to 53

The notes referred to above form an integral part of the financial statements

As per our report of even date attached


For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration Number: 003990S, S200018



S. Narasimhan
Partner
Membership Number: 2000044




Place : Gurugram
Date: 26 April, 2025

For and on behalf of the Board of Directors of
Hero Housing Finance Limited



Renu Munjal
Chairperson
DIN No.: 00012870
Place : Gurugram


Abhimanyu Munjal
Vice-Chairman & Non-Executive Director
DIN No.: 02822641
Place : Gurugram


Apul Nayyar
Whole Time Director- Executive & CEO
DIN No.: 01738973
Place : Gurugram


Nagesh Dinkar Pinge
Director
DIN No.: 00062900
Place : Gurugram

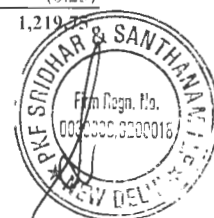

Dhooj Mittal
Chief Financial Officer
PAN: ANIPM6254D
Place : Gurugram


Anjali Singh
Company Secretary
ACS: 56345
Place : Gurugram

Hero Housing Finance Limited
Statement of Cash Flows for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
A. Cash flow from operating activities		
Profit / (loss) before tax	56.70	36.32
Adjustments for:		
Interest Income	(648.37)	(496.21)
Finance Costs	425.13	301.04
Depreciation and amortization	20.36	14.80
Interest on lease liability	2.35	1.88
Impairment allowance on loans (expected credit loss) / other financial assets	11.96	9.83
Settlement loss and bad debts written off	6.58	4.42
Employees share based payment expense	0.29	1.19
(Profit) / loss on sale of property, plant and equipment / modification of right-to-use assets	0.93	(0.25)
Gain on derecognition of financial instruments under amortised cost category	(52.35)	(21.28)
Interest on corporate bonds	(0.39)	(1.40)
Interest on Government Securities	(2.44)	-
Interest on commercial papers	(1.32)	(0.78)
Interest on Treasury Bills	(4.23)	(1.97)
Net gain on fair value changes (Unrealised)	(7.05)	(7.94)
Net gain on fair value changes (Realised)	(1.67)	(3.38)
Cash inflow from interest on loans	627.35	482.93
Cash outflow towards finance costs	(445.53)	(301.26)
Operating profit before working capital changes and taxes	(11.70)	17.94
Adjustments for:		
(Increase) in bank balance other than cash and cash equivalents	(0.26)	(15.13)
(Increase) in other non-financial assets	(3.84)	(2.72)
Decrease in other financial assets	14.60	8.09
(Decrease) Increase in other financial liabilities	(39.35)	42.73
Change in derivative financial instruments	(2.79)	(0.06)
(Decrease) Increase in trade payables	(7.80)	5.72
(Decrease) in other non-financial liabilities	(0.93)	(0.48)
Increase in provisions	1.96	2.48
Cash (used in) operation before taxes	(50.11)	58.57
Income tax refund / (paid)	(2.30)	(0.93)
Net cash from operations	(52.41)	57.64
Loans disbursed (net)	(1,130.97)	(1,293.27)
Net cash flow (used in) operating activities (A)	(1,183.38)	(1,235.64)
B. Cash flow from investing activities		
Purchase of property, plant and equipment, other intangible assets (intangible assets under development) including capital advances	(16.01)	(35.05)
Proceeds from sale of property, plant and equipment	0.83	0.80
Interest on corporate bonds	0.39	1.40
Interest on Government Securities	2.44	-
Interest on commercial papers	1.32	0.78
Interest on Treasury Bills	4.23	1.97
Purchase of investments	(1,483.20)	(2,154.02)
Sale of investments	1,332.47	2,150.93
Net cash flow used in investing activities (B)	(157.53)	(33.19)
C. Cash flow from financing activities		
Proceeds from issue of equity share capital (including securities premium)	0.94	0.61
Proceeds from borrowings (other than debt securities)	2,017.22	2,015.00
Repayment of borrowings (other than debt securities)	(1,238.27)	(713.89)
Repayment of lease liability (including interest)	(8.26)	(6.68)
Proceeds from debt securities including subordinated liabilities	1,200.05	212.57
Repayment of debt securities	(700.10)	(287.61)
Share issue expenses paid	-	(0.25)
Net cash flow generated from financing activities (C)	1,271.58	1,219.75



Hero Housing Finance Limited

Statement of Cash Flows for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
D. Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(69.33)	(49.07)
Cash and cash equivalents at the beginning of the year	70.44	119.51
Cash and cash equivalents at the end of the year*	1.11	70.44
* Components of cash and cash equivalents		
Balances with banks (current accounts)	1.11	0.16
Fixed deposits (with original maturity less than three months)	-	70.28
	1.11	70.44

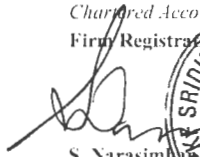
The statement of cash flows has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder. The borrowing from cash credit is revolving in nature and is disclosed on net basis under financing activities.

As per our report of even date attached

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration No. 0083990S / S200018

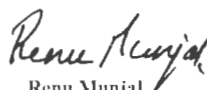

S. Narasimhan
Partner

Membership Number: 206047

Place : Gurugram


Date: 26 April, 2025

For and on behalf of the Board of Directors of
Hero Housing Finance Limited


Renu Munjal
Chairperson


DIN No.: 00012870

Place : Gurugram


Nagesh Dinkar Pinge
Director

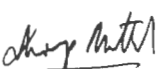
DIN No.: 00062900

Place : Gurugram


Abhinav Munjal
Vice-Chairman & Non-Executive Director


DIN No.: 02822641

Place : Gurugram


Dhooj Mittal
Chief Financial

PAN: ANIPM6254D

Place : Gurugram


Apur Nayyar
Whole Time Director-Executive & CEO

DIN No.: 01738973

Place : Gurugram


Anjali Singh
Company Secretary

ACS: 56345

Place : Gurugram



Hero Housing Finance Limited

Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores unless otherwise stated)

1. Corporate information

Hero Housing Finance Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013 on 16 June 2016, with its registered office situated at 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057. The Company has been registered as a Housing Finance Company with National Housing Bank (Registration No. 07.0159.17) with effect from 21 August 2017. The Company is engaged in the business of providing housing loans and other loans to its customers.

2. Basis of preparation and Presentation

2.1 Statement of Compliance

The financial statements 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.

The financial statements are prepared and presented on going concern basis and the relevant provisions of the Act and the guidelines and directives issued by the Reserve Bank of India (RBI) and National Housing Bank ("NHB") to the extent applicable.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The financial statements are reviewed and approved by the Company's Board of Directors on 26th April 2025.

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 pension plans, financial instruments carried at fair value through profit or loss and share-based payments. The method used to measure the fair value are discussed further in notes to the financial statements.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Change in Equity are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time. 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 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.



Hero Housing Finance Limited

Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores unless otherwise stated)

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. 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 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 assets were 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.

Impairment of financial assets

The Company establishes criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

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 discharge 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. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.



Hero Housing Finance Limited

Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores unless otherwise stated)

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 on the Company's historical experience and credit assessment and including forward looking information.

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, foreclosure and delayed payment charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to India'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 makes it necessary 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:

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 Company has done the assessment and recognized deferred tax assets/ (liabilities) only to the extent it is probable that future taxable profits will be available against unused tax losses and credits can be used.

2.5 Measurement of fair value

The Company's certain accounting policies and disclosures require measurement of fair values, 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).



Hero Housing Finance Limited

Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores unless otherwise stated)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as 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.

3. Material accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized on the trade date, i.e., the date that 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/incomes 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.

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 subsequent to their initial recognition, except if and in the period the Company changes its business model for financial assets.

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 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. This includes all derivative financial assets. 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.



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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 feature; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)



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(All amounts are in Rupees crores unless otherwise stated)

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 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, if any. Interest income, foreign exchange gains and losses and impairment losses are recognized in the statement of profit and loss. Any gain or loss on derecognition is recognized in the 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 losses are recognized in the 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 statement of profit and loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the 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 statement of profit and loss. The Company has not elected to classify any equity investment at FVOCI.

Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

Financial liabilities and Equity

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities:

- a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the group or
- a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or



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- a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

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 the 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 the statement of profit and loss. Any gain or loss on derecognition is also recognized in the 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 I for ECL measurement purposes.

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.

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.

Collateral Repossession

The Company provides mortgage loans to individuals and Corporates. To mitigate the credit risk on financial assets, the Company 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").



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In its normal course of business upon account becoming credit impaired, the Company physically repossess properties in its portfolio. Any surplus funds are returned to the customers/obligors. In case of net sale proceeds are lesser than recoverable the loss is account for similar to write off. 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 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 modified 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 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.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its certain foreign currency risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are directly recognized in the Statement of profit or loss.

(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 '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; or
- breach of contract such as a default or being past due.

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, considering the retail nature of the underlying portfolio of financial assets.



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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 in to 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 are segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Company categorizes financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: The company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:
 - Contractual payments of either principal or interest are past due for more than 90 days;
 - The loan is otherwise considered to be in default.

Loan accounts where either principal and/or interest are past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

Above categorization to be read with note 42.2 (b) "Definition of default".

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrower will default on their obligation in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

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 is required to be recognized as an impairment gain or loss in the statement of profit or loss,

After initial recognition, trade receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on financial assets other than loans, which requires lifetime ECL to be recognized at each reporting date, right from initial recognition of the receivables.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores unless otherwise stated)

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.

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 customer 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. Where the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write off. Any subsequent recoveries against such loans are credited to Statement of Profit and Loss. The Company has Board approved policy on write off and one-time settlement of loans.

(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) 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 comprise 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 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.



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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 end considering the physical condition of the assets for review and adjusted residual life prospectively.

(e) 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.

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 live 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 on 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, as follows:

- Computer software – 6 years

Subsequent expenditure is recognized as an increase in the carrying amount of the assets 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.

(f) 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 (CGU) 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 statement of 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.



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(g) 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 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. Commitments are future liabilities, which include undrawn loan commitments, estimated amount of contracts remaining to be executed on capital account and not provided for.

(h) 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 method of return 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, the company reverts to calculating interest income on a gross basis.

Income on derecognised (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. Any subsequent increase or decrease in the fair value of future EIS is recognised in the period in which it occurs. The embedded interest component in the future EIS is recognised as interest income in line with Ind AS 109 'Financial instruments'.



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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.

Other financial charges

Prepayment charges, delayed payment Charges and other such incomes where recovery is uncertain are recognised 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.

(i) Finance Cost

Borrowing costs on financial liabilities are recognised using the EIR method as per Ind AS 109 'Financial Instruments'.

(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 bonus 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*

The contribution to provident fund, pension fund, National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the statement of profit and loss based on the amount of contribution required to be made as and when services are rendered by the employees.

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.



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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.

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 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 recognized in employee benefits expenses.



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(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

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company 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 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 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.

(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. 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. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement as the related item appears.



Hero Housing Finance Limited

Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores unless otherwise stated)

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognized amounts; and
- b) 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.

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.

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

Transactions in foreign currency 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.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores unless otherwise stated)

(n) Dividends on ordinary shares

The Company 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 Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(o) Borrowing

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. If there is no evidence that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(p) 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.

(q) 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 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 Company designates certain derivatives as hedges of highly probable forecast 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 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.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores unless otherwise stated)

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 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.

(r) Special reserve

The Company creates special reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987. For this purpose, any special reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer.

(s) Securities premium

Securities premium is recognised for shares issued at premium. The issue expenses of securities which qualify as equity instruments are written off against securities.

(t) 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.

(u) Statement of Cash flows

The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

4. Cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Balances with banks (current accounts)	1.11	0.16
Fixed deposits (with original maturity less than three months)	-	70.28
Total	1.11	70.44

5. Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2025	As at 31 March 2024
Fixed deposits (earmarked balances with banks)	15.39	15.13
Total	15.39	15.13

6. Derivative financial instruments

Particulars	As at 31 March 2025		
	Notional amounts	Fair Value- Assets	Fair Value- Liabilities
<i>Part I</i>			
Currency Derivatives			
Cross Currency swaps	172.93	0.27	-
	-	-	-
<i>Part II</i>			
<i>Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:</i>			
Cash flow hedging			
Currency Derivatives	172.93	0.27	-
Total	172.93	0.27	-

Particulars	As at 31 March 2024		
	Notional amounts	Fair Value- Assets	Fair Value- Liabilities
<i>Part I</i>			
Currency Derivatives			
Forwards	25.26	0.05	-
Total	25.26	0.05	-
<i>Part II</i>			
<i>Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:</i>			
Cash flow hedging			
Currency Derivatives	25.26	0.05	-
Total	25.26	0.05	-

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meets the hedge accounting requirements. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk. The hedge is hundred percent effective as on reporting date.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

7. Loans

Particulars	As at 31 March 2025	As at 31 March 2024
A. Loans - at amortized cost		
Loans :		
Housing loans	4,089.17	3,320.74
Non-housing loans	2,055.07	1,678.16
Total - Gross (A)	6,144.24	4,998.90
Less : Impairment loss allowance	(60.21)	(48.33)
Total - Net (A)	6,084.03	4,950.57
B. Secured/ unsecured		
(a) Secured by tangible assets (property)	6,071.10	4,922.71
(b) Secured by other assets	-	-
(c) Unsecured*	73.14	76.19
Total - Gross (B)	6,144.24	4,998.90
Less : Impairment loss allowance	(60.21)	(48.33)
Total - Net (B)	6,084.03	4,950.57
C. Loans inside India		
(a) Public sector	-	-
(b) Others	6,144.24	4,998.90
Total - Gross (C)	6,144.24	4,998.90
Less : Impairment loss allowance	(60.21)	(48.33)
Total - Net (C)	6,084.03	4,950.57

*Includes loan amounting to Rs. 0.37 crores (31 March 2024: Rs. 1.34 crores) granted by the Company under the Emergency Credit Line Guarantee Scheme (ECLGS) issued by Government of India.

Loans amounting to Rs. 824.64 crores (31 March 2024 : Rs. 732.83 crores) are exclusively charged against Refinance Facility taken from National Housing Bank.



7.1 Analysis of portfolio

a) Housing loans

An analysis of changes in gross carrying amount in relation to housing loans portfolio is as follows:

Particulars	For the year ended 31 March 2025				For the year ended 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,177.97	78.75	64.02	3,320.74	2,516.73	63.95	58.76	2,639.44
New financial assets acquired/originated	1,304.59	4.60	2.13	1,311.32	1,200.47	3.90	0.75	1,205.12
Assets repaid (excluding write offs)	(503.64)	(15.36)	(28.62)	(547.62)	(494.15)	(7.63)	(18.25)	(520.03)
Transfers from Stage 1	(86.02)	57.63	28.39	-	(77.86)	50.57	27.29	-
Transfers from Stage 2	15.75	(24.63)	8.88	-	26.20	(36.27)	10.07	-
Transfers from Stage 3	8.70	1.90	(10.60)	-	6.70	4.29	(10.99)	-
Amounts written off	0.38	0.27	4.08	4.73	(0.12)	(0.06)	(3.61)	(3.79)
Gross carrying amount closing balance	3,917.73	103.16	68.28	4,089.17	3,177.97	78.75	64.02	3,320.74

Reconciliation of impairment loss allowance in relation to housing loans portfolio is as follows:

Particulars	For the year ended 31 March 2025				For the year ended 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance- opening balance	11.87	2.17	19.30	33.34	7.93	1.77	17.80	27.50
New financial assets acquired/originated	1.89	0.54	0.44	2.87	4.72	0.09	0.15	4.95
Transfers from Stage 1	(13.37)	6.95	6.42	-	(0.26)	0.17	0.09	-
Transfers from Stage 2	0.13	(2.03)	1.90	-	0.61	(0.93)	0.32	-
Transfers from Stage 3	0.01	0.23	(0.24)	-	1.58	1.09	(2.67)	-
Amount written off	-	0.01	1.16	1.17	(0.00)	(0.00)	(1.12)	(1.12)
Effect of change in estimate/ repayment	6.53	4.65	(11.14)	0.04	(2.71)	(0.02)	4.73	2.01
Impairment allowance- closing balance	7.06	12.52	17.84	37.42	11.87	2.17	19.30	33.34



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

b) Non-Housing loans

An analysis of change in gross carrying amount in relation to non-housing loans portfolio is as follows:

Particulars	For the year ended 31 March 2025				For the year ended 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,607.99	42.40	27.77	1,678.16	986.84	42.41	28.26	1,057.51
New financial assets acquired/originated	1,021.32	6.55	2.69	1,030.56	923.45	3.10	3.17	929.72
Assets repaid (excluding write offs)	(636.45)	(6.78)	(12.37)	(655.60)	(291.33)	(9.51)	(7.42)	(308.26)
Transfers from Stage 1	(59.20)	43.46	15.74	-	(27.41)	17.75	9.66	-
Transfers from Stage 2	10.21	(16.68)	6.47	-	14.59	(17.27)	2.68	-
Transfers from Stage 3	2.70	0.49	(3.19)	-	1.97	5.92	(7.89)	-
Amounts written off	0.14	0.02	1.79	1.95	(0.12)	-	(0.69)	(0.81)
Gross carrying amount closing balance	1,946.71	69.46	38.90	2,055.07	1,607.99	42.40	27.77	1,678.16

Reconciliation of impairment loss allowance in relation to non-housing loans portfolio is as follows:

Particulars	For the year ended 31 March 2025				For the year ended 31 March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance- opening balance	6.32	0.82	7.85	14.99	3.00	1.12	7.06	11.18
New financial assets acquired/originated	1.58	0.52	0.63	2.73	3.65	0.12	1.13	4.90
Transfers from Stage 1	(9.45)	4.16	5.29	-	(0.08)	0.05	0.03	-
Transfers from Stage 2	0.18	(2.08)	1.90	-	0.41	(0.47)	0.06	-
Transfers from Stage 3	-	0.05	(0.05)	-	0.37	1.26	(1.63)	-
Amount written off	-	-	0.53	0.53	(0.00)	-	(0.21)	(0.21)
Effect of change in estimate/ repayment	5.24	2.98	(3.68)	4.54	(1.03)	(1.26)	1.41	(0.88)
Impairment allowance- closing balance	3.87	6.45	12.47	22.79	6.32	0.82	7.85	14.99

Notes:

- a) Stage 3 assets as at 31 March 2025 include Rs. 23.16 crores (31 March 2024: Rs. 20.99 crores) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.



7.2 Derecognition of financial assets

During the period ended 31 March 2025 and in 31 March 2024, 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 10% & 20% 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 were derecognised.

The following table 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.

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Value of financial assets derecognised	424.22	154.35
Gain on derecognition of financial assets	52.35	21.28

Since the Company transferred the above financial asset in 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 (note 9). The Outstanding pool of downsell portfolio as on 31 March 2025 is Rs. 651.08 crores (31 March 2024: Rs. 333.72 crores)



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

8. Investments

Particulars	As at 31 March 2025	As at 31 March 2024
At fair value through profit and loss		
In India		
In Mutual funds (quoted)	241.98	140.30
In equity instruments (unquoted)	25.00	-
In treasury bills	79.07	29.51
In government securities	50.63	66.90
In corporate bonds	25.85	26.36
Total - Gross	422.53	263.07
Less: Allowance for impairment	-	-
Total - Net	422.53	263.07

8.1 The Company does not have any investment outside India.

9. Other financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
At amortized cost		
Excess interest spread receivable on assigned loans (refer note 7.2)	90.91	54.47
Security deposits	3.18	1.99
Receivable from other parties	1.85	2.16
Others	0.60	0.09
Total - Gross	96.54	58.71
Less: Provision for impairment on other financial assets	(0.46)	(0.38)
Total	96.08	58.33

10. Current tax assets (net)

Particulars	As at 31 March 2025	As at 31 March 2024
Advance income tax	4.22	1.92
Total	4.22	1.92



11. Deferred Tax Liability (Net)

A. Recognised deferred tax assets and liabilities

Particulars	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset / (liabilities)	
	As at	As at	As at	As at	As at	As at
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Provision for employee benefits	2.48	2.13	-	-	2.48	2.13
Depreciation*	-	-	(0.96)	(1.10)	(0.96)	(1.10)
Impairment allowance on loans and other financial assets	15.27	12.26	-	-	15.27	12.26
Unamortized loan origination cost	-	-	(7.72)	(6.06)	(7.72)	(6.06)
Fair valuation of investment	-	-	(1.69)	(1.33)	(1.69)	(1.33)
Unamortized borrowing cost	-	-	(0.71)	(0.76)	(0.71)	(0.76)
Leases	0.30	-	-	(0.15)	0.30	(0.15)
Unabsorbed losses	10.16	12.07	-	-	10.16	12.07
Excess interest spread receivable	-	-	(22.88)	(13.71)	(22.88)	(13.71)
Cash flow Hedge reserve	0.70	-	-	-	0.70	-
Net deferred tax asset / (liabilities)	28.91	26.46	(33.96)	(23.11)	(5.05)	3.35
Unrecognized deferred tax assets					-	3.35

*Difference between written down value (WDV) of property, plant and equipment and intangible assets as per books and under Income Tax Act, 1961.

B. Reconciliation of effective tax expense

Particulars	For the year ended 31 Mar 2025	For the year ended 31 March 2024
Profit/ (loss) before tax (a)	56.70	36.32
Income tax rate (b)	25.17%	25.17%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	14.27	9.14
Effect of:		
Unrecognised deferred tax asset (net of DTA/DTL offset in prior years) now recognised	(3.35)	-
Recognised deferred tax liability on temporary differences	(5.60)	(8.87)
Others	0.28	(0.05)
Effective tax expense	5.60	0.22

C. Income tax recognised in other comprehensive Income

Particulars	For the year ended 31 Mar 2025			For the year ended 31 Mar 2024		
	Before Tax	Deferred tax expense/(benefit)	Net of tax	Before Tax	Deferred tax expense/(benefit)	Net of tax
Remeasurement of defined benefit plans	0.58	(0.15)	0.43	0.33	-	0.33
Cash flow hedge reserve	(2.57)	0.70	(1.87)	0.23	-	0.23

D. Movement in deferred tax liability (net)

Particulars	Amount
Balance as at 1 April 2023	-
Credit / (expense) not recognized in profit or loss during the year	-
Credit / (expense) recognized in profit or loss during the year (net)	-
Balance as at 31 March 2024	-
Credit / (expense) not recognized in profit or loss during the year	5.60
Credit / (expense) recognized in profit or loss during the year (net)	(0.55)
Balance as at 31 March 2025	(5.05)

E. 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. Also there are no previously unrecorded income and unrelated assets which are to be recorded in the books of accounts during the year.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

12.1 Property, Plant and Equipment

Particulars	Furniture and fixtures	Vehicles	Computers	Leasehold improvements	Office equipments	Total
Cost						
At 1 April 2023	0.82	5.04	10.42	1.32	0.66	18.26
Additions	2.11	3.67	4.73	11.43	1.21	23.15
Disposals		(1.53)	(0.11)	-	-	(1.64)
As at 31 March 2024	2.93	7.18	15.04	12.75	1.87	39.77
Additions	0.20	2.95	1.17	0.03	0.51	4.86
Disposals	(0.13)	(1.52)	(3.44)	(1.27)	(0.05)	(6.41)
As at 31 March 2025	3.00	8.61	12.77	11.51	2.33	38.22
Depreciation						
At 1 April 2023	0.17	0.71	6.35	0.64	0.19	8.06
Depreciation charge for the year	0.09	0.71	2.54	1.21	0.16	4.71
Disposals	-	(0.52)	(0.07)	-	-	(0.59)
As at 31 March 2024	0.26	0.90	8.82	1.85	0.35	12.18
Depreciation charge for the year	0.29	0.89	2.84	2.86	0.40	7.27
Disposals	(0.03)	(0.31)	(3.09)	(1.20)	(0.02)	(4.65)
As at 31 March 2025	0.51	1.48	8.57	3.51	0.73	14.80
Net block						
As at 31 March 2024	2.67	6.28	6.22	10.90	1.52	27.59
As at 31 March 2025	2.49	7.13	4.20	8.00	1.60	23.42

Notes:

- (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 does not own any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee).
- (iii) No revaluation made during the year and previous year.

12.2 Right-of-use assets

Particulars	Building
Cost	
At 1 April 2023	10.68
Additions	26.15
Disposals	(2.23)
As at 31 March 2024	34.60
Additions	13.21
Disposals	(16.35)
As at 31 March 2025	31.47
Amortization	
At 1 April 2023	4.65
Additions	4.32
Disposals	(2.04)
As at 31 March 2024	6.93
Amortization charge for the year	7.52
Disposals	(6.11)
As at 31 March 2025	8.34
Net block	
As at 31 March 2024	27.67
As at 31 March 2025	23.12

Note: No revaluation made during the year and previous year.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

12.3 Intangible assets

Particulars	Computer software
Cost	
At 1 April 2023	17.75
Additions	13.89
Disposals	-
As at 31 March 2024	31.64
Additions	9.23
Disposals	-
As at 31 March 2025	40.87
Amortization	
At 1 April 2023	7.95
Amortization charge for the year	5.76
Disposals	-
As at 31 March 2024	13.71
Amortization charge for the year	5.56
Disposals	-
As at 31 March 2025	19.27
Net block	
As at 31 March 2024	17.93
As at 31 March 2025	21.60

Note: No revaluation made during the year and previous year.

12.4 Intangible assets under development

Particulars	As at 31 March 2025	As at 31 March 2024
Intangible assets under development	2.62	0.75
Total	2.62	0.75

a) Intangible assets under development (IAUD) ageing schedule

IAUD As at 31 March 2025	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.62	-	-	-	2.62
Projects temporarily suspended	-	-	-	-	-

IAUD As at 31 March 2024	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.75	-	-	-	0.75
Projects temporarily suspended	-	-	-	-	-

Note: There are no projects which whose completion is overdue or has exceeded its cost compared to its original plan.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025
(All amounts are in Rupees crores, except share data and unless otherwise stated)

13. Other non-financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Prepaid expenses	3.86	3.20
Advances to vendors (unsecured, considered good unless otherwise stated)	2.39	1.33
Capital Advance	-	0.02
Balance with government authorities	19.26	17.11
Others	0.11	0.14
Total	25.62	21.80

14. Trade payables

Particulars	As at 31 March 2025	As at 31 March 2024
Total outstanding dues of :		
(i) total outstanding dues of micro enterprises and small enterprises; and (refer note 14.1)	1.33	0.52
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19.52	28.13
Total	20.85	28.65

14.1 Disclosure relating to Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

Particulars	As at 31 March 2025	As at 31 March 2024
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1.33	0.52
(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	1.33	0.52

14.2 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. This has been relied upon by the auditors.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

14.3 Trade Payables ageing schedule
As at 31 March 2025

Particulars	Outstanding for					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	1.32	0.01	-	-	-	1.33
ii. Others	18.76	0.74	0.02	-	-	19.52
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

As at 31 March 2024

Particulars	Outstanding for					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	0.52	-	-	-	0.52
ii. Others	20.30	7.79	0.03	0.01	-	28.13
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

15. Debt securities

Particulars	As at 31 March 2025	As at 31 March 2024
At amortized cost		
In India		
Secured		
Non convertible debentures (refer note 15.1 and 15.2)	431.62	263.25
Unsecured		
Commercial papers (refer note 15.3 and 15.4)	456.20	145.16
Total	887.82	408.41
Debt securities in India	887.82	408.41
Debt securities outside India	-	-
Total	887.82	408.41



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

15.1 Nil privately placed secured redeemable non-convertible debentures of Rs. 10,00,000 each (31 March 2024: 2,250) and 42,500 privately placed secured redeemable non-convertible debentures of Rs. 100,000 each (31 March 2024: 2500), aggregating to Rs. 425 crores (31 March 2024: Rs. 250 crores). The debentures are secured by pari-passu charge by way of hypothecation of standard business receivables.

15.2 Terms of privately placed secured redeemable non convertible debentures

ISIN of NCD	Issue Date	Redemption Date	ROI	As at 31 March 2025		As at 31 March 2024	
				Number of NCDs	Amount	Number of NCDs	Amount
INE800X07030	22-Dec-21	24-Sep-24	6.50%	-	-	750	75.00
INE800X07048	9-Feb-22	7-Feb-25	3M TBILL 2.20%	-	-	1,500	150.00
INE800X07055	15-Feb-23	15-Feb-33	8.50%	2,500	25.00	2,500	25.00
INE800X07063	16-Jul-24	16-Jul-29	8.62%	10,000	100.00		
INE800X07071	28-Mar-25	28-May-27	8.50%	5,000	50.00		
INE800X07089	28-Mar-25	27-Mar-30	8.65%	25,000	250.00		
Add: Interest Accrued					6.66		13.33
Less: Unamortized borrowing cost					(0.04)		(0.09)
				42,500	431.62	4,750	263.25

15.3 Commercial papers are repayable within 12 months and issued at a discount ranging from 7.62% p.a. to 8.03% p.a. (31 March 2024: 8.10% p.a. to 8.40% p.a.).

15.4 Pursuant to SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P 2019/115 dated October 22, 2019, the Company has listed all the Commercial Papers on National Stock Exchange (NSE).

15.5 No non-convertible debentures and commercial papers is guaranteed by directors and / or others.

15.6 During the period ended 31 March 2025 and 31 March 2024, there were no defaults in the repayment of principal and interest.

16. Borrowings (other than debt securities)

Particulars	As at 31 March 2025	As at 31 March 2024
At amortized cost		
Secured		
Loans from banks		
Term loans (refer note 16.1)	4,023.41	3,454.33
Cash credit (refer note 16.2)	-	0.59
Term loan from banks - FCL (refer note 16.3)	-	25.26
External commercial borrowing (refer note 16.4)	172.93	-
Refinance from National Housing Bank (refer note 16.5)	568.25	505.35
Total	4,764.59	3,985.53
Borrowing in India	4,591.66	3,985.53
Borrowing outside India	172.93	-
Total	4,764.59	3,985.53



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

16.1 Secured term loans from banks aggregating Rs. 4,023.41 crores (31 March 2024 : Rs. 3,454.33 crores) carries interest ranging from 7.35% p.a. to 9.35% p.a. (31 March 2024: 7.93% p.a. to 9.08% p.a.) are secured by a first pari-passu charge by way of hypothecation of standard business receivables.

Terms of repayment as at 31 March 2025

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
	Original Maturity	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	Amount
Monthly	Greater than 3 Years	-	-	24	20.51	24	20.51	81	69.23	110.26
Quarterly	Greater than 3 Years	173	590.06	224	750.55	220	721.55	484	1644.29	3,706.43
Semi-annual	Greater than 3 Years	4	14.29	4	14.29	4	14.29	16	57.14	100.00
Annually	Greater than 3 Years	3	40.00	6	65.00	-	-	-	-	105.00
Add: Interest accrued										4.14
Less: Unamortized borrowing cost										(2.42)
		180	644.35	258	850.35	248	756.35	581	1,770.66	4,023.41

Terms of repayment as at 31 March 2024

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
	Original Maturity	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	Amount
Monthly	Greater than 3 Years	24	20.51	24	20.51	24	20.51	105	89.75	151.28
Quarterly	Greater than 3 Years	143	548.53	148	563.00	147	555.65	365	1,353.45	3,020.63
Semi-annual	Greater than 3 Years	4	53.57	-	-	-	-	-	-	53.57
Annually	Greater than 3 Years	8	87.50	7	75.00	6	65.00	-	-	227.50
Add: Interest accrued										3.90
Less: Unamortized borrowing cost										(2.55)
		179	710.11	179	658.51	177	641.16	470	1,443.20	3,454.33

16.2 The cash credit facilities are repayable on demand and carry interest rates ranging from Nil (March 31, 2024: 8.90% p.a. to 9.34% p.a.)

16.3 Term loan from banks - Foreign currency loan carry interest rate of Nil (31 March 2024: 8.25%) are secured by a first pari-passu charge by way of hypothecation of standard business receivables.

Terms of repayment as at 31 March 2025:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
	Original Maturity	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	Amount
Annually	Due within 1 Year	-	-	-	-	-	-	-	-	-
Add: Foreign Currency MTM										-
Less: Unamortized borrowing cost										-
		-	-	-	-	-	-	-	-	-

Terms of repayment as at 31 March 2024:

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
	Original Maturity	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	Amount
Annually	Due within 1 Year	1	25.00	-	-	-	-	-	-	25.00
Add: Foreign Currency MTM										0.27
Less: Unamortized borrowing cost										(0.01)
		1	25.00	-	-	-	-	-	-	25.26



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

16.4 External commercial borrowings are secured by a first pari-passu charge by way of hypothecation of standard business receivables.

Particulars	As at March 31, 2025	As at March 31, 2024
Carrying interest rate* (in %)	6.11% p.a	-

*carrying Interest rate refers to rates based on SOFR plus spread as agreed with lender

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total Amount
		No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Bullet	Original Maturity									
	More than 3 years	-	-	-	-	1.00	41.98	3	125.93	167.90
Add: Foreign Currency MTM										3.05
Interest accrued but not due										1.98
EIR Adjustments										-
	Total	-	-	-	-	1	41.98	3	125.93	172.93

16.5 Refinance facility has been availed from National Housing Bank during the year aggregating Rs. 150 Crores (31 March 2024 : Rs. 500 crores) carries interest rate of 8.35% p.a. (31 March 2024: 5.26% p.a. to 8.35% p.a.) are secured by exclusive charge by way of hypothecation of standard business receivables.

Terms of repayment as at 31 March 2025

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total Amount
		No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Quarterly	Greater than 3 Years	30	63.29	40	84.38	40	84.38	179	336.20	568.25
Add: Interest accrued										-
		30	63.29	40	84.38	40	84.38	179	336.20	568.25

Terms of repayment as at 31 March 2024

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total Amount
		No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Quarterly	Greater than 3 Years	27	51.75	36	69.00	36	69.00	187	315.60	505.35
Add: Interest accrued										-
		27	51.75	36	69.00	36	69.00	187	315.60	505.35

16.6 No term loans, cash credit, working capital demand loan from banks and any other borrowing is guaranteed by directors and / or others.

16.7 During the period ended 31 March 2025 and 31 March 2024, there were no defaults in the repayment of principal and interest.

16.8 The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

16.9 Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts, except the insignificant differences.

16.10 The Company has not been declared wilful defaulter by any bank or financial institution.

16.11 There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

17. Subordinated liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
At amortized cost		
In India		
Unsecured		
Redeemable non-convertible debentures-Tier II (refer note 17.1 and 17.2)	76.20	76.15
Total	76.20	76.15

17.1 Terms of privately placed unsecured, redeemable non-convertible debentures-Tier II

ISIN of NCD	Issue Date	Redemption Date	ROI	As at 31 March 2025		As at 31 March 2024	
				Number of NCDs	Amount	Number of NCDs	Amount
INE800X08012	28-Dec-18	28-Dec-28	9.50%	250	25.00	250	25.00
INE800X08020	5-Mar-21	5-Mar-31	7.85%	250	25.00	250	25.00
INE800X08038	25-Nov-22	25-Nov-32	8.75%	25	25.00	25	25.00
Add: Interest Accrued					1.51		1.53
Less: Unamortized borrowing cost					(0.31)		(0.38)
				525	76.20	525	76.15

17.2 500 (31 March 2024: 500) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 10,00,000 each and 25 (31 March 2024: 25) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 1,00,00,000 each aggregating to Rs. 75 crores (31 March 2024: Rs. 75 crores) are subordinated in nature.

17.3 No subordinate debts is guaranteed by directors and /or others.

17.4 During the period ended 31 March 2025 and 31 March 2024, there were no defaults in the repayment of principal and interest.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

16.4 External commercial borrowings are secured by a first pari-passu charge by way of hypothecation of standard business receivables.

Particulars	As at March 31, 2025	As at March 31, 2024
Carrying interest rate* (in %)	6.11% p.a	-

*carrying Interest rate refers to rates based on SOFR plus spread as agreed with lender

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total Amount
		No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Bullet	Original Maturity	-	-	-	-	1.00	41.98	3	125.93	167.90
Add: Foreign Currency MTM	More than 3 years									3.05
Interest accrued but not due										1.98
EIR Adjustments										-
Total		-	-	-	-	1	41.98	3	125.93	172.93

16.5 Refinance facility has been availed from National Housing Bank during the year aggregating Rs. 150 Crores (31 March 2024 : Rs. 500 crores) carries interest rate of 8.35% p.a. (31 March 2024: 5.26% p.a. to 8.35% p.a.) are secured by exclusive charge by way of hypothecation of standard business receivables.

Terms of repayment as at 31 March 2025

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total Amount
	Original Maturity	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Quarterly	Greater than 3 Years	30	63.29	40	84.38	40	84.38	179	336.20	568.25
Add: Interest accrued										-
		30	63.29	40	84.38	40	84.38	179	336.20	568.25

Terms of repayment as at 31 March 2024

Periodicity	Residual Maturity	Due within 1 Year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total Amount
	Original Maturity	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Quarterly	Greater than 3 Years	27	51.75	36	69.00	36	69.00	187	315.60	505.35
Add: Interest accrued										-
		27	51.75	36	69.00	36	69.00	187	315.60	505.35

16.6 No term loans, cash credit, working capital demand loan from banks and any other borrowing is guaranteed by directors and / or others.

16.7 During the period ended 31 March 2025 and 31 March 2024, there were no defaults in the repayment of principal and interest.

16.8 The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

16.9 Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts, except the insignificant differences.

16.10 The Company has not been declared wilful defaulter by any bank or financial institution.

16.11 There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.



Hero Housing Finance Limited
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(All amounts are in Rupees crores, except share data and unless otherwise stated)

17. Subordinated liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
At amortized cost		
In India		
Unsecured		
Redeemable non-convertible debentures-Tier II (refer note 17.1 and 17.2)	76.20	76.15
Total	76.20	76.15

17.1 Terms of privately placed unsecured, redeemable non-convertible debentures-Tier II

ISIN of NCD	Issue Date	Redemption Date	ROI	As at 31 March 2025		As at 31 March 2024	
				Number of NCDs	Amount	Number of NCDs	Amount
INE800X08012	28-Dec-18	28-Dec-28	9.50%	250	25.00	250	25.00
INE800X08020	5-Mar-21	5-Mar-31	7.85%	250	25.00	250	25.00
INE800X08038	25-Nov-22	25-Nov-32	8.75%	25	25.00	25	25.00
Add: Interest Accrued					1.51		1.53
Less: Unamortized borrowing cost					(0.31)		(0.38)
				525	76.20	525	76.15

17.2 500 (31 March 2024: 500) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 10,00,000 each and 25 (31 March 2024: 25) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 1,00,00,000 each aggregating to Rs. 75 crores (31 March 2024: Rs. 75 crores) are subordinated in nature.

17.3 No subordinate debts is guaranteed by directors and /or others.

17.4 During the period ended 31 March 2025 and 31 March 2024, there were no defaults in the repayment of principal and interest.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

18. Lease liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Lease liabilities (refer note 40)	24.14	27.14
Total	24.14	27.14

19. Other financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
At amortized cost		
Book overdraft	39.80	69.91
Other payables		
Payable to employees	21.24	24.37
Others	17.19	23.30
Total	78.23	117.58

20. Provisions

Particulars	As at 31 March 2025	As at 31 March 2024
Provision for employee benefits		
Provision for gratuity (refer note 32)	5.18	4.34
Provision for compensated absences (refer note 32)	4.68	4.14
Total	9.86	8.48

21. Other non-financial liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Withholding and other statutory dues payable	4.94	5.87
Total	4.94	5.87



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

22. Equity share capital

Particulars	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Authorized				
Equity shares of Rs.10 each	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Total	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Issued				
Equity shares of Rs.10 each	63,06,63,937	630.66	62,98,07,999	629.81
Total	63,06,63,937	630.66	62,98,07,999	629.81
Subscribed				
Equity shares of Rs.10 each (fully paid up)	63,06,63,937	630.66	62,98,07,999	629.81
Total	63,06,63,937	630.66	62,98,07,999	629.81

22.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each				
Opening balance	62,98,07,999	629.81	62,92,27,499	629.23
Issued during the year Rs.10 each*	8,55,938	0.85	5,80,500	0.58
Outstanding at the end of the year	63,06,63,937	630.66	62,98,07,999	629.81

* 8,55,938 (31 March 2024: 5,80,500) fully paid up shares of Rs. 10 each were issued under employee stock option scheme during the year ended 31 March 2025

22.2 Terms / rights, preference and restriction attached to equity shares

- In respect of equity shares, voting rights shall be in same proportion as the capital paid upon such equity share.
- The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.
- In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

22.3 Details of shares held by the holding Company:

Name of shareholder	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
Hero FinCorp Limited., the holding Company*	62,49,99,999	625.00	62,49,99,999	625.00

* including nominee shareholders

22.4 Details of shareholder holding more than 5% shares in the Company:

Name of shareholder	As at 31 March 2025		As at 31 March 2024	
	Number of shares	% of Holding	Number of shares	% of Holding
Equity shares				
Hero FinCorp Limited., the holding Company*	62,49,99,999	99.10%	62,49,99,999	99.24%

* including nominee shareholders

22.5 Shareholding of Promoters:

Promoter Name	As at 31 March 2025			As at 31 March 2024		
	Number of shares	Percentage of total shares	Percentage of change during the period	Number of shares	Percentage of total shares	Percentage of change during the year
Hero FinCorp Limited., the holding Company*	62,49,99,999	99.10%	(0.13%)	62,49,99,999	99.24%	(0.09%)

* including nominee shareholders

22.6 Employee stock options

Terms attached to stock options granted to employees are described in note 43 regarding share based payments.

22.7 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 five years immediately preceding the reporting date.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

23. Other equity

Particulars	As at 31 March 2025	As at 31 March 2024
Securities premium		
Opening balance as at reporting date	177.58	177.45
Add: Additions during the year	0.09	0.03
Add: Transferred from Stock option outstanding account	0.59	0.35
Less: Share issue expense	0.00	(0.25)
Closing balance as at reporting date	178.26	177.58
Stock option outstanding account		
Opening balance as at reporting date	5.57	4.73
Add: Charge during the year	0.29	1.19
Less: Transferred to security premium	(0.59)	(0.35)
Closing balance as at reporting date	5.27	5.57
Statutory reserve in terms of Section 29C of the NHB Act, 1987		
Opening balance as at reporting date	12.17	4.95
Add: Amount transferred u/s 29C of the NHB Act, 1987 from retained earnings (20% of PAT)	10.22	7.22
Closing balance as at reporting date	22.39	12.17
Other Comprehensive Income gain / (loss)		
Opening balance as at reporting date	-	-
Add: Other comprehensive income gain / (loss) for the year, net of tax	0.43	0.33
Less: Transferred to retained earnings	(0.43)	(0.33)
Closing balance as at reporting date	-	-
Cash flow hedge reserve		
Opening balance as at reporting date	(0.21)	(0.44)
Add: Changes in fair value of FVTOCI hedge instruments	(1.87)	0.23
Closing balance as at reporting date	(2.08)	(0.21)
Retained earnings		
Opening balance as at reporting date	(27.48)	(56.69)
Add: profit / (loss) during the year	51.10	36.10
Add: Other comprehensive income gain / (loss) for the year	0.43	0.33
Less: Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987	(10.22)	(7.22)
Closing balance as at reporting date	13.83	(27.48)
Total	217.67	167.63

Nature and purpose of other equity:**Retained earnings:**

Retained earnings is used to record profit / (loss) for the year. This amount is utilized as per the provision of Companies Act, 2013.

Securities premium:

Securities premium reserve is used to record the premium on issuance of equity shares. This reserve can be utilised as per the provisions of the Companies Act, 2013.

Stock Options Outstanding account:

Stock option outstanding account is used to record the impact of employee stock option plans. Refer note 43 for further details of this plan.

Hedge instruments through other comprehensive income (OCI):

It represents the cumulative gains/ (losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

24. Revenue from operations

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest Income		
At Amortised Cost		
Interest on:		
- Loans	648.37	496.21
- Fixed deposits	1.64	1.73
- Others	0.09	0.05
At Fair Value through Profit and loss		
Interest on:		
- Corporate Bonds	0.39	1.40
- Treasury Bills	4.23	1.97
- Government Securities	2.44	-
- Commercial papers	1.32	0.78
Gain on derecognition of financial instruments under amortised cost category	52.35	21.28
Net gain on fair value changes		
- Realised gain (loss) on investments at FVTPL	1.67	3.38
- Unrealised gain (loss) on investments at FVTPL	7.05	7.94
Other charges	12.39	12.08
Total	731.94	546.82

Note: Other charges includes application fees, penal interest, foreclosure charges, legal charges etc.

25. Other Income

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Advertisement income	26.90	20.11
Commission income	3.59	2.01
Profit on sale of property, plant and equipment modification of right-to-use assets (net)		
Others	0.15	0.10
Total	30.64	22.22

26. Finance costs

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
At amortized cost		
Interest on debt securities	42.13	33.70
Interest on borrowings (other than debt securities)	376.42	260.74
Interest on subordinated liabilities	6.58	6.60
Interest on lease liabilities	2.35	1.88
Total	427.48	302.92

27. Impairment allowance on financial instruments

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
At Amortised cost		
Impairment allowance on loans	11.87	9.65
Impairment allowance on other financial assets	0.08	0.18
Settlement loss and bad debts written off (net)	6.58	4.42
Total	18.53	14.25

Net off recoveries from bad debts written off cases Rs. Nil (31 March 2024: 0.20 crores)



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

28. Employee benefits expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Salaries and wages	111.72	101.95
Contribution to provident and other funds (refer note 32)	5.63	4.77
Employees share based payment expense (refer note 43)	0.29	1.27
Gratuity expense (refer note 32)	1.70	1.58
Staff welfare expenses	6.10	3.91
Total	125.44	113.48

29. Other expenses

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Rent	2.02	2.48
Rates and taxes	1.10	0.25
Insurance	0.36	0.17
Repairs and maintenance		
-Building	1.62	1.63
-Others	0.02	0.10
Contractual staff cost	35.08	29.10
Recruitment and training	1.43	0.95
Loan processing charges	13.65	9.57
Communication	1.46	0.97
Printing and stationery	1.79	2.64
Bank charges	0.28	0.17
Travelling and conveyance	6.97	5.20
Advertisement and marketing	1.16	1.04
Information technology	14.39	10.64
Legal and professional (refer note 29.1)	14.74	9.06
Director's fees	0.52	0.55
Loan collection charges	3.42	3.32
Business support services	3.75	3.30
Loan service expense	2.87	1.47
Loss on sale of property, plant and equipment modification of right-to-use assets (net)	0.93	0.25
Miscellaneous	6.51	4.41
Total	114.07	87.27

29.1 Provision and or payment in respect of auditors remuneration (exclusive of taxes)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Audit fee (including limited review)	0.24	0.24
Tax audit*	0.03	0.02
Certification fees	0.05	0.05
Other Services	0.03	-
Out of pocket expenses	0.03	0.03
Total	0.38	0.34

* Indicates amount provided for paid to other than statutory auditor for the year ended 31 March 2025 amounting to Rs. 0.03 crores (31 March 2024: Rs. 0.02 crores)



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

30. Earnings per equity share (Face value Rs 10)

Basic earnings per share (EPS) is calculated by dividing the net profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. The following table shows the profit / (loss) and share data used in the basic and diluted EPS calculations:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Net profit/ (loss) for the year after tax (A)	51.10	36.10
Calculation of weighted average number of equity shares (Basic)		
Number of equity shares outstanding at the beginning of the year	62,98,07,999	62,92,27,499
Number of equity shares issued during the year	8,55,938	5,80,500
Number of equity shares outstanding at the end of the year	63,06,63,937	62,98,07,999
Nominal value of equity share	10	10
Weighted average number of equity shares outstanding during the year (B)	63,00,80,624	62,95,47,040
Basic earnings per share of face value of Rs. 10 each (A)/(B)	0.81	0.57
Weighted average number of equity shares (Diluted)		
Weighted average number of equity shares outstanding during the year	63,00,80,624	62,95,47,040
Add: Number of potential equity share in respect of employee stock option scheme	10,10,623	11,99,062
Weighted average number of potential equity shares	63,10,91,247	63,07,46,102
Weighted average number of potential equity shares (C)	63,10,91,247	63,07,46,102
Diluted earnings per share of face value of Rs. 10 each (A)/(C)	0.81	0.57



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

31. 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 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:

The Company provides a wide portfolio of financial products including housing loan and non- housing loan.

	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest income from various portfolio		
- Housing loan	424.21	334.55
- Non-housing loan	224.17	161.66
- Others	10.10	5.93
	658.48	502.14

b) Revenue from external customers

The entire sales of the Company are made to customers which are domiciled in India.

c) Information about major customers (from external customers):

The Company does not derive revenues, from any single customer, amounting to 10 per cent or more of Company's revenues.

32. Employee benefit plans**32.1 Defined contribution plan**

The Company makes monthly contribution towards Provident Fund which is a defined contribution plan. 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:

	For the year ended 31 March 2025	For the year ended 31 March 2024
Employer's contribution to provident fund and others	5.63	4.77

32.2 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 Payment of Gratuity Act, 1972, whichever is earlier.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

i) Reconciliation of the net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

Particulars	As at 31 March 2025	As at 31 March 2024
Balance at the beginning of the year	4.34	3.27
Included in statement of profit or loss		
Current service cost	1.40	1.34
Net interest expense/(income)	0.31	0.24
Acquisition adjustment	-	-
Benefits paid	(0.29)	(0.18)
Sub total included in profit or loss	1.42	1.40
Remeasurement (gains)/ losses in other comprehensive (income) / loss		
Actuarial (gain) / loss arising from:		
- demographic assumptions	(0.42)	(0.22)
- financial assumptions	0.24	0.09
- experience adjustment	(0.40)	(0.20)
	(0.58)	(0.33)
Other		
Contributions paid by the employer	-	-
	-	-
Balance at the end of the year	5.18	4.34

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

ii) Expense recognized in statement of profit and loss:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Current service cost	1.40	1.34
Net interest expense (income)	0.31	0.24
Acquisition adjustment	-	-
Total	1.71	1.58

iii) Expense recognized in other comprehensive (income) / loss:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Remeasurement losses		
Actuarial (gain) loss arising from:		
- demographic assumptions	(0.42)	(0.22)
- financial assumptions	0.24	0.09
- experience adjustment	(0.40)	(0.20)
	(0.58)	(0.33)

iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at 31 March 2025	As at 31 March 2024
Discount rate	6.55%	7.15%
Future salary growth*	10.00%	10.00%
Withdrawal rate	10%-20%	10%-15%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age (years)	58 years	58 years

*The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market etc.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

v) 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.

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	4.88	5.50	4.04	4.68
Future salary growth (1% movement)	5.42	4.95	4.60	4.09
Attrition rate (50% of attrition rates)	4.70	5.98	4.00	4.86
Mortality rate (10% of mortality rates)	5.18	5.18	4.34	4.34

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.

vi) Expected maturity analysis of the defined benefit plan in future years (valued on undiscounted basis):

Duration (years)	As at 31 March 2025	As at 31 March 2024
within the next 12 months	0.49	0.32
Between 2 to 5 years	2.62	1.83
Above 5 years	5.03	5.96
	8.14	8.11

As at 31 March 2025, the weighted average duration of the defined benefit obligation is 6 years (31 March 2024: 7 years).

vii) Other long term employee benefit plan

Other long term employee benefit plan comprises compensated absences. The Company operates compensated absences plan (earned leaves), where in every employee is entitled to the benefit equivalent to 15 days salary for every completed year of service which is subject to maximum of 60 days accumulation of leaves. The same is payable during early retirement, withdrawal of scheme, resignation by employee and upon death of employee. The salary for calculation of earned leave are last drawn basic salary. The amount of the provision of Rs. 4.68 crores (31 March 2024: Rs.4.14 crores) is liability as per the actuarial report.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

33. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at 31 March 2025			As at 31 March 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	1.11	-	1.11	70.44	-	70.44
Bank balance other than cash and cash equivalents	15.39	-	15.39	15.13	-	15.13
Derivative financial instruments	0.27	-	0.27	0.05	-	0.05
Loans	1,118.10	4,965.93	6,084.03	1,048.05	3,902.52	4,950.57
Investments	397.53	25.00	422.53	263.07	-	263.07
Other financial assets	29.34	66.74	96.08	17.46	40.87	58.33
Non-Financial Assets						
Current tax assets (net)	-	4.22	4.22	-	1.92	1.92
Deferred tax assets (net)	-	-	-	-	-	-
Property, Plant and Equipment	-	23.42	23.42	-	27.59	27.59
Right-of-use assets	-	23.12	23.12	-	27.67	27.67
Capital work-in-progress	-	-	-	-	-	-
Intangible assets	-	21.60	21.60	-	17.93	17.93
Intangible assets under development	-	2.62	2.62	-	0.75	0.75
Other non-financial assets	25.59	0.03	25.62	21.80	0.00	21.80
Total assets	1,587.34	5,132.67	6,720.01	1,436.00	4,019.25	5,455.25
Liabilities						
Financial Liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises; and	1.33	-	1.33	0.52	-	0.52
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19.52	-	19.52	28.13	-	28.13
Debt securities	481.66	406.16	887.82	383.44	24.97	408.41
Borrowings (other than debt securities)	713.76	4,050.83	4,764.59	791.34	3,194.19	3,985.53
Subordinated liabilities	1.52	74.68	76.20	1.53	74.62	76.15
Lease liabilities	5.65	18.49	24.14	6.11	21.03	27.14
Other financial liabilities	78.23	-	78.23	108.83	8.75	117.58
Non financial Liabilities						
Deferred tax liabilities (net)	-	5.05	5.05	-	-	-
Provisions	1.35	8.51	9.86	0.92	7.56	8.48
Other non-financial liabilities	4.94	-	4.94	5.87	-	5.87
Total liabilities	1,307.96	4,563.72	5,871.68	1,326.69	3,331.12	4,657.81
Net	279.38	568.95	848.33	109.31	688.13	797.44



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

34. Change in liabilities arising from financing activities

Particulars	As at 1 April 2024	Cash flows	Others *	As at 31 March 2025
Lease liabilities	27.14	(8.26)	5.26	24.14
Debt securities	408.41	499.95	(20.54)	887.82
Borrowings (other than debt securities)	3,985.53	778.96	0.10	4,764.59
Subordinated liabilities	76.15	-	0.05	76.20
Total liabilities from financing activities	4,497.23	1,270.65	(15.13)	5,752.75

Particulars	As at 1 April 2023	Cash flows	Others *	As at 31 March 2024
Lease liabilities	6.53	(6.68)	27.29	27.14
Debt securities	485.57	(86.26)	9.10	408.41
Borrowings (other than debt securities)	2,682.54	1,301.11	1.88	3,985.53
Subordinated liabilities	76.08	-	0.07	76.15
Total liabilities from financing activities	3,250.72	1,208.17	38.34	4,497.23

*Includes discount on commercial papers amortized during the year, adjustment for effective interest rate and adjustment on account of lease creation/ modification/ termination.

35. Contingent liabilities and commitments

Particulars	As at 31 March 2025	As at 31 March 2024
Contingent liability (Refer note 35.1 below)	0.02	0.02
Capital commitment		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2.35	2.32
Other commitments (sanctioned but undisbursed loans)		
Commercial Real Estate (CRE)	261.14	179.62
Others	131.18	365.07
	394.69	547.03

35.1 The Company's pending tax litigations comprises claims against the Company pertaining to proceedings pending with income tax authorities amounting to Rs.0.02 crores (31 March 2024: Rs. 0.02 crores). The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

35.2 The Hon'ble Supreme Court of India, vide their ruling dated 28 February 2019, set out the principles based on which certain allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed by a third party and is pending before the Supreme Court for disposal. In view of the management, pending decision on the subject review petition and directions from the EPFO, the management has a view that the applicability of the decision is prospective and the impact of this, if any, is expected to be insignificant.

35.3 The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contract has been made in the books of account.

35.4 The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial results following the Code becoming effective and the related rules being framed and notified.

35.5 The Company has provided bank guarantee amounting to Rs. 0.25 crores (31 March 2024: Rs. 0.25 crores) 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.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

36. The Company has not given any loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act 2013) either severally or jointly with any other person that are:

- (a) repayable on demand
- (b) without specifying any terms or period of repayment

37. Related party transactions**List of related parties:****(a) Holding Company**

Hero FinCorp Limited

b) Directors and Key managerial personnel (KMP):

Mr. Abhimanyu Munjal – Vice-Chairman & Non Executive Director
 Ms. Renu Munjal – Chairperson
 Mr. Rahul Munjal – Director
 Mr. Apul Nayyar – Chief Executive Officer and Executive Whole Time Director
 Mr. Dhoop Mittal – Chief Financial Officer
 Ms. Suruchi Jassi- Company Secretary
 Mr. Nagesh Dinkar Pinge – Independent Director
 Ms. Geeta Mathur – Independent Director

c) Private company in which a director or his relative is a director:

Ummed Housing Finance Private Limited
 Cosmic Kitchen Private Limited

Transactions with related parties during the year :

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
(a) Transaction with parties in respect of which the Company is a Subsidiary Company:		
Hero FinCorp Limited		
Proceeds from equity allotment (including security premium)	-	-
Rental and other Charges	2.24	3.17
Cross charge of expense (net)	0.00	0.07
Sourcing Commission Income	-	-
Purchase of property plant & equipments	-	1.50
Sale of fixed assets (Vehicles)	0.18	-
Business support services	2.85	2.85
(b) Transaction with parties in which a director or his relative is a director:		
Ummed Housing Finance Private Limited		
Purchase of Assignment Pool	-	-
Receipt of Processing fees	-	-
Service fees expense	0.02	0.02
Cosmic Kitchen Private Limited		
Staff welfare expenses	0.03	0.05
(c) Transactions with directors and key management personnel :		
Short term employee benefits (net of reversal)	8.14	7.98
Other long-term benefits*	-	-
Employee stock option expense	0.14	0.55
Reimbursement of expenses	0.14	0.13
Director sitting fees	0.48	0.50

* Does not include gratuity and compensated absences as these are provided based on the Company as a whole.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

Outstanding balances at the year end :

Particulars	As at 31 March 2025	As at 31 March 2024
(a) Outstanding balance due to the Holding Company:		
Amount payable as at year end	-	4.88
(b) Outstanding balance due to the directors and key management personnel:		
Salary and wages payable	5.29	3.00
Post-employment benefits*	-	-
Other long-term benefits*	-	-
Loan amount outstanding	-	-
Interest accrued but not due	-	-
Director sitting fees payable	-	-

* Does not include gratuity and compensated absences as these are provided based on the Company as a whole.

There are no transactions in the nature of Loans, Investments, Borrowings, Advances, Placement of Deposits with any of the related party, hence no disclosure required related to Maximum Outstanding amount during the year ended 31 March 2025 and 31 March 2024.

All the above mentioned related party transactions that were entered into by the Company during the year were on arm's length basis and were in the ordinary course of business.

38. Capital

The Company actively manages its capital to meet regulatory norms as prescribed by Reserve Bank of India (RBI)/ National Housing Bank (NHB) and current and future business needs considering the risks in its business, expectation of rating agencies, shareholders and investors and the available options of raising capital. No changes have been made to the objectives, policies and processes from the previous financial year.

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 flows are monitored, borrowing covenants are honoured and ratings are maintained.

The Company is subject to the capital adequacy norms stipulated by the RBI/ NHB directions on Capital Adequacy. These directions require the Company to maintain a minimum ratio of total capital to risk weighted assets of 15%. The total Tier-II capital should not exceed Tier-I capital. The Company has complied in full, with the directions on capital adequacy issued by RBI/ NHB.

Monitoring and reporting

The Board of Directors maintains an active oversight over the Company's capital adequacy levels. On a half yearly basis an analysis of the capital adequacy position and the risk weighted assets are reported to the Board.

39. Additional regulatory information:

a) The Company does not have any subsidiary/ associate / joint venture. Hence, the compliance related to the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable on the Company.

b) Analytical Ratios

Particulars	Formulae for computation of ratios	Ratios
i) Capital to risk-weighted assets ratio (CRAR)	Tier I CRAR = Tier II CRAR	Refer note 45
ii) Tier I CRAR	Tier I Capital / Risk Weighted Assets	Refer note 45
iii) Tier II CRAR	Tier II Capital / Risk Weighted Assets	Refer note 45
iv) Liquidity Coverage Ratio		Refer note 47.2

c) The Company has not applied for any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013.

d) The Company has not traded or invested in crypto currency or virtual currency during the year.

e) The Company neither have any transactions during the year nor having any outstanding Balance as at 31 March 2025 with companies whose name is Struck off under section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956

f) The company has not given any loan or invested funds to any persons, entities (intermediaries) with the understanding that 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.

b) provide any guarantee, security or the like to or on behalf of the Company.

The Company has not received any fund from any person, entities (Funding Party) with the understanding 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.

b) provide any guarantee, security or the like on behalf of the Funding Party.

40. Leases

The Company had total cash outflows for leases of Rs. 10.28 crores in 31 March 2025 (31 March 2024 : Rs. 9.16 crores) including expense of Rs. 2.02 crores (31 March 2024 : 2.48 crores) relating to short term leases. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

The maturity analysis of lease liabilities are disclosed in Note 33.



41. 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) recognized and measured at fair value and

(b) measured at amortized 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.

As at 31 March 2025	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents*	-	-	1.11	1.11	-	-	-
Bank balance other than cash and cash equivalents*	-	-	15.39	15.39	-	-	-
Derivative financial instruments	-	0.27	-	0.27	-	0.27	-
Loans	-	-	6,084.03	6,084.03	-	-	6,084.03
Investments	422.53	-	-	422.53	371.68	25.85	25.00
Other financial assets*	-	-	96.08	96.08	-	-	-
	422.53	0.27	6,196.61	6,619.41	371.68	26.12	6,109.03

Financial liabilities

Derivative financial instruments	-	-	-	-	-	-	-
Trade Payables:*							
(i) total outstanding dues of micro enterprises and small enterprises; and	-	-	1.33	1.33	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	19.52	19.52	-	-	-
Debt securities	-	-	887.82	887.82	-	-	895.56
Borrowings (other than debt securities)	-	-	4,764.59	4,764.59	-	-	4,766.14
Subordinated liabilities	-	-	76.20	76.20	-	-	76.13
Lease liabilities*	-	-	24.14	24.14	-	-	-
Other financial liabilities*	-	-	78.23	78.23	-	-	-
	-	-	5,851.83	5,851.83	-	-	5,737.83

As at 31 March 2024	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents*	-	-	70.44	70.44	-	-	-
Bank balance other than cash and cash equivalents*	-	-	15.13	15.13	-	-	-
Derivative financial instruments	-	0.05	-	0.05	-	0.05	-
Loans	-	-	4,950.57	4,950.57	-	-	4,950.57
Investments	263.07	-	-	263.07	236.71	26.36	-
Other financial assets*	-	-	58.33	58.33	-	-	-
	263.07	0.05	5,094.47	5,357.59	236.71	26.41	4,950.57
Financial liabilities							
Derivative financial instruments	-	-	-	-	-	-	-
Trade Payables:*							
(i) total outstanding dues of micro enterprises and small enterprises; and	-	-	0.52	0.52	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	28.13	28.13	-	-	-
Debt securities	-	-	408.41	408.41	-	-	408.33
Borrowings (other than debt securities)	-	-	3,985.53	3,985.53	-	-	3,982.64
Subordinated liabilities	-	-	76.15	76.15	-	-	75.50
Lease liabilities*	-	-	27.14	27.14	-	-	-
Other financial liabilities*	-	-	117.58	117.58	-	-	-
	-	-	4,643.46	4,643.46	-	-	4,466.47



The carrying amount of Cash and Cash equivalents, bank balance other than cash and cash equivalents, other financial assets, trade payable, lease liabilities and other financial liabilities approximates the fair value, due to their short-term nature.

(b) Valuation framework

The finance department of the Company includes a personnel that performs / reviews the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

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.

Below mentioned valuation techniques are used in measuring Level 1, Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

Loans

The fair value of loan and advances are estimated by discounted cash flow models. For loans, the fair value represent the discounted value of the expected future cash flow. Fair value is then reduced by the impairment loss allowance on loans which is already calculated incorporating probability of default and loss given defaults.

Debt securities, borrowings (other than debt securities) and subordinated liabilities

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.

There were no transfers between levels during the year.

Investment

Investment in mutual fund are fair valued using NAV at reporting date. Investment in government securities, commercial paper, corporate bond are fair valued at reporting date. For rest of the investment based to the information available from external sources management believes that carrying value of the investments approximates the fair value.



42. Risk management framework

42.1 Risk profile and risk mitigation

Risk management structure and Company's risk profile

The Company's Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has 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 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 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.

42.2 Credit risk

Credit risk arises from loans, cash and cash equivalents, investments 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 loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on the 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 delivery 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 on a and is reviewed by the Board on quarterly basis.

(b) Definition of default

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) in all cases when the borrower becomes 90 days past due on its contractual payments. Further in compliance with the RBI circular dated 12 November 2021, financial instrument is continued to be considered as Stage 3 (credit-impaired) till the time all the overdue EMIs 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.

(c) Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the loan has not been previously derecognised and is still in the portfolio. The Company collects performance and default information about its credit risk exposures by type of product. The Company analyses the data collected and generate estimates of the PD of exposures.

(d) Exposure at default

The exposure at default is an exposure at a default date. The exposure at default (EAD) represents the gross carrying amount 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.



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LGD for the entire portfolio has been computed basis the actual loss observed over a period of time on defaulted assets. The LGD is computed and compared against the floor given by RBI and higher of the two is taken as LGD.

(f) Significant increase in credit risk

The Company continuously monitor all the financial 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 considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

g) Expected credit loss on Loans

The Company calculates ECL based on a probability-weighted scenario. 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.

The Company considers defaulted assets as those which are contractually past due 90 days. Financial assets which are contractually past due 30 days but less than 90 days are classified under Stage 2. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default.

h) Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Property Price Index, Unemployment rates, Real Wages Rate, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD determined by the Company based on its internal data.

i) During the year, the Company reviewed and updated its Expected Credit Loss (ECL) model in line with the evolving nature of the Company's portfolio of Loan Assets. This review resulted in refinements to key parameters such as Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). The update represents a change in accounting estimate in accordance with applicable Indian accounting standards (Ind AS). There is no material impact of this change in the financial statements for the year ended 31 March 2025.

42.2.1 Analysis of risk concentration

The Company's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure (including sanctioned but not disbursed) to any individual client or counterparty was Rs. 40.21 crores as at 31 March 2025 and 45.00 crores 31 March 2024 respectively.

The following table provides information about the exposure to credit risk and expected credit loss for loans, trade receivables and other financial assets:

Loans measured at amortized cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance
As at 31 March 2025			
Stage 1 assets	5,864.44	0.19%	10.93
Stage 2 assets	172.62	10.99%	18.97
Stage 3 assets	107.18	28.28%	30.31
	6,144.24		60.21

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance
As at 31 March 2024			
Stage 1 assets	4,785.96	0.38%	18.18
Stage 2 assets	121.16	2.48%	3.00
Stage 3 assets	91.78	29.58%	27.15
	4,998.90		48.33

For detail on credit impaired assets please refer note 7.1



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Collateral and other credit enhancements

The collateral loan to value (LTV) norms are in line with the RBI guidelines and the internal credit policy framework of the Company.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

As at 31 March 2025	Fair value of collateral and credit enhancements held				
	Maximum exposure to credit risk	Immovable property*	Other collateral	Net exposure	Associated ECLs
Cash and cash equivalents	1.11	-	-	1.11	-
Bank balance other than cash and cash equivalents	15.39	-	-	15.39	-
Derivative financial instruments	0.27	-	-	0.27	-
Loans:					
Housing loans	4,089.17	9,228.89	-	(5,139.72)	37.42
Non-housing loans	2,055.07	6,584.09	-	(4,529.02)	22.79
Loans and advances to employees	-	-	-	0.00	-
Investments	422.53	-	-	422.53	-
Other financial assets	96.08	-	-	96.08	-
Total financial assets	6,679.62	15,812.98	-	(9,133.36)	60.21

As at 31 March 2024	Fair value of collateral and credit enhancements held				
	Maximum exposure to credit risk	Immovable property*	Other collateral	Net exposure	Associated ECLs
Cash and cash equivalents	70.44	-	-	70.44	-
Bank balance other than cash and cash equivalents	15.13	-	-	15.13	-
Derivative financial instruments	0.05	-	-	0.05	-
Loans:					
Housing loans	3,320.74	6,899.52	-	(3,578.77)	33.34
Non-housing loans	1,678.16	4,630.15	-	(2,951.99)	14.99
Investments	263.07	-	-	263.07	-
Other financial assets	58.33	-	-	58.33	-
Total financial assets	5,405.92	11,529.67	-	(6,123.75)	48.33

Particulars	Fair value of collateral on credit impaired assets held				
	Maximum exposure to credit risk	Immovable property*	Other collateral	Net exposure	Associated ECLs
As at 31 March 2025	107.18	165.65	-	(58.47)	30.31
As at 31 March 2024	91.78	138.14	-	(46.36)	27.15

* Fair valuation of immovable property is disclosed basis on the valuation reports available at the time of disbursement of loans.

Percentage of outstanding loans granted against the collateral gold jewellery to the outstanding total assets is Nil (previous year: Nil).

The following tables stratify credit exposures from advances to customers as on reporting date by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the disbursed amount of the loan to the value of the collateral at the time of disbursal. The value of the collateral for loans is based on the collateral value at origination.

LTV ratio	As at 31 March 2025	As at 31 March 2024
Upto 50%	1,985.23	1,240.00
50-60%	841.23	571.90
60-75%	1,700.97	1,311.17
>75%	1,543.68	1,799.64
Total	6,071.11	4,922.71



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42.3 Liquidity risk

Liquidity risk arises as Company has contractual financial liabilities that are required to be serviced & redeemed as per committed timelines and in the business of lending where money is required for the disbursement & creation of financial assets to address the going concern of Company.

Liquidity risk management is imperative to Company as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with their operations. The Company with the help of ALCO committee, ALM policy & Liquidity Desk, monitors the Liquidity risk and uses structural, dynamic liquidity statements and cash flow statements as a mechanism to address this.

The Company aims to maintain the level of its cash equivalents, in hand bank sanctions, un-utilized borrowing lines and cash inflows at an amount in excess of expected cash outflows on financial liabilities over the next one year .

Particulars	As at 31 March 2025	As at 31 March 2024
Expected contractual cash inflow/(outflow) of financial assets and financial liabilities (including commitments)	(115.92)	(446.85)
In hand bank sanction and un-utilized borrowing lines	1,065.00	539.41

Maturities of financial instruments

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2025 and 31 March 2024

As at 31 March 2025	On demand	Less than 1 year	1-5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	1.11	-	-	-	1.11
Bank balance other than cash and cash equivalents	-	15.39	-	-	15.39
Derivative financial instruments	-	0.27	-	-	0.27
Loans *	-	1,118.10	3,010.11	1,987.07	6,115.28
Investments	-	397.53	-	25.00	422.53
Other financial assets	-	31.18	66.23	27.05	124.46
Total undiscounted financial assets	1.11	1,562.46	3,076.34	2,039.13	6,679.04
Financial liabilities					
Trade payables	-	20.85	-	-	20.85
Debt securities *	-	462.86	400.00	25.00	887.86
Borrowings (other than debt securities) *	-	713.76	3,423.25	626.95	4,763.96
Subordinated liabilities *	-	1.52	25.00	50.00	76.52
Lease liabilities	-	7.59	17.94	4.34	29.87
Other financial liabilities	-	78.23	-	-	78.23
Total undiscounted financial liabilities	-	1,284.81	3,866.19	706.29	5,857.29
Net undiscounted financial assets/(liabilities)	1.11	277.65	(789.86)	1,332.84	821.74
Total Commitments	394.69	-	-	-	394.69



(All amounts are in Rupees crores, except share data and unless otherwise stated)

*This represents maturities of loans and borrowings excluding expected credit loss adjustments, unamortized loan origination cost and unamortised borrowing cost.

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, etc. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while maximizing the return.

The Company uses a mix of cash and borrowings to manage the liquidity and fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates. Interest rate risk on variable borrowings is managed by way of regular monitoring borrowing rate.

Loans/Borrowings **	Floating rate instruments	Fixed rate instruments
Financial Assets		
31 March 2025	5,921.65	222.59
31 March 2024	4,692.08	306.82
Financial liabilities		
31 March 2025	4,317.37	1,411.24
31 March 2024	3,804.42	665.67

The Company gives loans at an internally decided base reference interest rate and add premium on it considering credit risk and other factors. Hence, interest rate varied from customer to customer. The Company reserves the right to change the base rate being charged to customer on the basis of internal policies and at the Company's discretion. Accordingly, the loans above have been classified as floating rate instruments.

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 / loss before tax
Movement in interest rates	For the year ended 31 March 2025
1.00%	16.04
(1.00%)	(16.04)



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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 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:

Particulars	As at March 31, 2025	As at March 31, 2024
Investments carried at FVTPL valued using quoted prices in active market	397.53	263.07
Impact on profit / loss before tax		
Movement in interest rates	For the year ended 31 March 2025	For the year ended 31 March 2024
5.00%	19.88	13.15
(5.00%)	(19.88)	(13.15)

42.5 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 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 hedge 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 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 period expressed in INR, are as follows:

Foreign currency exposure	Currency	Notional Value (USD in millions)	As at 31 March 2025	As at 31 March 2024
Borrowings (other than debt securities)	USD	20	172.93	25.26
Trade payables	USD	-	-	-

Movement in cash flow hedge reserve

Derivative instruments	Foreign exchange contracts
As at April 1, 2023	(0.44)
Add: changes in discounted spot element of foreign exchange contracts	0.30
Add: MTM gain/Loss of Derivative contracts	(0.07)
Less: amount reclassified to P&L	-
Less: Deferred tax relating to above	-
As at March 31, 2024	(0.21)
Add: changes in discounted spot element of foreign exchange contracts	(2.84)
Add: MTM gain/Loss of Derivative contracts	0.27
Less: amount reclassified to P&L	-
Less: Deferred tax relating to above	0.70
As at March 31, 2025	(2.08)

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. Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk.

Foreign currency exposure	Impact on profit after tax		Impact on other comprehensive income	
	For the year ended 31 March 2025	For the year ended 31 March 2024	For the year ended 31 March 2025	For the year ended 31 March 2024
USD				
'Borrowings (other than debt securities) +5%	-	-	(8.65)	(1.26)
'Borrowings (other than debt securities) -5%	-	-	8.65	1.26



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	Impact on profit after tax		Impact on other comprehensive income	
	For the year ended 31 March 2025	For the year ended 31 March 2024	For the year ended 31 March 2025	For the year ended 31 March 2024
Foreign currency exposure				
USD				
1.00%	-	-	(1.73)	(0.25)
(1.00%)	-	-	1.73	0.25

42.6 Modified financial assets

Particulars	As at 31 March 2025	As at 31 March 2024
Amortized cost of modified assets at the time of modification during the year	-	-
Modification gain/ (loss) for the year	-	-
Carrying cost of the modified financial assets	0.31	0.52



43. Employee Stock Option Plan

The Employee Stock Option Plan titled "ESOP 2018" or "the Plan" was first approved by the shareholders of the Company in its meeting held on 21 September 2018 and further amended and approved by the shareholders of the Company vide special resolution dated 30 June 2020. The Plan covers pool of 2,29,00,000 options. The Plan allows the issue of options to employees of the Company which are convertible to one equity share of the Company. As per the Plan, 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. Options may be exercised by the employees on each anniversary as and when the options get vested or thereafter or occurrence of any liquidity event, whichever is earlier, subject to a maximum exercise period of 5 years from the date of vesting of such options. The fair value as on the date of the grant of the options, representing stock compensation expense, is expensed over the vesting period.

Plan*	Number of options granted (Nos.)	Grant date	Number of Options outstanding	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2018* - Tranche 1	12,00,000	24-Sep-18	5,07,000	24-Sep-24	10	4.69
ESOP 2018* - Tranche 2	30,00,000	24-Sep-18		24-Sep-25	10	5.34
ESOP 2018* - Tranche 3	36,00,000	24-Sep-18		24-Sep-26	10	5.87
ESOP 2018* - Tranche 4	42,00,000	24-Sep-18		24-Sep-27	10	6.33

* Approved by shareholders dated 21 September 2018

Plan**	Number of options granted (Nos.)	Grant date	Number of Options outstanding	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2018** - Tranche 1	8,50,000	01-Jul-20	67,87,500	01-Jul-26	10	4.84
ESOP 2018** - Tranche 2	21,25,000	01-Jul-20		01-Jul-27	10	5.33
ESOP 2018** - Tranche 3	25,50,000	01-Jul-20		01-Jul-28	10	5.81
ESOP 2018** - Tranche 4	29,75,000	01-Jul-20		01-Jul-29	10	6.22

Plan**	Number of options granted (Nos.)	Grant date	Number of Options outstanding	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2018** - Tranche 1	2,16,000	01-Dec-21	14,00,000	01-Dec-27	12	5.45
ESOP 2018** - Tranche 2	5,40,000	01-Dec-21		01-Dec-28	12	5.95
ESOP 2018** - Tranche 3	6,48,000	01-Dec-21		01-Dec-29	12	6.49
ESOP 2018** - Tranche 4	7,56,000	01-Dec-21		01-Dec-30	12	6.97

Plan**	Number of options granted (Nos.)	Grant date	Number of Options outstanding	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2018** - Tranche 1	45,000	01-May-22	22,500	01-May-28	12	7.79
ESOP 2018** - Tranche 2	1,12,500	01-May-22		01-May-29	12	8.40
ESOP 2018** - Tranche 3	1,35,000	01-May-22		01-May-30	12	9.00
ESOP 2018** - Tranche 4	1,57,500	01-May-22		01-May-31	12	9.57



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Plan**	Number of options granted (Nos.)	Grant date	Number of Options outstanding	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2018** - Tranche 1	30,380	01-Apr-23	2,55,740	31-Mar-29	20	7.19
ESOP 2018** - Tranche 2	75,950	01-Apr-23		31-Mar-30	20	8.09
ESOP 2018** - Tranche 3	91,140	01-Apr-23		31-Mar-31	20	8.85
ESOP 2018** - Tranche 4	1,06,330	01-Apr-23		31-Mar-32	20	9.59

Plan**	Number of options granted (Nos.)	Grant date	Number of Options outstanding	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2018** - Tranche 1	12,949	01-May-23	1,21,054	01-May-29	21.2	6.50
ESOP 2018** - Tranche 2	32,373	01-May-23		01-May-30	21.2	7.39
ESOP 2018** - Tranche 3	38,848	01-May-23		01-May-31	21.2	8.19
ESOP 2018** - Tranche 4	45,322	01-May-23		01-May-32	21.2	8.94

Plan**	Number of options granted (Nos.)	Grant date	Number of Options outstanding	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date (Rs.)
ESOP 2018** - Tranche 1	5,000	01-Aug-23	50,000	01-Aug-29	21.2	6.50
ESOP 2018** - Tranche 2	12,500	01-Aug-23		01-Aug-30	21.2	7.39
ESOP 2018** - Tranche 3	15,000	01-Aug-23		01-Aug-31	21.2	8.19
ESOP 2018** - Tranche 4	17,500	01-Aug-23		01-Aug-32	21.2	8.94

** Amended and approved by shareholders dated 30 June 2020

Fair value of share options granted during the year

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 (For grant date 24 September 2018)	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	4.69	5.34	5.87	6.33
Weighted Average share price (Rs.)	11.24	11.24	11.24	11.24
Exercise price (Rs.)	10	10	10	10
Expected volatility (%)**	35.61	36.29	36.09	35.69
Option life (Years)	3.50	4.50	5.50	6.50
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	7.94	8.03	8.09	8.13

Particulars (For grant date 1 July 2020)	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	4.84	5.33	5.81	6.22
Weighted Average share price (Rs.)	11.46	11.46	11.46	11.46
Exercise price (Rs.)	10	10	10	10
Expected volatility (%)**	43.4	41.5	40.5	39.4
Option life (Years)	3.50	4.50	5.50	6.50
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	4.81	5.20	5.51	5.76



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

Particulars (For grant date 1 December 2021)	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	5.45	5.95	6.49	6.97
Weighted Average share price (Rs.)	12.76	12.76	12.76	12.76
Exercise price (Rs.)	12	12	12	12
Expected volatility (%)**	47.92	44.95	43.7	42.51
Option life (Years)	3.50	4.50	5.50	6.50
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	5.18	5.53	5.83	6.08

Particulars (For grant date 1 May 2022)	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	7.79	8.40	9.00	9.57
Weighted Average share price (Rs.)	16.96	16.96	16.96	16.96
Exercise price (Rs.)	12	12	12	12
Expected volatility (%)**	28.19	25.75	24.07	23.2
Option life (Years)	3.5	4.5	5.5	6.5
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	6.20	6.51	6.73	6.90

Particulars (For grant date 1 April 2023)	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	7.19	8.09	8.85	9.59
Weighted Average share price (Rs.)	21.2	21.2	21.2	21.2
Exercise price (Rs.)	20	20	20	20
Expected volatility (%)**	27.63	26.08	24.32	23.02
Option life (Years)	3.5	4.5	5.5	6.5
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	7.12	7.14	7.14	7.15

Particulars (For grant date 1 May 2023)	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	6.5	7.39	8.19	8.94
Weighted Average share price (Rs.)	21.2	21.2	21.2	21.2
Exercise price (Rs.)	21.2	21.2	21.2	21.2
Expected volatility (%)**	27.36	25.69	24.13	22.81
Option life (Years)	3.5	4.5	5.5	6.5
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	6.86	6.92	6.96	7.00

Particulars (For grant date 1 Aug 2023)	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	6.5	7.39	8.19	8.94
Weighted Average share price (Rs.)	21.2	21.2	21.2	21.2
Exercise price (Rs.)	21.2	21.2	21.2	21.2
Expected volatility (%)**	27.36	25.69	24.13	22.81
Option life (Years)	3.5	4.5	5.5	6.5
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)*	6.86	6.92	6.96	7.00

* The risk free rate considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

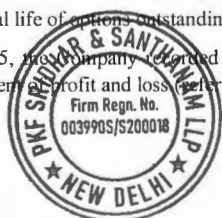
** Expected volatility is based on volatility of similar listed enterprises.

Movement in stock options during the year

Particulars	For the year ended 31 March 2025		For the year ended 31 March 2024	
	Number of options (Nos.)	Weighted average fair value of the options at grant date (Rs.)	Number of option (Nos.)	Weighted average fair value of the options at grant date (Rs.)
(i) Outstanding at the beginning of the year	1,03,30,292	6.23	1,04,27,500	5.39
(ii) Granted during the year	-	-	4,83,292	8.50
(iii) Forfeited during the year	3,30,560	-	-	-
(iv) Exercised during the year	8,55,938	-	5,80,500	-
(v) Outstanding at the end of the year	91,43,794	6.03	1,03,30,292	6.23
(vi) Exercisable at the end of the year	80,40,641	5.81	53,07,000	5.69

Weighted average remaining contractual life of options outstanding as at year end is 1.17 years. (31 March 2024: 4.75 years)

During the year ended 31 March 2025, the company recorded an employee stock compensation expense of Rs. 0.29 crores (31 March 2024: 1.27 crores) in the statement of profit and loss (refer note 28).



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

44. Schedule to the Balance Sheet of a Non-Banking Financial Company – Housing Finance Company (as required in terms of Annex III as amended from time to time of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021)

S. No.	Particulars	For the year ended 31 March 2025		For the year ended 31 March 2024	
Liabilities side:		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
1	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:				
	(a) Debentures:				
	Secured	431.62	-	263.25	-
	Unsecured	76.20	-	76.15	-
	(other than falling within the meaning of public deposits)				
	(b) Deferred credits	-	-	-	-
	(c) Term loans	4,023.41	-	3,454.33	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial paper	456.20	-	145.16	-
	(f) Public deposits	-	-	-	-
	(g) Other Loans:				
	Other loan from banks- ECB, FCL & Cash Credit	172.93	-	25.85	-
	Additional special refinance facility from National Housing Bank	568.25	-	505.35	-
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-
Assets side:		For the year ended 31 March 2025		For the year ended 31 March 2024	
		Amount outstanding		Amount outstanding	
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:				
	(a) Secured		6,071.10		4,922.71
	(b) Unsecured		73.14		76.19
4	Break up of Leased Assets and stock on hire and other assets counting towards asset financing 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 asset financing activities:				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

5	Break-up of Investments:	For the year ended 31 March 2025	For the year ended 31 March 2024
		Amount outstanding	Amount outstanding
	Current Investments :		
	<u>1. Quoted :</u>		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	25.85	26.36
	(iii) Units of mutual funds	241.98	140.30
	(iv) Government Securities	129.70	96.41
	(v) Others: Commercial paper	0.00	-
	<u>2. Unquoted :</u>		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others: Certificate of deposits	-	-
	Long Term investments :		
	<u>1. Quoted :</u>		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<u>2. Unquoted :</u>		
	(i) Shares :		
	(a) Equity	25.00	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

6	Borrower group-wise classification of assets financed as in (3) and (4) above (net of provisions*):						
	Category	As at 31 March 2025			As at 31 March 2024		
		Secured	Unsecured	Total	Secured	Unsecured	Total
6.1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
6.2	Other than related parties	6,016.37	67.66	6,084.03	4,877.57	73.00	4,950.57
	Total	6,016.37	67.66	6,084.03	4,877.57	73.00	4,950.57

*Net of expected credit loss

7	Investor group-wise classification of all investments (current and long term) in shares and securities both (quoted and unquoted):				
	Category	As at 31 March 2025		As at 31 March 2024	
		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)
7.1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same Group	-	-	-	-
	(c) Other related parties	-	-	-	-
7.2	Other than related parties	422.53	422.53	263.07	263.07
	Total	422.53	422.53	263.07	263.07

8	Other information	As at 31 March 2025	As at 31 March 2024
8.1	Gross non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	107.18	91.78
8.2	Net non-performing assets		
	(a) Related parties	-	-
	(b) Other than related parties	76.87	64.63
8.3	Assets acquired in satisfaction of debt	-	-



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

45. Disclosure of details as required in terms of Annex IV of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions")**A. Minimum Disclosures**

The following additional disclosures have been given in terms of Notification no. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021- Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended, issued by the RBI.

B. Summary of Material Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 3 of Accounting policy to the Financial Statement for the year ended 31 March 2025.

1. Capital

Particulars		As at 31 March 2025	As at 31 March 2024
(i)	CRAR (%)	17.16%	19.60%
(ii)	CRAR - Tier I Capital (%)	15.53%	17.37%
(iii)	CRAR - Tier II Capital (%)	1.63%	2.23%
(iv)	Amount of subordinated debt raised as Tier-II capital*	76.20	76.15
(v)	Amount raised by issue of perpetual debt instruments	-	-

*Represents Tier II subordinate debt amount outstanding.

2. Reserve Fund u/s 29C of NHB Act, 1987

Particulars		As at 31 March 2025	As at 31 March 2024
Balance at the beginning of the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	12.17	4.95
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c)	Total	12.17	4.95
Addition / Appropriation / Withdrawal during the year			
Add:			
a)	Amount transferred u/s 29C of the NHB Act, 1987	10.22	7.22
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
Less:			
a)	Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b)	Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	22.39	12.17
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c)	Total	22.39	12.17



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

3. Investments

Particulars		As at 31 March 2025	As at 31 March 2024
3.1	Value of investments		
(i)	Gross value of investments		
(a)	In India	422.53	263.07
(b)	Outside India	-	-
(ii)	Provision for depreciation		
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments		
(a)	In India	422.53	263.07
(b)	Outside India	-	-
3.2	Movement of provisions held towards depreciation on investments		
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off/ Written-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

4. Derivatives
4.1 Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)

Particulars		As at 31 March 2025	As at 31 March 2024
(i)	The notional principal of swap agreements	172.93	25.26
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	0.27	0.05
(iii)	Collateral required by the HFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps \$	-	-
(v)	The fair value of the swap book @	0.27	0.05

Note:

- (i) Nature and terms of the swaps : Company hedges its exposure to foreign currency and interest rate with respect to external commercial borrowing ('ECB') using CCIRS ('Cross currency interest rate swaps').
- (ii) Accounting policies adopted for recording the swaps - Company has used cashflow hedge accounting methodology for accounting purposes
- \$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.
- @ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the HFC would receive or pay to terminate the swap agreements as on the balance sheet date.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

4.2 Exchange Traded Interest Rate (IR) Derivative

Particulars		As at 31 March 2025	As at 31 March 2024
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-	-
(a)	Nil	-	-
(b)	Nil	-	-
(c)	Nil	-	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March (instrument wise)	-	-
(a)	Nil	-	-
(b)	Nil	-	-
(c)	Nil	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-	-
(a)	Nil	-	-
(b)	Nil	-	-
(c)	Nil	-	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)	-	-
(a)	Nil	-	-
(b)	Nil	-	-
(c)	Nil	-	-

4.3 Disclosures on Risk Exposure in Derivatives
A. Qualitative Disclosure

- The structure and organization for management of risk in derivatives trading,
- The scope and nature of risk measurement, risk reporting and risk monitoring systems,
- Policies for hedging and or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants,
- Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation. - Refer Note 3 for accounting policy.

B. Quantitative Disclosure

Particulars	Currency Derivatives		Interest Rate Derivatives	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
(i) Derivatives (Notional Principal Amount)	172.93	25.26	-	-
(ii) Marked to Market Positions				
(a) Asset (+)	0.27	0.05	-	-
(b) Liability (-)	-	-	-	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

5. Securitization**5.1 Securitization**

The Company has not entered into any securitization transaction during the financial year ended 31 March 2025 and 31 March 2024

Particulars		No. / Amount	
		As at 31 March 2025	As at 31 March 2024
1	No of SPVs sponsored by the HFC for securitisation transactions*	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored	-	-
3	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet	-	-
	(i) Off-balance sheet exposures towards Credit Enhancements	-	-
	(a) Nil	-	-
	(b) Nil	-	-
	(ii) On-balance sheet exposures towards Credit Enhancements	-	-
	(a) Nil	-	-
	(b) Nil	-	-
4	Amount of exposures to securitisation transactions other than MRR	-	-
	(I) Off-balance sheet exposures towards Credit Enhancements	-	-
	(a) Exposure to own securitizations	-	-
	(i) Nil	-	-
	(ii) Nil	-	-
	(b) Exposure to third party securitisations	-	-
	(i) Nil	-	-
	(ii) Nil	-	-
	(II) On-balance sheet exposures towards Credit Enhancements	-	-
	(a) Exposure to own securitizations	-	-
	(i) Nil	-	-
	(ii) Nil	-	-
	(b) Exposure to third party securitisations	-	-
	(i) Nil	-	-
	(ii) Nil	-	-

*Only the SPVs relating to outstanding securitisation transactions may be reported here



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

5.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

The Company has not sold any financials asset to Securitisation / Reconstruction Company for Asset Reconstruction during the current year and previous year.

Particulars		As at 31 March 2025	As at 31 March 2024
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

5.3 Details of Assignment transactions undertaken by HFCs

Particulars		As at 31 March 2025	As at 31 March 2024
(i)	No. of accounts	3,214	1,085
(ii)	Aggregate value (net of provisions) of accounts assigned during the year	424.22	154.35
(iii)	Aggregate consideration during the year	424.22	154.35
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

Also, the Company has purchased 421 number of loan accounts (31 March 2024: 5,808) aggregating to Rs. 61.96 crores (31 March 2024 Rs. 237.07 crores) under assignment transactions.

5.4 Details of non-performing financial assets purchased / sold

The Company has not purchased/ sold any non-performing assets during the current year and previous year.

A. Details of non-performing financial assets purchased:

Particulars		As at 31 March 2025	As at 31 March 2024
(a)	No. of accounts purchased during the year	-	-
(b)	Aggregate outstanding	-	-
(a)	Of these, number of accounts restructured during the year	-	-
(b)	Aggregate outstanding	-	-

B. Details of Non-performing financial assets sold:

Particulars		As at 31 March 2025	As at 31 March 2024
1.	No. of accounts sold	-	-
2.	Aggregate outstanding	-	-
3.	Aggregate consideration received	-	-



6. Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month upto 2 months	over 2 months up to 3 months	over 3 months up to 6 months	over 6 months up to 1 year	over 1 year up to 3 years	over 3 years up to 5 years	Over 5 Years	Total
As at 31 March 2025											
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	3.72	-	33.71	22.32	84.81	211.32	355.89	1,775.49	1,479.87	624.53	4,591.66
Market borrowings*	-	-	-	50.00	75.00	106.12	252.06	50.00	375.00	55.84	964.02
Foreign currency liabilities	-	-	-	-	-	1.98	-	41.98	125.92	3.05	172.93
Assets											
Advances**	-	65.86	85.11	92.56	84.00	261.97	528.60	1,830.06	1,180.05	1,955.83	6,084.03
Investments***	397.53	-	-	-	-	-	-	-	-	25.00	422.53
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2024											
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	3.49	5.36	33.41	60.58	49.90	235.19	378.15	1,436.80	1,121.23	636.16	3,960.27
Market borrowings*	-	-	-	49.42	49.24	86.05	200.26	-	24.84	74.75	484.56
Foreign currency liabilities	-	-	-	-	-	-	25.26	-	-	-	25.26
Assets											
Advances**	31.55	116.69	65.11	79.91	78.02	233.25	443.52	1,289.39	957.69	1,655.44	4,950.57
Investments***	263.07	-	-	-	-	-	-	-	-	-	263.07
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

*Market borrowings include long-term borrowings from parties other than banks.

**Advances include housing and non-housing loans.

***Investment includes investment in equity share, mutual funds, treasury bills, government securities and commercial papers etc.

Bucketing of loan accounts classified as stage 1 and stage 2 are based on the expected collections. ECL provision recognised on such loans are disclosed in bucket "Over 5 years".



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

7. Exposure
7.1 Exposure to real estate sector

Category		As at 31 March 2025	As at 31 March 2024
a)	Direct exposure*		
(i)	Residential mortgages 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.	5463.94	4783.48
(ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	950.97	618.30
(iii)	Investments in Mortgage Backed Securities (MBS) and other Securitized exposures		
	(a) Residential	0.00	0.00
	(b) Commercial real estate	0.00	0.00
b)	Indirect Exposure* Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	13.79	37.24
Total Exposure to Real Estate Sector		6,428.70	5,439.01

Note: Not adjusted for Effective Interest Rate (EIR) Ind AS Numbers

*Includes loan sanctioned and not disbursed amounting to Rs. 392.32 crores (31 March 2024: Rs. 542.91 crores)

7.2 Exposure to Capital Market

Particulars		As at 31 March 2025	As at 31 March 2024
(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;*	100.00	75.00
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds:		
	(i) Category I	-	-
	(ii) Category II	-	-
	(iii) Category III	-	-
Total Exposure to Capital Market		100.00	75.00

* In accordance with Para 23.2.2, "Computation of Exposure" of the RBI Master Directions, units of equity oriented mutual funds are calculated at their cost price disclosed above.

7.3 Details of financing of parent company products

There has been no product of the parent company financed by the Company during the year ended 31 March 2025 and 31 March 2024

7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded

There has been no breach of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the year ended 31 March 2025 and 31 March 2024

7.5 Unsecured Advances

The Company has not financed any projects wherein intangible collateral such as rights, licenses, authority etc. have been taken as a security during the year ended 31 March 2025 and 31 March 2024. However, during the year ended company has other unsecured loans amounting to Rs. 73.14 crores (31 March 2024: Rs. 76.19 crores).

7.6 Exposure to group companies engaged in real estate business

The Company has no exposure to group companies engaged in real estate business during the year ended 31 March 2025 and 31 March 2024.

S. No.	Description	Amount	% of owned fund
(i)	Exposure to any single entity in a group engaged in real estate business	-	-
(ii)	Exposure to all entities in a group engaged in real estate business	-	-



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

8. Miscellaneous**8.1 Registration obtained from other financial sector regulators**

The Company has obtained registration from Insurance Regulatory and Development Authority vide Registration No. CA1003

8.2 Disclosure of Penalties imposed by NHB/ RBI and other regulators

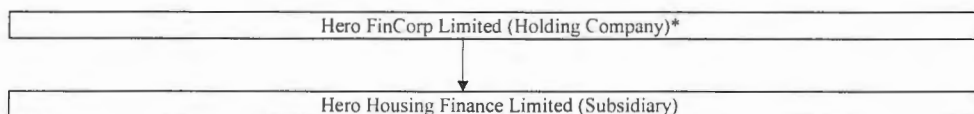
- There were no penalties imposed by NHB/ RBI or any other regulators during the year ended 31 March 2025 and 31 March 2024.
- There have been no adverse comments in writing from NHB/ RBI on regulatory compliances, which require a specific communication by the Company to the public.

8.3 Related Party Transactions

Details of all transactions with related parties have been disclosed in note 37.

8.4 Group Structure

Diagrammatic representation of group structure is as below:



* Hero FinCorp Limited is an associate of Hero Motocorp Limited.

8.5 Rating assigned by Credit Rating Agencies and migration of rating during the year

Sl. No.	Instrument	Rating Agency	Rating	Rated Limit (In Crs)
1	Commercial Paper	CRISIL Limited	A1+	500.00
2	Bank Loan Facilities (Long term rating)	CRISIL Limited	AA+ Stable	2,550.00
3	Non-Convertible Debentures (Secured)	CRISIL Limited	AA+ Stable	428.00
4	Long Term Principal Protected Market Linked Debentures	CRISIL Limited	PPMLD AA+ Stable	75.00
5	Subordinated Debt (Tier II)	CRISIL Limited	AA+ Stable	200.00
6	Commercial Paper	ICRA Limited	A1+	150.00
7	Bank Loan Facilities (Long term / Short term rating)	ICRA Limited	AA+/ Stable (Long Term) A1+ (Short Term)	2,640.00
8	Non-Convertible Debentures (Secured)	ICRA Limited	AA+ Stable	100.00
9	Subordinated Debt (Tier II)	ICRA Limited	AA+ Stable	200.00

8.5.1 Migration of rating during the year: Not applicable**8.6 Remuneration of Directors**

Refer note 37 for details of pecuniary transactions with the non-executive director.

8.7 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on current year's profit.

8.8 Revenue Recognition

There is no transaction in which revenue recognition has been postponed pending the resolution of significant uncertainties during the year ended 31 March 2025 and 31 March 2024.

8.9 Consolidated Financial Statements (CFS)

As there is no subsidiary of the Company, hence preparation of Consolidated Financial Statements (CFS) is not applicable to the Company.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

9. Additional Disclosures
9.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		For the year ended 31 March 2025	For the year ended 31 March 2024
(i)	Provisions for depreciation on Investment		-
(ii)	Provision towards NPA (net)	3.16	2.28
(iii)	Provision made towards Income tax (including deferred tax)	5.05	0.22
(iv)	Other Provision and Contingencies (with details)		
(c)	Provisions made for the loan accounts in default but standard as on 29 February 2020		
(a)	Provision on other Financial Assets	0.08	0.18
(v)	Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		
(a)	Provision for Standard Assets on teaser loan	-	-
(b)	Provision for Standard Assets on CRE	0.42	0.57
(c)	Provision for Standard Assets on CRE - RH	(0.44)	1.00
(d)	Provision for Standard Assets on Housing Loans (other than CRE-RH)	6.08	3.29
(e)	Provision for Standard Assets on Non-Housing Loans	2.65	2.52

Break up of Loan & Advances and Provisions thereon		As at 31 March 2025		As at 31 March 2024	
		Housing	Non-Housing	Housing	Non-Housing
Standard Assets					
a)	Total Outstanding Amount	4,020.88	2,016.18	3,256.72	1,650.41
b)	Provisions made	19.59	10.32	14.03	7.14
Sub-Standard Assets					
a)	Total Outstanding Amount	40.44	25.79	38.97	16.14
b)	Provisions made	8.52	7.85	9.81	4.29
Doubtful Assets - Category-I					
a)	Total Outstanding Amount	15.71	9.22	14.10	2.72
b)	Provisions made	3.62	3.05	4.03	0.84
Doubtful Assets - Category-II					
a)	Total Outstanding Amount	7.86	3.15	7.89	8.67
b)	Provisions made	1.95	1.00	2.44	2.55
Doubtful Assets - Category-III					
a)	Total Outstanding Amount	0.72	0.56	0.05	0.07
b)	Provisions made	0.19	0.39	0.02	0.02
Loss Assets					
a)	Total Outstanding Amount	3.56	0.17	3.01	0.15
b)	Provisions made	3.56	0.17	3.01	0.15
Total					
a)	Total Outstanding Amount	4,089.17	2,055.07	3,320.74	1,678.16
b)	Provisions made	37.43	22.78	33.34	14.99

Note:

- The total outstanding amount mean principal + accrued interest + other charges pertaining to loans without netting off- Effective Interest Rate Ind AS adjustments.
- The Category of Doubtful Assets will be as under:

Period for which the assets has been considered doubtful	Category
Up to one year	Category-I
One to three years	Category-II
More than three years	Category-III

9.2 Draw Down from Reserves

The Company has not drawn down any reserves during the year ended 31 March 2025 and 31 March 2024



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

10. Concentration of Public Deposits, Advances, Exposure and NPAs**10.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)**

The Company is a non-deposit accepting housing finance company, hence disclosure with respect to concentration of public deposits is not applicable on the Company.

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Total Deposits of twenty largest depositors	NA	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	NA	NA

10.2 Concentration of Loans & Advances

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Total Loans & Advances to twenty largest borrowers	352.51	252.87
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	5.77%	5.09%

Note: Not adjusted for Effective Interest Rate (EIR) Ind AS Numbers

10.3 Concentration of all Exposure (including off-balance sheet exposure)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Total Exposure to twenty largest borrowers / customers	511.42	411.11
Percentage of Exposures to twenty largest borrowers to Total Exposure of the HFC on borrowers/customers	7.86%	7.45%

Note: Not adjusted for Effective Interest Rate (EIR) Ind AS Numbers

10.4 Concentration of non performing assets (NPAs)/ Sector-wise NPAs

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Total Exposure to top ten NPA accounts	15.21	12.31

Note: Not adjusted for Effective Interest Rate (EIR) Ind AS Numbers

10.5 Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		For the year ended 31 March 2025	For the year ended 31 March 2024
A.	Housing Loans:		
1	Individuals	1.67%	1.98%
2	Builders/Project Loans	-	-
3	Corporates	1.03%	0.44%
4	Others (specify)	-	-
B.	Non-Housing Loans:		
1	Individuals	1.83%	1.37%
2	Builders/Project Loans	-	-
3	Corporates	2.53%	3.84%
4	Others (specify)	-	-

Note: Not adjusted for Effective Interest Rate (EIR) Ind AS Numbers



11. Movement of NPA's

Particulars		For the year ended 31 March 2025	For the year ended 31 March 2024
(i)	Net NPAs to Net Advances (%)	1.26%	1.30%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	91.78	87.02
	b) Additions during the year	64.30	53.61
	c) Reductions during the year	48.91	48.85
	d) Closing balance	107.18	91.78
(iii)	Movement of Net NPAs		
	a) Opening balance	64.63	62.15
	b) Additions during the year	47.72	45.71
	c) Reductions during the year	35.49	43.22
	d) Closing balance	76.87	64.63
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	27.15	24.87
	b) Additions during the year	16.58	7.90
	c) Reductions during the year	13.42	5.62
	d) Closing balance	30.31	27.15

Note: Movement of NPA's has been provided based on outstanding amount of NPA's as on 31 March of respective financial years.

12. Overseas Assets

The Company does not hold any overseas assets during the current year and previous year.

Particulars	As at 31 March 2025	As at 31 March 2024
Overseas Assets	-	-

13. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have off-balance sheet SPVs (domestic or overseas) sponsored.

Name of the SPV sponsored	
Domestic	Overseas
N.A.	N.A.

14. Disclosure of Complaints

14.1. Customers Complaints

A. Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Particulars		For the year ended 31 March 2025	For the year ended 31 March 2024
Complaints received by the NBFC from its Customers			
1.	No. of complaints pending at the beginning of the year	-	1
2.	No. of complaints received during the year	113	107
3.	No. of Complaints disposed during the year	112	108
	Of which, number of complaints rejected by NBFC	-	-
4.	No. of complaints pending at the end of the year	1	-
5.	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	Of 5 number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	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)	-	-



B. Top five grounds of complaints received by the NBFCs from customers

Grounds of Complaints	No of Complaints pending at the beginning of the year	No of Complaints received during the year	% increase/decrease in the no. of complaints	No of Complaints pending at the end of the year	Of 5, No of complaints pending beyond 30 days
1	2	3	4	5	6
For the year ended 31 March 2025					
ROI/EMI/Repayment Related	0	25	(44%)	1	0
Disbursement Related	0	15	67%	0	0
Insurance Related	0	15	67%	0	0
Foreclosure/ Closure Related	0	14	40%	0	0
Charges Related	0	11	450%	0	0
Others	0	33	3%	0	0
Total	0	113		1	0
For the year ended 31 March 2024					
ROI/EMI/Repayment Related	0	45	15%	0	0
Disbursement Related	0	9	(10%)	0	0
Insurance Related	0	9	50%	0	0
Foreclosure/ Closure Related	0	10	(33%)	0	0
Charges Related	0	2	100%	0	0
Others	1	32	(18%)	0	0
Total	1	107		0	0

15. Percentage of outstanding loans granted against the collateral gold jewellery to the outstanding total assets is Nil (previous year: Nil).

16. Disclosure of Principal Business Criteria laid as per Paragraph 4.1.17 of the RBI Master Directions

The Company has complied with the below conditions to comply with the Principal Business criteria:

- a) Financial assets of the Company, in the business of providing finance for housing, constitute more than 60% of its total assets (netted off by intangible assets).
As at 31 March 2025, The company is maintaining this ratio at 60.77%.
- b) Out of the total assets (netted off by intangible assets), more than 50% has been used by way of providing housing finance for individuals.
As at 31 March 2025, The company is maintaining this ratio at 55.16%.
- Housing finance and housing finance for individuals shall mean providing finance as per para 4.1.16 of the said Directions.

17. The disclosures as required by the Master Direction -Monitoring of frauds in NBFCs issued by RBI dated 29 September 2016

There were 1 instance (31 March 2024: 9 instances) amounting to Rs. 0.61 crores (31 March 2024: 1.79 crores) reported as frauds during the year.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

46. Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 (as required in terms of Appendix to RBI Circular RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 made applicable to Housing Finance Company vide Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021

As at 31 March 2025

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	5,864.44	10.63	5,853.81	22.92	(12.29)
	Stage 2	172.62	18.89	153.73	2.18	16.71
Subtotal		6,037.06	29.52	6,007.54	25.10	4.42
Non-Performing Assets (NPA)						
Substandard	Stage 3	66.23	16.38	49.85	9.93	6.45
Doubtful - up to 1 year	Stage 3	24.93	6.67	18.26	7.54	(0.87)
1 to 3 years	Stage 3	11.01	2.94	8.07	4.54	(1.60)
More than 3 years	Stage 3	1.28	0.59	0.69	1.28	(0.69)
Subtotal for doubtful		37.22	10.20	27.02	13.36	(3.16)
Loss	Stage 3	3.73	3.73	-	3.73	-
Subtotal for NPA		107.18	30.31	76.87	27.02	3.28
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	391.25	0.30	390.95	-	0.30
	Stage 2	1.07	0.08	0.99	-	0.08
	Stage 3	-	-	-	-	-
Subtotal		392.32	0.38	391.94	-	0.38
Total	Stage 1	6,255.69	10.93	6,244.76	22.92	(11.99)
	Stage 2	173.69	18.97	154.72	2.17	16.80
	Stage 3	107.18	30.31	76.87	27.02	3.29
	Total	6,536.56	60.21	6,476.35	52.11	8.10



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

As at 31 March 2024

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	4,785.96	16.31	4,769.65	19.99	(3.68)
	Stage 2	121.16	2.99	118.17	2.22	0.77
Subtotal		4,907.12	19.30	4,887.82	22.22	(2.92)
Non-Performing Assets (NPA)						
Substandard	Stage 3	55.11	14.10	41.02	9.42	4.68
		-	-	-	-	-
Doubtful - up to 1 year	Stage 3	16.83	4.87	11.96	4.26	0.61
1 to 3 years	Stage 3	16.55	4.98	11.57	6.40	(1.41)
More than 3 years	Stage 3	0.13	0.04	0.09	0.11	(0.07)
Subtotal for doubtful		33.51	9.89	23.61	10.77	(0.88)
Loss	Stage 3	3.16	3.16	-	3.16	-
Subtotal for NPA		91.78	27.15	64.63	23.36	3.79
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	544.31	1.87	542.44	-	1.87
	Stage 2	0.37	0.01	0.36	-	0.01
	Stage 3	-	-	-	-	-
Subtotal		544.68	1.89	542.80	-	1.89
Total	Stage 1	5,330.27	18.18	5,312.09	19.99	(1.81)
	Stage 2	121.53	3.00	118.53	2.22	0.78
	Stage 3	91.78	27.15	64.63	23.36	3.79
	Total	5,543.59	48.33	5,495.25	45.57	2.76



- 47.1. Public disclosure on liquidity risk in accordance with Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019 made applicable to Housing Finance Company vide Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021

- (i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No.	Number of significant counterparties	As at 31 March 2025		
		Amount	% of Total deposits	% of Total Liabilities
1	17	5,482.84	Not Applicable	93.38%

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	As at 31 March 2025
Total deposits to twenty largest deposit holders	Not Applicable
Percentage of deposits to twenty largest deposit holders to Total deposits of the HFC	Not Applicable

- (iii) Top 10 borrowings

Particulars	As at 31 March 2025
Amount of top ten borrowings	4,548.10
Percentage of top ten borrowings to total borrowings of the HFC	79.39%

- (iv) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	As at 31 March 2025	
		Amount	% of Total Liabilities
1	Bank borrowings	4,196.34	71.47%
2	Non- convertible debentures	431.62	7.35%
3	Commercial paper	456.20	7.77%
4	Tier II Non- convertible debentures	76.20	1.30%
5	NHB refinance	568.25	9.68%
	Total	5,728.61	97.56%

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 total funds, total liabilities and total assets	7.96%	7.77%	6.79%
(b)	Non-convertible debentures (original maturity of less than one year) as a % of total funds, total liabilities and total assets	Nil	Nil	Nil
(c)	Other short-term liabilities as a % of total funds, total liabilities and total assets	14.87%	14.51%	12.67%

- (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, Board and Board Sub Committee.



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

47.2. Liquidity Coverage Ratio (LCR)

As per the RBI guidelines DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated November 17, 2021, HFCs shall maintain a liquidity buffer in terms of LCR, which will promote resilience of HFCs to potential liquidity disruptions by ensuring sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. Timelines for all non-deposit taking HFCs with asset size of ₹5,000 crore and above, but less than ₹10,000 crore are below:

Particulars	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024	December 1, 2025
Minimum LCR	30%	50%	60%	85%	100%

(i) Main LCR drivers and evolution of the contribution of inputs in LCR calculation over time

The numerator of LCR is driven by the quantum and composition of High Quality Liquid Assets (HQLA). The denominator of LCR is driven by various components of the stressed cash flows.

(a) 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), Treasury Bills (T-Bills) and corporate bonds of AAA rated entities. The components considered for HQLA are as under:

Particulars	For the year ended March 31, 2025
T-Bills	79.07
G Sec	50.63
AAA rated securities	25.85
Cash & cash equivalent	1.11
Total	156.66

(b) 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. Bank Term loans, NHB Refinance and NCDs form the majority of secured wholesale funding maturities.

(c) Outflows related to derivative exposures and other collateral requirements

During the reporting period, the Company has entered into derivative transactions to hedge its balancesheet liability exposure. Accordingly, the net positive MTM and/or the net negative MTM have been considered as inflow and outflow in next 30 days respectively for the computation.

(d) 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, Book Overdrafts and provision for employee expenses, etc. form a major portion of other contractual funding obligations.

(e) Other contingent funding obligations

Undrawn committed credit lines loans form a part of other contingent funding obligations.

(f) Secured lending

There is no secured lending transaction backed by HQLA during the reporting period and margin lending backed by all other collateral is included in the fully performing

(g) Inflows from fully performing exposures

Principal inflows and interest accrued from advances with no overdues due in the next 30 days are taken.

(h) Other inflows

For the LCR calculation, under other inflows, the major components are sanctioned but undrawn lines and non-HQLA investments maturing in next 30 days.

(ii) Intra period changes and changes over time

The Company endeavors 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) Concentration of funding sources

The Company has a diversified funding profile in the form of Bank term loans, Non-convertible debentures and NHB Refinance which are long-term in nature and Commercial papers which are short term in nature. Also, the Company has availed Working Capital Demand loan (WC DL) and Cash credit (CC) lines from various Banks. The Company is a non-deposit taking HFC and hence, reporting nil deposits. The Company has a wide array of investors bankers who have funded the Company through various funding instruments.

(iv) 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 balancesheet liability exposure and has accordingly considered in its computation purposes.



(v) Currency mismatches

The Company was not exposed to any major currency risk during the reporting period.

S. No.	Particulars	As at 30 June, 2024		As at 30 September, 2024		As at 31 December, 2024		As at 31 March, 2025	
		Total unweighte d value (average)	Total weighte d value (average)	Total unweighte d value (average)	Total weighte d value (average)	Total unweighte d value (average)	Total weighte d value (average)	Total unweighte d value (average)	Total weighte d value (average)
High Quality Liquid Assets (HQLA)									
1	Total High Quality Liquid Assets (HQLA)	121.39	120.58	122.98	118.74	134.83	131.18	176.33	170.12
Cash Outflows									
2	Deposits (for deposit taking companies)								
3	Unsecured wholesale funding	32.97	37.91	48.91	56.25	51.90	59.69	21.94	25.24
4	Secured wholesale funding	72.58	83.46	83.75	96.32	51.12	58.79	112.45	129.31
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	183.37	210.88	168.61	193.90	158.25	181.99	169.94	195.43
7	Other contingent funding obligations	113.01	129.96	148.41	170.66	181.12	208.29	200.16	230.18
Total Cash Outflows		401.93	462.21	449.68	517.13	442.39	508.76	504.49	580.16
Cash Inflows									
8	Secured lending	-	-	-	-	-	-	-	-
9	Inflows from fully performing exposures	43.49	32.62	30.21	22.66	73.11	54.84	76.12	57.09
10	Other cash inflows	562.87	422.15	838.14	628.60	831.36	623.52	1,019.25	764.44
Total Cash Inflows		606.36	454.77	868.35	651.26	904.47	678.36	1,095.37	821.53
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
11	Total HQLA		120.58		118.74		131.18		170.12
12	Total Net Cash Outflows		115.55		129.28		127.19		145.04
13	Liquidity Coverage Ratio (%)		104.35		91.85		103.13		117.29

Notes:

- The data is provided for as per the RBI guidelines mentioned above.
- The quarterly average is calculated as the simple average of daily observations of the relevant months.
- The components of LCR is arrived at by taking a stock approach whereby from the month end outstanding of each component (as financial records), the portion expected to be paid in the next 30 days is considered.
- 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.
- Given the revolving nature of CC, utilized portion of CC has not been considered as outflows.
- Interest accrued but not due to be paid for the subsequent month is considered.



Hero Housing Finance Limited
Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

48. 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 pertaining to Resolution related stress:

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the 30 September 2024 (A)^	Of (A), aggregate debt that slipped into NPA during the half-year ended 31 March 2025	Of (A) amount written off during the half-year ended 31 March 2025	Of (A) amount paid by the borrowers during the half-year ended 31 March 2025^^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 31 March 2025^
Personal loans	23.37	5.46	-	2.21	15.69
Corporate persons*	11.87	-	-	1.47	10.40
Of which, MSMEs	3.62	-	-	0.25	3.38
Others	8.24	-	-	1.22	7.02
Total	35.24	5.46	-	3.68	26.09

Represents detail of accounts where resolution plan has been implemented under Resolution Framework 1.0 and Resolution Framework 2.0.

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

**Personal loans have been identified as per the RBI Circular DBR.No.BP.BC.99/08.13.100/2017-18 and includes housing loans as well.

^ Includes interest accrued amount.

^^ represents payment towards principal outstanding only.

49. Disclosures pursuant to RBI Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/ 2021-22 dated 24 September 2021:

a) Details in respect of loans not in default acquired through assignment during the year:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Entity	Non- Banking Financial Companies and Housing Finance Companies	Housing Finance Companies
Count of loan accounts acquired	421	5808
Amount of loan accounts acquired (Rs. in lakhs)	61.96	237.07
Retention of beneficial economic interest (MRR %)*	10%	10%
Weighted average maturity (residual maturity in years)	12.12	9.08
Weighted average holding period (in years)	0.91	0.98
Coverage of tangible security coverage	100%	79%
Rating-wise distribution of rated loans	Not Applicable	Not Applicable

*Retained by the originator

b) Details in respect of loans not in default transferred through assignment during the year:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Entity	Scheduled Commercial Bank and Housing Finance Companies	Housing Finance Company
Count of loan accounts transferred	3,214	1,085
Amount of loan accounts transferred (Rs. in lakhs)	424.22	154.35
Retention of beneficial economic interest (MRR %)	10% / 20%	10%
Weighted average maturity (residual maturity in years)	12.39	13.74
Weighted average holding period (in years)	0.90	0.80
Coverage of tangible security coverage	100%	100%
Rating-wise distribution of rated loans	Not Applicable	Not Applicable

c) The Company has not transferred or acquired any stressed loans during the year ended 31 March 2025 and 31 March 2024



50. Disclosure of restructured accounts

S. No.	Type of Restructuring Asset Classification Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					As at 31 March 2025				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	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	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2	-	-	2
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.71	-	-	0.71	-	0.71	-	-	0.71
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.20	-	-	0.20	-	0.20	-	-	0.20
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1.00	-	-	1.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.32	-	-	0.39	-	0.32	-	-	0.32
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.12	-	-	0.12	-	0.12	-	-	0.12
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY (net of receipt during the year)*	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	1	-	-	1	-	1
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	0.39	-	0.39	-	-	0.39	-	0.39
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	0.08	-	0.08	-	-	0.08	-	0.08

*Classified to credit impaired assets (NPA accounts) from restructuring asset considering continuing default.

The above disclosure represents the loan accounts other than those where resolution plans were implemented under Resolution Framework 1.0 and Resolution Framework 2.0 issued by RBI via circulars dated 6 August 2020 and 5 May 2021.

Note: Not adjusted for Effective Interest Rate (EIR) Ind AS Numbers



S. No.	Type of Restructuring Asset Classification Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					As at 31 March 2024				
			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	-	-	-	-	-	-	-	-	-	-	-	2.00	-	-	2.00	-	2.00	-	-	2.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.72	-	-	0.72	-	0.72	-	-	0.72
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.21	-	-	0.21	-	0.21	-	-	0.21
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY (net of receipt during the year)*	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	2.00	-	-	2.00	-	2.00	-	-	2.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.71	-	-	0.71	-	0.71	-	-	0.71
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.20	-	-	0.20	-	0.20	-	-	0.20

*Classified to credit impaired assets (NPA accounts) from restructuring asset considering continuing default.

The above disclosure represents the loan accounts other than those where resolution plans were implemented under Resolution Framework 1.0 and Resolution Framework 2.0 issued by RBI via circulars dated 6 August 2020 and 5 May 2021.

Note: Not adjusted for Effective Interest Rate (EIR) Ind AS Numbers



Hero Housing Finance Limited**Notes to financial statements for the year ended 31 March 2025**

(All amounts are in Rupees crores, except share data and unless otherwise stated)

51. Disclosure pursuant to Reserve Bank of India notification DOR.CRE.REC.No.60/03.10.001/2021-22 dated 22 October 2021 pertaining to Scale Based Regulations (SBR)**Section I****A. Exposures****1. Exposure to real estate sector**

Details of all Exposure to real estate sector have been disclosed in point 7.1 of Note 45.

2. Exposure to Capital Market

Details of all Exposure to Capital Market have been disclosed in point 7.2 of Note 45.

3. Sectoral Exposure

Sectors	Current Year (31 March 2025)			Previous Year (31 March 2024)		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
i. Others	-	-	-	-	-	0.00%
Total of Services	-	-	0.00%	-	-	0.00%
4. Personal Loans						
i. Housing for Individual	3,942.28	70.11	1.79%	3,379.31	63.93	1.89%
ii. Others	74.26	6.17	8.34%	77.97	2.51	3.21%
Total of Personal Loans	4,016.54	76.28	1.90%	3,457.28	66.44	1.92%
5. Others						
i. Loan against property	1,802.52	30.72	1.70%	1,726.42	25.25	1.46%
ii. Construction Finance	700.08	-	0.00%	337.16	-	0.00%
iii. Housing for Non-Individual	17.42	0.18	1.01%	22.73	0.09	0.41%
Total Others	2,520.02	30.90	1.23%	2,086.31	25.34	1.21%
Total	6,536.56	107.18	1.64%	5,543.59	91.78	1.66%

4. Intra-group exposures

The Company has no exposure to group companies during the year ended 31 March 2025 and 31 March 2024.

5. Unhedged foreign currency exposure

The Company is having NIL Unhedged foreign currency exposure as at 31 March 2025 and 31 March 2024.

B. Related Party Disclosure

Details of all transactions with related parties have been disclosed in Note 37.

C. Disclosure of Complaints

Details of Customer Complaints have been disclosed in point 14 of Note 45.

Section II**A. Breach of covenant**

There are no instances of breach of covenant of loan availed or debt securities issued for the year ended 31 March 2025 and 31 March 2024.

B. Divergence in Asset Classification and Provisioning

For the Year ended 31 March 2025 and 31 March 2024, the Company has not received any final letter report from the Regulator (i.e National Housing Bank/ Reserve Bank of India) for divergence in additional provision requirement and the additional Gross NPAs identified by National Housing Bank, which needed to be reported hereunder.



Hero Housing Finance Limited

Notes to financial statements for the year ended 31 March 2025

(All amounts are in Rupees crores, except share data and unless otherwise stated)

52. Previous year figures have been regrouped/rearranged, where necessary.

53. Events after balance sheet date

There have been no events after the reporting date that requires disclosure in these financial statements, other than those already disclosed earlier in respective sections.

As per our report of even date attached

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration Number: 003999S / S200018


S. Narasimhan
Partner
Membership Number: 206047

Partner

Membership Number: 206047

Place : Gurugram

Date: 26 April, 2025

For and on behalf of the Board of Directors of
Hero Housing Finance Limited


Renu Munjal
Chairperson

DIN No.: 00012870


Place : Gurugram



Nagesh Dinkar Pinge
Director

DIN No.: 00062900

Place : Gurugram


Abhimanyu Munjal
Vice-Chairman & Non-
Executive Director
DIN No.: 02822641
Place : Gurugram


Dhruv Mittal
Chief Financial Officer
PAN: ANIPM6254D
Place : Gurugram


Apul Nayyar
Whole Time Director-
Executive & CEO
DIN No.: 01738973
Place : Gurugram


Anjali Singh
Company Secretary
ACS: 56345
Place : Gurugram