

# Price Waterhouse Chartered Accountants LLP

## Independent Auditor's Report

To the Members of HSBC InvestDirect (India) Private Limited

## Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of HSBC InvestDirect (India) Private Limited (formerly known as HSBC InvestDirect (India) Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the financial statements and our auditor's report thereon.

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 in 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.

We have nothing to report in this regard.

Price Waterhouse Chartered Accountants LLP, Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex, Gate No. 3  
Western Express Highway, Goregaon East, Mumbai – 400 063  
T: +91 (22) 61198000, F: +91 (22) 61198799

Registered office and Head office: 11-A, Vishnu Digamber Marg, Sucheta Bhawan, Gate No 2, 1st Floor, New Delhi - 110002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)





# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

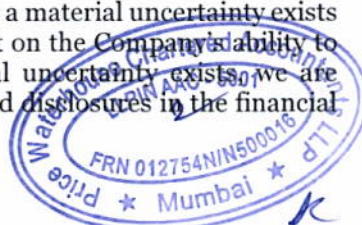
To the Members of HSBC InvestDirect (India) Private Limited  
*Report on Audit of the Financial Statements*  
Page 2 of 5

### **Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, 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.
6. In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

7. 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances ; but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial





# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of HSBC InvestDirect (India) Private Limited  
*Report on Audit of the Financial Statements*  
Page 3 of 5

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

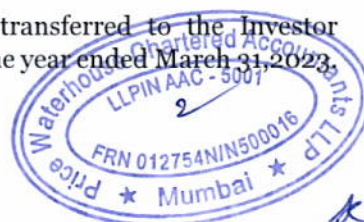
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, 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.

### Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 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.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss 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.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) Clause (i) of Section 143(3) on internal financial controls with reference to financial statements is not applicable pursuant to notification G.S.R 583(E) dated 13 June 2017.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;
  - ii. The Company has long term contracts as on March 31, 2023 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2023.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.



# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of HSBC InvestDirect (India) Private Limited  
*Report on Audit of the Financial Statements*  
Page 4 of 5

Also refer Note 34(b) to the financial statements, in respect of equity shares transferred to Investors Education and Protection Fund.

- iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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 (Refer Note 35A to the financial statements);
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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 (Refer Note 35B to the financial statements); and
- (c) Based on such audit procedures that we 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 declared or paid any dividend during the year.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.





# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of HSBC InvestDirect (India) Private Limited  
*Report on Audit of the Financial Statements*  
Page 5 of 5

12. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016



Ritesh M Dedhia  
Partner  
Membership Number 117607

UDIN: 23117607BGYYJU2894  
Mumbai  
July 6, 2023



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of HSBC InvestDirect(India) Private Limited (formerly known as HSBC InvestDirect (India) Limited) on the financial statements as of and for the year ended March 31, 2023  
Page 1 of 5

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
- (B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.
- (b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of all the immovable properties are not available with the Management. Hence, alternate audit procedures were performed to verify immovable properties as disclosed in Note 8 Investment Property to the financial statements, are held in the name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise
- ii. (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.
- (b) During the year, the Company has not been sanctioned working capital limits from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. (a) The Company has granted unsecured loans to 2 companies. The aggregate amount during the year and balance outstanding at the balance sheet date with respect to such loans or advances to subsidiaries and associates are as per the table given below:

	Guarantees	Security	Loans	Advance in nature of Loan
Aggregate amount granted/provided during the year				
a. Subsidiaries	NA	NA	a) 230,000.00	NA
b. Associates			b) 1,750,000	
Balance outstanding as on balance sheet date in respect of the above case				
a. Subsidiaries			a. 1,850,000.00	
b. Associates	NA	NA	b. 18,255,000	

(Also refer Note 4 to the financial statements)





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Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members HSBC InvestDirect(India) Private Limited (formerly known as HSBC InvestDirect (India) Limited) on the financial statements as of and for the year ended March 31, 2023

Page 2 of 5

- (b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- (e) There were no loans which fell due during the year and were renewed. Further, no fresh loans were granted to same parties to settle the existing overdue loans.
- (f) There were no loans which were granted during the year, including to promoters/related parties.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made. The Company has not provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order to that extent are not applicable to the Company
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, income tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in 000)	Period to which the amount relates (Financial Year)	Forum where the dispute is pending
The Income tax Act 1961	Income Tax	253	April 01, 2002, to March 31, 2003	Income Tax Appellate Tribunal
The Income tax Act 1961	Fringe Benefit Tax	470	April 01, 2005, to March 31, 2006	Commissioner of Income Tax (Appeals)
The Income tax Act 1961	Income Tax	15,178	April 01, 2018, to March 31, 2019	Assistant Commissioner of Income Tax (Appeals)





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Page 3 of 5

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies.
- x (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company
- xi (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.





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Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members HSBC InvestDirect(India) Private Limited (formerly known as HSBC InvestDirect (India) Limited) on the financial statements as of and for the year ended March 31, 2023

Page 4 of 5

- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.
- xiv (a) In our opinion and based on our examination, the Company did not have an internal audit system during the year.
- xiv (b) The Company is not mandated to have an internal audit system during the year.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is an exempted Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, and it continues to fulfil the criteria of being exempt from the registration requirements.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs other than the Company. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.



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## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members HSBC InvestDirect(India) Private Limited (formerly known as HSBC InvestDirect (India) Limited) on the financial statements as of and for the year ended March 31, 2023

Page 5 of 5

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- xix According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 37 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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 Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- xxi The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

  
Ritesh Dedhia

Partner

Membership Number 117607

UDIN : 23117607BGYYJU2894

Mumbai

July 6, 2023



HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"  
Balance Sheet as at March 31, 2023

(All amounts in INR thousands, unless otherwise stated)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	3,318	3,351
Loans	4	1,868,255	1,636,505
Investments	5	3,461,252	3,622,118
Other financial assets	6	760	760
<b>Non-financial assets</b>			
Current tax assets (Net)	7	84,240	83,605
Deferred tax assets (Net)	15	160	-
Investment property	8	3,556	1,814
Other non-financial assets	9	1,645	625
Assets classified as held for sale	10	-	1,870
<b>Total assets</b>		<b>5,423,186</b>	<b>5,350,648</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11	3,629	2,842
Other financial liabilities	12	568	683
<b>Non-financial Liabilities</b>			
Current tax liabilities (Net)	13	4,926	2,158
Provisions	14	350	765
Deferred tax liabilities (Net)	15	-	520
Other non-financial liabilities	16	3,559	4,536
<b>EQUITY</b>			
Equity share capital	17	709,544	709,544
Other equity	18	4,700,610	4,629,600
<b>Total equity</b>		<b>5,410,154</b>	<b>5,339,144</b>
<b>Total liabilities and equity</b>		<b>5,423,186</b>	<b>5,350,648</b>

The above standalone balance sheet should be read in conjunction with the accompanying notes.

This is the standalone balance sheet referred to in our report of even date.

For PRICE WATERHOUSE CHARTERED ACCOUNTANTS LLP  
Firm Registration No: 012754N/N500016

  
Ritesh Dedhia  
Partner  
Membership No: 117607

Mumbai  
July 06, 2023

For and on behalf of the Board of Directors of  
HSBC InvestDirect (India) Private Limited  
"formerly known as HSBC InvestDirect  
(India) Limited"

  
Berlin Varghese  
Managing Director  
(DIN 10059070)

  
Roopa Varma  
Additional Director  
DIN: 09779388

  
Sneha Doshi  
Company Secretary  
M.No. ACS 18001

  
Sunita Sarma  
Chief Financial Officer  
M.No. 128484

Mumbai  
July 06, 2023

HSBC InvestDirect (India) Private Limited " formerly known as HSBC InvestDirect (India) Limited"  
Statement of Profit and Loss for the year ended March 31, 2023

(All amounts in INR thousands, unless otherwise stated)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	19	112,099	100,177
Net gain on fair value changes	20	9,734	4,989
<b>Total revenue from operations</b>		<b>121,833</b>	<b>105,166</b>
Other income	21	335	43,405
<b>Total income</b>		<b>122,168</b>	<b>148,571</b>
<b>Expenses</b>			
Employee benefits expenses	22	16,153	16,691
Depreciation	8	128	128
Other expenses	23	10,414	8,864
<b>Total expenses</b>		<b>26,695</b>	<b>25,683</b>
<b>Profit before tax</b>		<b>95,473</b>	<b>122,888</b>
<b>Income tax expense:</b>			
- Current tax	24	25,800	22,940
- Deferred tax	24	(693)	670
-(Excess) provision for tax		(606)	(73,131)
<b>Total tax expense</b>		<b>24,501</b>	<b>(49,521)</b>
<b>Profit for the year</b>		<b>70,972</b>	<b>172,409</b>
<b>Other comprehensive income</b>			
i) Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations - gain/(loss)	26	51	(164)
ii) Income tax relating to items which will not be reclassified to profit or loss		(13)	41
<b>Other comprehensive income</b>		<b>38</b>	<b>(123)</b>
<b>Total comprehensive income</b>		<b>71,010</b>	<b>172,286</b>
<b>Earnings per equity share (Nominal value of Rs. 10 per share)</b>			
- Basic (Rs.)	28	1.00	2.43
- Diluted (Rs.)	28	1.00	2.43

The above statement of profit and loss should be read in conjunction with the accompanying notes.  
This is the statement of profit and loss referred to in our report of even date.

For PRICE WATERHOUSE CHARTERED ACCOUNTANTS LLP  
Firm Registration No: 012754N/N500016

  
**Ritesh Dedhia**  
Partner  
Membership No: 117607

Mumbai  
July 06, 2023

For and on behalf of the Board of Directors of  
**HSBC InvestDirect (India) Private Limited**  
" formerly known as HSBC InvestDirect (India) Limited"

  
**Berlin Varghese**  
Managing Director  
(DIN 10059070)

  
**Sneha Doshi**  
Company Secretary  
M.No. ACS 18001

Mumbai  
July 06, 2023

  
**Roopa Varma**  
Additional Director  
DIN: 09779388

  
**Sunita Sarda**  
Chief Financial Officer  
M.No. 128484



HSBC InvestDirect (India) Private Limited " formerly known as HS  
Statement of Changes in Equity as at March 31, 2023

(All amounts in INR thousands, unless otherwise stated)

**A. Equity share capital**

1) For the year ended March 31, 2023

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
709,544	-	-	-	709,544

2) For the year ended March 31, 2022

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
709,544	-	-	-	709,544

**B. Other Equity**

1) For the year ended March 31, 2023

	Reserves and Surplus				Total
	Securities Premium*	General Reserve	Retained Earnings	Amalgamation reserve	
As at April 1, 2022	5,323,051	154,249	(891,413)	43,713	4,629,600
Total Income for the current year	-	-	70,972	-	70,972
Remeasurements of post-employment benefit obligation, net of tax	-	-	38	-	38
Transfer from securities premium	(891,413)	-	891,413	-	-
As at March 31, 2023	4,431,638	154,249	71,010	43,713	4,700,610

For the year ended March 31, 2022

	Reserves and Surplus				Total
	Securities Premium*	General Reserve	Retained Earnings	Amalgamation reserve	
As at April 1, 2021	5,323,051	154,249	(1,063,699)	43,713	4,457,314
Total Income for the current year	-	-	172,409	-	172,409
Remeasurements of post-employment benefit obligation, net of tax	-	-	(123)	-	(123)
As at March 31, 2022	5,323,051	154,249	(891,413)	43,713	4,629,600

\* Refer Note 35

The above statement of changes in equity should be read in conjunction with the accompanying notes.  
This is the Statement of changes in equity referred to in our report of even date.

For **PRICE WATERHOUSE CHARTERED ACCOUNTANTS LLP**  
Firm Registration No: 012754N/N500016

For and on behalf of the Board of Directors of  
**HSBC InvestDirect (India) Private Limited**  
" formerly known as HSBC InvestDirect (India) Limited"

  
**Ritesh Debnia**  
Partner  
Membership No: 117607

  
**Berlin Varghese**  
Managing Director  
(DIN 10059070)

  
**Roopa Varma**  
Additional Director  
DIN: 09779388

Mumbai  
July 06, 2023

  
**Sneha Doshi**  
Company Secretary  
M.No. ACS 18001

  
**Sunita Sarda**  
Chief Financial Officer  
M.No. 128484

Mumbai  
July 06, 2023

HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"  
Statement of Cash Flows for the year ended March 31, 2023

(All amounts in INR thousands, unless otherwise stated)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax:	95,473	122,888
Adjustments :		
Depreciation and amortisation	128	128
Interest on income tax refund	-	(13,848)
Gain on Impairment reversal (Refer Note 5)	-	(29,355)
Unrealised fair value changes on financial instrument at fair value through profit or loss	(285)	(3,918)
<b>Operating profit before working capital changes</b>	<b>95,316</b>	<b>75,895</b>
<b>Adjustments for working capital changes:</b>		
(Increase) in loans	(231,750)	(2,550)
(Increase) in other financial assets	-	(247)
(Increase) in other non financial assets	(1,020)	(312)
Increase in trade payables	787	337
(Decrease) in provision	(364)	(27)
(Decrease) in other financial liabilities	(115)	(373)
(Decrease)/ increase in other non financial liabilities	(977)	115
Cash generated from operations	(138,123)	72,838
Less : Income taxes paid (net of refunds)	(23,061)	9,860
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(161,184)</b>	<b>82,698</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
(Increase)/ decrease in Investments	161,151	(83,372)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>161,151.00</b>	<b>(83,372)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
<b>Net cash inflow / (outflow) from financing activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<b>(33)</b>	<b>(674)</b>
Add : Cash and cash equivalents at beginning of the year	3,351	4,025
<b>Cash and cash equivalents at end of the year</b>	<b>3,318</b>	<b>3,351</b>

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	3,318	3,351
Bank overdrafts	-	-
<b>Balances as per statement of cash flows</b>	<b>3,318</b>	<b>3,351</b>

Note:

i) Amount spent in cash towards Corporate Social Responsibility is INR 1,940 (March 2022: 1,978)

ii) Balance of INR 2,673 (March 31, 2022: 3,035) is held for payment to shareholders for capital reduction.

iii) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents, bank overdrafts	3,318	3,351
Liquid investments	26,793	187,659
<b>Net debt</b>	<b>30,111</b>	<b>191,010</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

The above statement of cash flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flows.

This is the statement of cash flows referred to in our report of even date.

For PRICE WATERHOUSE CHARTERED ACCOUNTANTS LLP

Firm Registration No: 012754N/N500016

Ritesh Bedhia  
Partner  
Membership No: 117607

Mumbai  
July 06, 2023

For and on behalf of the Board of Directors of  
HSBC InvestDirect (India) Private Limited  
"formerly known as HSBC InvestDirect (India) Limited"

Berlin Varghese  
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M.No. ACS 18001

Mumbai  
July 06, 2023

Roopa Varma  
Additional Director  
DIN: 09779388

Sunita Sarda  
Chief Financial Officer  
M.No. 128484



**HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"**  
**Notes to financial statements for the year ended March 31, 2023**

**1 Background**

HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited" (the "Company") was incorporated on September 1, 1997. The principal activity of the Company is investing in and providing loans to its subsidiaries, associates and employees' welfare trusts. As at 31 March 2023, the Company has investments in two subsidiary companies and one associate company.

As per Regulatory Framework issued by Reserve Bank India ("RBI") from time to time for Core Investment Companies ("CICs") the Company does not meet criteria of Systemically Important CICs (CIC-ND-SI) and consequently does not require registration with RBI.

Pursuant to the conversion of the Company from public limited to private limited, fresh certificate of incorporation dated 14 June 2021 was issued by Registrar of Companies with a new name as "HSBC InvestDirect (India) Private Limited and new Corporate Identity Number (CIN) as U67120MH1997PTC110386.

**2A Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(i) Basis of preparation**

**Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended), to the extent applicable and relevant, and other relevant provisions of the Act.

**Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value; and
- defined benefit plans - plan assets are measured at fair value.

**Presentation**

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company presents its financial statements in accordance with Division III of Schedule III to the Companies Act, 2013. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in **Note 32**.

**(ii) Segment reporting**

The Company's Chief Operating Decisions Maker (CODM), who has the ability to evaluate performance and allocates resources, is the Managing Director (MD). In a manner consistent with the internal reporting provided to the MD for corporate planning, there are no separate reportable segments (including geographical segments).

**(iii) Property, plant and equipment**

Items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

**Depreciation methods, estimated useful lives and residual value**

Depreciation on the following assets has been based on the management's estimate of useful life/ remaining useful life. The residual values are not more than 5% of the original cost of the asset.

(a) Assets each costing INR 35000, previously INR 5000 or less are depreciated at 100% in the year of capitalisation.

(b) Useful life of the fixed assets is estimated as under:

FY 2022-23		
Category of assets	Useful lives followed by Company (years)	Useful lives prescribed in Schedule II (years)
Office Equipments	5	5
Data Processing Equipments - Laptop	4	3
Data Processing Equipments - Servers	5	6

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).





**(iv) Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on the following assets has been based on the management's estimate of useful life or remaining useful life. It is based on straight line method over the estimated useful lives of the assets, in order to reflect the actual usage of the assets.

The residual values are not more than 5% of the original cost of the asset.

Useful life of the fixed assets is estimated as under:

Category of assets	Useful lives followed by Company (years)	Useful lives prescribed in Schedule II (years)
Building	50	60 (RCC frame structure)

**(v) Investments, other financial assets, financial liabilities and equity**

**(a) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

For investments in debt instruments, this will depend on the classification of debt instruments depending on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset (Solely payments of principal and interest).

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the asset's performance and the business model is evaluated and reported to key management personnel
- the risks that affect the performance of the business model and how these risks are assessed and managed
- how managers are compensated.

As a second step of its classification process, the Company assesses the contractual terms of financial instrument to identify whether they meet the SPPI test, where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit and loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**(b) Recognition**

Regular way of purchase and sales of financial assets are recognised on trade date the date on which the Company commits purchase or sale of financial asset.

**(c) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed

**Financial assets**

**Debt instruments:**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in profit and loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss





**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows or for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in profit and loss using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in profit and loss.

#### Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit and loss when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Financial liabilities and equity instrument

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instrument

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 Company is recognised at the proceeds received, net of directly attributable transaction costs.

#### Financial liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the effective interest rate method. Interest expense is recognised in profit and loss. Any gain or loss on derecognition of financial liabilities is also recognised in profit and loss. Undrawn loan commitments are not recorded in the balance sheet.

#### (d) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. **Note 32.1** details how the company determines whether there has been a significant increase in credit risk.

#### (e) Derecognition

##### Financial assets

A financial asset is derecognised only when

1. The group has transferred the rights to receive cash flows from the financial asset or
2. 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 entity 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised 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 recognised to the extent of continuing involvement in the financial asset.

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in profit and loss.

#### (f) Income recognition

##### Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income under revenue from operations. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest rate method is recognised in the statement of profit and loss under revenue from operations.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the





(vi) **Non current assets (or disposal groups) held for sale and discontinued operations:**

Non current assets (or disposal groups) are classified as held for sale if there carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(vii) **Employee Benefits:**

**(a) Short-term obligations**

Liabilities for salaries, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as employee benefit obligations in the balance sheet.

**(b) Post employment obligations**

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity and
- defined contribution plans such as provident fund.

**(1) Defined benefit plans (Gratuity)**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**(2) Provident fund**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

**(3) Bonus**

The Company recognises a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

(viii) **Income Tax:**

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(ix) **Cash and cash equivalents:**

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.





**(x) Provisions and Contingent Liabilities:**

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 recognised as interest expense.

**Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed and disclosed as contingent liability.

**(xi) Leases - as a lessee**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

**(xii) Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing:

1. the profit attributable to owners of the company
2. by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

**(b) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

1. the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
2. the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.





(xiii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and trade and other payables are presented as financial liabilities.

(xiv) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(xv) Recent Accounting Pronouncements

The Ministry of Corporate Affairs has vide notification dated 23 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2023.

**Ind AS 1 – Presentation of Financial Statements** - The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes** - The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting policies, Changes in Accounting Estimates & Errors** - The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

(xvi) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousands as per the requirement of Schedule III, unless otherwise

2B Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates of judgements are:

- Estimation of current tax expense and current tax payable (refer Note 7 and 13)
- Estimation of defined benefit obligation (refer Note 26)
- Recognition of deferred tax assets for carried forward tax losses (refer Note 15)
- Estimation of expected credit losses (refer Note 31)
- Estimation of provision for expense and levies (refer Note 11)





**HSBC InvestDirect (India) Private Limited " formerly known as HSBC InvestDirect (India) Limited"**  
**Notes to financial statements for the year ended March 31, 2023 (Contd.)**

(All amounts in INR thousands, unless otherwise stated)

**3 Cash and cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in current account #	3,318	3,351
<b>Total</b>	<b>3,318</b>	<b>3,351</b>

# Balance of INR 2,673 (March 31, 2022: 3,130) is held for payment to shareholder for capital reduction.  
Refer Note 34.

**4 Loans (measured at amortised cost)**

Particulars	As at March 31, 2023	As at March 31, 2022
Loans to related parties	1,868,255	1,636,505
<b>Total (A) - Gross</b>	<b>1,868,255</b>	<b>1,636,505</b>
(Less): Impairment loss allowance	-	-
<b>Total (A) - Net</b>	<b>1,868,255</b>	<b>1,636,505</b>
Unsecured	1,868,255	1,636,505
<b>Total (B) - Gross</b>	<b>1,868,255</b>	<b>1,636,505</b>
(Less): Impairment loss allowance	-	-
<b>Total (B) - Net</b>	<b>1,868,255</b>	<b>1,636,505</b>
Loans in India		
- Public sector	-	-
- Others	1,868,255	1,636,505
<b>Total (C) - Gross</b>	<b>1,868,255</b>	<b>1,636,505</b>
(Less): Impairment loss allowance	-	-
<b>Total (C) - Net</b>	<b>1,868,255</b>	<b>1,636,505</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Loans to related parties</b>		
HSBC InvestDirect Financial Services (India) Limited	1,850,000	1,620,000
HSBC InvestDirect Securities (India) Private Limited	18,255	16,505
<b>Total</b>	<b>1,868,255</b>	<b>1,636,505</b>

The tenor of the loan is 36 months from the date of respective disbursement with bullet repayment on maturity or at the option of the borrower. This loan was further extended in FY 2021-22 for an additional period of 36 months w.e.f from February 24, 2023.

The purpose of the loans to HIFSL and HISL is to meet their working capital requirements from time to time.

The loans to HIFSL and HISL are unsecured. Interest rate ranges 5.78% p.a. to 8.00% p.a. for FY 2022-23 (5.67% p.a. to 7.15% p.a. for FY 2021-22).



HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"  
Notes to financial statements for the year ended March 31, 2023 (Contd.)

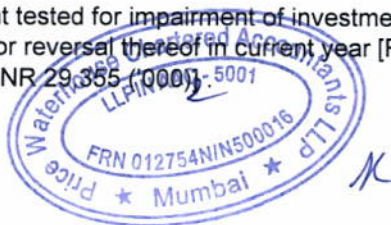
(All amounts in INR thousands, unless otherwise stated)

5 Investments

Particulars	At fair value through Profit or Loss	Others*	Total
<b>As at March 31, 2022</b>			
Mutual funds	187,659	-	187,659
Equity instruments			
<u>Subsidiaries</u>			
- HSBC InvestDirect Sales & Marketing (India) Limited	-	2,470	2,470
- HSBC InvestDirect Financial Services (India) Limited	-	3,402,634	3,402,634
<u>Associate</u>			
- HSBC InvestDirect Securities (India) Private Limited	-	2,434,000	2,434,000
<b>Total (A) - Gross</b>	<b>187,659</b>	<b>5,839,104</b>	<b>6,026,763</b>
(Less): Impairment loss allowance #	-	(2,404,645)	(2,404,645)
<b>Total (A) - Net</b>	<b>187,659</b>	<b>3,434,459</b>	<b>3,622,118</b>
Investments outside India	-	-	-
Investments in India	187,659	5,839,104	6,026,763
<b>Total (B) - Gross</b>	<b>187,659</b>	<b>5,839,104</b>	<b>6,026,763</b>
Total - Gross	187,659	5,839,104	6,026,763
(Less): Impairment loss allowance (C)	-	(2,404,645)	(2,404,645)
<b>Total (D) - Net</b>	<b>187,659</b>	<b>3,434,459</b>	<b>3,622,118</b>
<b>As at March 31, 2023</b>			
Mutual funds	26,793	-	26,793
Equity instruments			
<u>Subsidiaries</u>			
- HSBC InvestDirect Sales & Marketing (India) Limited	-	2,470	2,470
- HSBC InvestDirect Financial Services (India) Limited	-	3,402,634	3,402,634
<u>Associates</u>			
- HSBC InvestDirect Securities (India) Private Limited	-	2,434,000	2,434,000
<b>Total (A) - Gross</b>	<b>26,793</b>	<b>5,839,104</b>	<b>5,865,897</b>
(Less): Impairment loss allowance #	-	(2,404,645)	(2,404,645)
<b>Total (A) - Net</b>	<b>26,793</b>	<b>3,434,459</b>	<b>3,461,252</b>
Investments outside India	-	-	-
Investments in India	26,793	5,839,104	5,865,897
<b>Total (B) - Gross</b>	<b>26,793</b>	<b>5,839,104</b>	<b>5,865,897</b>
Total - Gross	26,793	5,839,104	5,865,897
(Less): Impairment loss allowance (C)	-	(2,404,645)	(2,404,645)
<b>Total (D) - Net</b>	<b>26,793</b>	<b>3,434,459</b>	<b>3,461,252</b>

\* The Company has measured its investment in subsidiaries and associates at cost as per Ind AS 28.

# Management tested for impairment of investments in associates. The company did not recognise an impairment or reversal thereof in current year [Reversal of impairment recognised in previous year amounts to INR 29,355 ('000)].





HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"  
Notes to financial statements for the year ended March 31, 2023 (Contd.)

(All amounts in INR thousands, unless otherwise stated)

6 Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	760	760
<b>Total</b>	<b>760</b>	<b>760</b>

7 Current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax and tax deducted at source (net of provision for tax of 469,870; March 31, 2022:475,654)	84,239	83,605
<b>Total</b>	<b>84,239</b>	<b>83,605</b>

8 Investment property

Building	As at March 31, 2023	As at March 31, 2022
<b>Gross carrying amount</b>		
Opening gross carrying amount	2,454	4,324
Additions/ re-classification (Refer footnote to Note 10)	1,870	-
<b>Closing gross carrying amount</b>	<b>4,324</b>	<b>4,324</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	640	512
Depreciation charge during the year	128	128
<b>Closing accumulated depreciation</b>	<b>768</b>	<b>640</b>
<b>Net carrying amount</b>	<b>3,556</b>	<b>3,684</b>
Less: Disposals (transfer to held for sale)	-	(1,870)
<b>Carrying amount of Investment Property</b>	<b>3,556</b>	<b>1,814</b>

(i) Amounts recognised in profit or loss for investment properties

Building	Year ended March 31, 2023	Year ended March 31, 2022
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental - Repairs and maintenance	(331)	(351)
Loss from investment properties before depreciation	(331)	(351)
Depreciation	(128)	(128)
<b>Loss from investment properties</b>	<b>(459)</b>	<b>(479)</b>

(ii) Fair value

Particulars	As at March 31, 2023	As at March 31, 2022
Investment properties (Building)	14,843	5,683

Estimation of fair value

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties.

The fair values of investment properties have been determined by an independent valuer. The main inputs used are the current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences. These are classified as Level 3.

The Company has investment properties which is held in the erstwhile name i.e., IL&FS Investsmart Limited [now known as HSBC InvestDirect (India) Private Limited].

9 Other non-financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Prepayments	-	221
Others	1,149	404
Fair Value of Plan Assets (Refer Note 26)	496	-
<b>Total</b>	<b>1,645</b>	<b>625</b>



HSBC InvestDirect (India) Private Limited " formerly known as HSBC InvestDirect (India) Limited"  
Notes to financial statements for the year ended March 31, 2023 (Contd.)

(All amounts in INR thousands, unless otherwise stated)

5 Deferred tax asset

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax asset :</b>		
Expenses allowable on payment basis as per section 43B of Income Tax	170	-
Unrealised gain on mutual funds	80	-
<b>Deferred tax liability:</b>		
Property, plant and equipment; investment property	(90)	-
<b>Deferred tax asset/(liabilities) [Net]</b>	<b>160</b>	<b>-</b>

10 Assets classified as held for sale

Particulars	As at March 31, 2023	As at March 31, 2022
Investment Property	-	1,870
<b>Total</b>	<b>-</b>	<b>1,870</b>

The asset was classified as held for sale for FY 2021-22 in line with IND AS 105 "Non-current assets (or disposal groups) held for sale and discontinued operations.

Due to current market scenarios, management is of the view that asset will not get dispose of in the near future and accordingly reclassified the asset as Investment Property from held from sale. There will be no impact on prior period results.

The Company has investment properties which is held in the erstwhile name i.e., IL&FS Investsmart Limited [now known as HSBC InvestDirect (India) Private Limited].





(All amounts in INR thousands, unless otherwise stated)

11 Trade payable

Particulars	As at March 31, 2023	As at March 31, 2022
- Total outstanding dues of micro enterprises and small enterprises		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,629	2,842
<b>Total</b>	<b>3,629</b>	<b>2,842</b>

The below information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said Act as available with the Company.

Particulars	As at March 31, 2023	As at March 31, 2022
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of the payment made to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

Trade Payables aging schedule

Particulars	Outstanding for following periods from due date of payment				
As at March 31, 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(i) Others	3,629	-	-	-	3,629
(ii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Particulars	Outstanding for following periods from due date of payment				
As at March 31, 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(i) Others	2,842	-	-	-	2,842
(ii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

12 Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Employee benefits payable	568	683
<b>Total</b>	<b>568</b>	<b>683</b>



HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"  
Notes to financial statements for the year ended March 31, 2023 (Contd.)

(All amounts in INR thousands, unless otherwise stated)

13 Current tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for income tax (net of advance tax of 128,147; March 31, 2022: 61,127)	4,926	2,158
<b>Total</b>	<b>4,926</b>	<b>2,158</b>

14 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>		
-Leave obligation	350	233
-Gratuity (Refer Note 26)	-	532
<b>Total</b>	<b>350</b>	<b>765</b>

15 Deferred tax liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax asset :</b>		
Expenses allowable on payment basis as per section 43B of Income Tax Act, 1961	-	380
Property, plant and equipment; investment property	-	80
<b>Deferred tax liability:</b>		
Unrealised gain on mutual funds	-	(980)
<b>Deferred tax asset/(liabilities) (Net)</b>	<b>-</b>	<b>(520)</b>

16 Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues including provident fund and tax deducted at source	982	1,501
Capital Reduction * (Refer Note 34)	2,577	3,035
<b>Total</b>	<b>3,559</b>	<b>4,536</b>

\* The movement in capital reduction as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	3,035	3,035
Amount paid during the year	458	-
<b>Closing balance</b>	<b>2,577</b>	<b>3,035</b>





(All amounts in INR thousands, unless otherwise stated)

17 Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Authorised shares				
Equity shares of Rs. 10 each	75,000,000	750,000	75,000,000	750,000
Issued, subscribed & fully paid-up shares *				
Equity shares of Rs. 10 each	70,954,359	709,544	70,954,359	709,544
<b>Total</b>	<b>70,954,359</b>	<b>709,544</b>	<b>70,954,359</b>	<b>709,544</b>

\* Refer Note 34

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	70,954,359	709,544	70,954,359	709,544
Capital reduction during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>70,954,359</b>	<b>709,544</b>	<b>70,954,359</b>	<b>709,544</b>

b) Terms and rights attached to equity shares

The company has one class of equity share having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shares of the Company held by the holding/ultimate holding company

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
HSBC Securities and Capital Markets (India) Private Limited (Holding Company)	38,833,167	54.73	38,833,167	54.73
HSBC Violet Investments (Mauritius) Limited (Subsidiary of the ultimate holding company, HSBC Holdings Plc)	32,113,192	45.26	32,113,192	45.26

d) Details of shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
HSBC Securities and Capital Markets (India) Private Limited (Holding Company)	38,833,167	54.73	38,833,167	54.73
HSBC Violet Investments (Mauritius) Limited (Subsidiary of the ultimate holding company, HSBC Holdings Plc)	32,113,192	45.26	32,113,192	45.26

e) Shareholding of Promoters

Shares held by promoters as at March 31, 2023			% Change during the year
Promoter name	No. of Shares	% of total shares	
HSBC Securities and Capital Markets (India) Private Limited (Holding Company)	38,833,167	54.73	-
HSBC Violet Investments (Mauritius) Limited (Subsidiary of the ultimate holding company, HSBC Holdings Plc)	32,113,192	45.26	-
<b>Total</b>	<b>70,946,359</b>	<b>100</b>	<b>-</b>

Shares held by promoters as at March 31, 2022			% Change during the year
Promoter name	No. of Shares	% of total shares	
HSBC Securities and Capital Markets (India) Private Limited (Holding Company)	38,833,167	54.73	-
HSBC Violet Investments (Mauritius) Limited (Subsidiary of the ultimate holding company, HSBC Holdings Plc)	32,113,192	45.26	-
<b>Total</b>	<b>70,946,359</b>	<b>100</b>	<b>-</b>



(All amounts in INR thousands, unless otherwise stated)

18 Other equity

Reserves and Surplus

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Securities premium *</b>		
Opening balance	5,323,051	5,323,051
Less: Utilized towards reduction #	(891,413)	-
Closing balance	4,431,638	5,323,051
<b>Amalgamation Reserve</b>		
Opening balance	43,713	43,713
Add/(Less) : Changes during the year	-	-
Closing balance	43,713	43,713
<b>General reserve</b>		
Opening balance	154,249	154,249
Add/(Less) : Changes during the year	-	-
Closing balance	154,249	154,249
<b>Retained Earnings</b>		
Opening balance	(891,413)	(1,063,699)
Add : Net profit for the period	70,972	172,409
Add: Transfer from securities premium #	891,413	-
Items of other comprehensive income recognised directly in retained earnings		
Add/(Less) : Remeasurements of post-employment benefit obligation, net of tax	38	(123)
Closing balance	71,010	(891,413)
<b>Total</b>	<b>4,700,610</b>	<b>4,629,600</b>

\* Refer Note 34

# Capital Restructuring (Offsetting the debit balance in retained earnings with Securities Premium Account)

During the year Company had applied to the National Company Law Tribunal ('NCLT') to offset the accumulated losses in the Retained earnings as of March 31, 2022 against the Securities Premium in accordance with section 52 read with Section 66 of the Companies Act, 2013. Subsequently, after the Balance sheet date Company had received the NCLT order dated May 19, 2023 approving the said capital reduction. Accordingly, the management has offset the debit balance in retained earnings of INR 891,413 with balance available in Securities Premium.

Nature and purpose

a) Securities premium

Securities premium is used to record the premium on issue of shares. This is to be utilised in accordance with the provisions of the Companies Act,

b) Amalgamation reserve

Amalgamation reserve is a capital reserve which is created pursuant to amalgamation of companies.

c) General reserve

The general reserve is created by transfer from retained earnings as per the provision of the Companies Act, 2013. It can be used in accordance with the provisions of the Companies Act, 2013.





(All amounts in INR thousands, unless otherwise stated)

**19 Interest income**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial assets measured at amortised costs:		
Interest on inter corporate loans	112,099	100,177
<b>Total</b>	<b>112,099</b>	<b>100,177</b>

**20 Net gain on fair value changes**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Others		
Net Gain on financial instrument at fair value through profit or loss	9,734	4,989
<b>Total (A)</b>	<b>9,734</b>	<b>4,989</b>
Fair Value changes:		
Realised	9,449	1,071
Unrealised	285	3,918
<b>Total (B)</b>	<b>9,734</b>	<b>4,989</b>

**21 Other income**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on income tax refund	-	13,848
Gain on Impairment reversal (Refer Note 5)	-	29,355
Miscellaneous Income	335	202
<b>Total</b>	<b>335</b>	<b>43,405</b>

**22 Employee benefits expenses**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	14,961	15,522
Contribution to provident and other funds (Refer note 26)	690	650
Gratuity (refer note 26)	386	369
Staff welfare expenses	116	150
<b>Total</b>	<b>16,153</b>	<b>16,691</b>

**23 Other expenses**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent [Refer note (c) below]	967	1,312
Rates and taxes	292	358
Repairs and maintenance		
- Others	331	351
Professional fees	4,708	2,609
Directors' sitting fees	-	224
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	1,940	1,978
Auditors' remuneration [Refer note (a) below]	1,616	1,384
Miscellaneous expenses	560	648
<b>Total</b>	<b>10,414</b>	<b>8,864</b>

**a) Breakup of Auditors' remuneration**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	1,603	1,384
Out-of-pocket expenses	13	-
<b>Total</b>	<b>1,616</b>	<b>1,384</b>



HSBC InvestDirect (India) Private Limited " formerly known as HSBC InvestDirect (India) Limited"  
Notes to financial statements for the year ended March 31, 2023 (Contd.)

(All amounts in INR thousands, unless otherwise stated)

b) Contribution for corporate social responsibility (CSR)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amount required to be spent as per Section 135 of the Act	1,940	1,978
Amount spent (paid) during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	1,940	1,978
<b>Total</b>	<b>1,940</b>	<b>1,978</b>

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(a) Amount required to be spent by the company during the year	1,940	1,978
(b) Amount of expenditure incurred	1,940	1,978
(c) Shortfall at the end of the year	Not Applicable	Not Applicable
(d) Total of previous years shortfall	Not Applicable	Not Applicable
(e) Reason for shortfall	Not Applicable	Not Applicable
(f) Nature of CSR activities	Refer \$ below	Refer # below
(g) Details of related party transactions	Not Applicable	Not Applicable
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown	Not Applicable	Not Applicable

\$ Rainwater harvesting and solar energy based solutions at urban space in Mumbai. The activities are related item no. iv of Schedule VII – ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

# Administering COVID-19 vaccine through mobile vaccination units/vans, to the geographically difficult to access communities, socially and economically disadvantaged population. The activities are related to COVID 19 relief and recovery under item no. (i) and (xii) of Schedule VII – Covid-19 relief recovery relating to promotion of health care, including preventive health care; and Disaster management including relief activities.

c) Short - term lease disclosures

The company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The company incurred INR 967 and INR 1,312 for the year ended March 31, 2023 and March 31, 2022 respectively towards expense relating to short-term lease.

Lease contracts entered by the company majorly pertains for office space taken on lease to conduct its business in the ordinary course by using the existing infrastructure and utilities provided in the building. The company does not have any lease restrictions and commitments towards variable rent as per the contract.

d) Struck - off companies

The Company did not have any transactions with companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.





(All amounts in INR thousands, unless otherwise stated)

24 Income tax expense

a) The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax	25,800	22,940
Deferred tax	(693)	670
(Excess) provision for tax of earlier years	(606)	(73,131)
<b>Sub-total</b>	<b>24,501</b>	<b>(49,521)</b>
Current tax - Other comprehensive income	13	(41)
<b>Total</b>	<b>24,514</b>	<b>(49,562)</b>

b) Reconciliation of the total tax charge

The tax charge shown in the Statement of Profit and Loss differs from the tax charge that would apply if all profits had been charged at corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and March 31, 2022 is as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax	95,473	122,888
<b>Tax at statutory income tax rate of 25.17% (previous year 25.17%)</b>	<b>24,031</b>	<b>30,931</b>
Tax effect of the amount which are not taxable in calculating taxable income :		
- Expenses disallowed	923	498
- Income not chargeable to tax	-	(7,389)
- (Excess) provision for tax of earlier years	(606)	(73,131)
- Others	166	(578)
<b>Income tax expense at effective tax rate</b>	<b>24,514</b>	<b>(49,669)</b>
<b>Effective tax rate</b>	<b>25.68%</b>	<b>(40.42%)</b>

c) Deferred tax

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

Particulars	As at March 31, 2022	(Charged)/ credited to profit and loss	(Charged)/ credited to OCI	As at March 31, 2023
<b>Deferred tax asset :</b>				
Expenses allowable on payment basis as per section 43B of Income Tax Act, 1961	380	(210)	-	170
Customer claims liability	-	-	-	-
Investment Property	80	(170)	-	(90)
Unrealised gain on mutual funds	-	80	-	80
	<b>460</b>	<b>(300)</b>	<b>-</b>	<b>160</b>
<b>Deferred tax liability:</b>				
Unrealised gain on mutual funds	(980)	(980)	-	-
	<b>(980)</b>	<b>(980)</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax asset/(liability)</b>	<b>(520)</b>	<b>(1,280)</b>	<b>-</b>	<b>160</b>

Particulars	As at March 31, 2021	(Charged)/ credited to profit and loss	(Charged)/ credited to OCI	As at March 31, 2022
<b>Deferred tax asset :</b>				
Expenses allowable on payment basis as per section 43B of Income Tax Act, 1961	330	50	-	380
Property, plant and equipment	300	(220)	-	80
	<b>630</b>	<b>(170)</b>	<b>-</b>	<b>460</b>
<b>Deferred tax liability:</b>				
Unrealised gain on mutual funds	(480)	(500)	-	(980)
	<b>(480)</b>	<b>(500)</b>	<b>-</b>	<b>(980)</b>
<b>Net deferred tax asset/(liability)</b>	<b>150</b>	<b>(670)</b>	<b>-</b>	<b>(520)</b>



HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"  
Notes to financial statements for the year ended March 31, 2023 (Contd.)

(All amounts in INR thousands, unless otherwise stated)

d) Tax losses

Particulars	Assessment Year	Expiry Assessment Year	As at March 31, 2023	As at March 31, 2022
Unused Tax losses for which no deferred tax asset has been recognised	2015-16	2023-24	-	400,238
Long term capital losses			-	400,238
Potential tax benefit at March 31, 2023: 23.30%; March 31, 2022: 23.30%			-	93,255

25 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Commitments:</b>		
Sanctioned amount pending request for disbursal	231,745	463,495
<b>Contingent liabilities:</b>		
Income Tax	46,929	16,677

Provident Fund

The Honourable Supreme Court has recently provided a judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the Management, the aforesaid matter is not likely to have a significant impact.





(All amounts in INR thousands, unless otherwise stated)

## 26 Employee benefit obligations

### a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund	661	621
Others	29	29

### b) Defined benefit plans

The Company has a defined benefit plan for post-employment benefits in the form of Gratuity. The Company contributes to the "Gratuity Trust". Every employee is entitled to a benefit equivalent to thirty days salary last drawn for each completed year of service. The same is payable at the time of separation from the Company or retirement whichever is earlier. The benefits vest after four years and one hundred ninety days of continuous service.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

#### i) Balance Sheet

	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 1, 2021</b>	2,602	2,187	415
Current service cost	357	-	357
Interest expense/(income)	160	148	12
<b>Total amount recognised in Profit and Loss</b>	<b>517</b>	<b>148</b>	<b>369</b>
Return on plan assets excluding amounts included in interest expense/income	-	31	(31)
Actuarial loss / (gain) arising from change in financial assumptions	(129)	-	(129)
Actuarial loss / (gain) arising on account of experience changes	323	-	323
<b>Total amount recognised in Other Comprehensive Income</b>	<b>194</b>	<b>31</b>	<b>163</b>
Employer contributions	-	415	(415)
<b>As at March 31, 2022</b>	<b>3,313</b>	<b>2,781</b>	<b>532</b>
Current service cost	395	-	395
Interest expense/(income)	198	207	(9)
<b>Total amount recognised in Profit and Loss</b>	<b>593</b>	<b>207</b>	<b>386</b>
Return on plan assets excluding amounts included in interest expense/income	-	25	(25)
Actuarial loss / (gain) arising from change in financial assumptions	(94)	-	(94)
Actuarial loss / (gain) arising on account of experience changes	68	-	68
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(26)</b>	<b>25</b>	<b>(51)</b>
Employer contributions	-	1,361	(1,361)
Benefit paid from plan assets	(731)	(731)	-
<b>As at March 31, 2023</b>	<b>3,149</b>	<b>3,643</b>	<b>(496)</b>

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of plan liabilities	3,149	3,313
Fair value of plan assets	3,643	2,781
<b>Plan liability net of plan asset</b>	<b>(496)</b>	<b>532</b>

#### ii) Statement of Profit and Loss

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employee Benefit Expenses:		
Current service cost	395	357
<b>Total</b>	<b>395</b>	<b>357</b>
Finance cost	(9)	12
<b>Net impact on the profit before tax</b>	<b>385</b>	<b>369</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Return on plan assets excluding amounts included in interest expense/income	(25)	(31)
Actuarial gains/(losses) arising from changes in financial assumptions	(94)	(129)
Actuarial gains/(losses) arising from changes in experience	68	323
<b>Net impact on the other comprehensive income before tax</b>	<b>(51)</b>	<b>163</b>

#### iii) Defined benefit plans assets

Category of assets (% allocation)	As at March 31, 2023	As at March 31, 2022
- Insurer Managed Fund (LIC GGCA Fund Accumulation)	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

#### iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.10%	6.70%
Salary escalation rate*	7.00%	7.00%

\* takes into account the inflation, seniority, promotion and other relevant factors



(All amounts in INR thousands, unless otherwise stated)

v) Demographic assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Withdrawal rate	10%	10%

vi) Sensitivity

As at March 31, 2023	Change in assumption Increase or Decrease by	Impact on defined benefit obligation	
		Increase/ (Decrease)	
Discount rate	0.50%	(111)	118
Salary escalation rate	0.50%	117	(111)
Withdrawal rate	5.00%	6	(10)

As at March 31, 2022	Change in assumption Increase or Decrease by	Impact on defined benefit obligation	
		Increase/ (Decrease)	
Discount rate	0.50%	(121)	129
Salary escalation rate	0.50%	128	(121)
Withdrawal rate	5.00%	(49)	61

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity (undiscounted)

The defined benefit obligations shall mature after year end as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
1st Following Year	346	298
2nd Following Year	361	400
3rd Following Year	373	424
4th Following Year	385	445
5th Following Year	395	464
Sum of 6 to 10 Years	2,081	2,323

The weighted average duration of the defined benefit obligation is 6 years (previous year - 7 years)

viii) Risk Exposure

**Interest rate risk :** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

**Salary Inflation risk :** Higher than expected increases in salary will increase the defined benefit obligation

**Demographic risk :** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.





**HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited"**  
**Notes to financial statements for the year ended March 31, 2023 (Contd.)**

(All amounts in INR thousands, unless otherwise stated)

**27 Segment information**

The Company is domiciled in India. The Company is a Core investment company - NBFC and is engaged in business of investing in group companies and business of financing by way of loans to group companies, which is considered to be only reportable segment (in accordance with Ind AS 108). All other activities (including investment of surplus liquidity in debt oriented mutual funds) revolve around the main business.

**28 Earnings per share (EPS)**

Computation of basic & diluted earnings per share is given below:

Particulars	Mar 31, 2023	Mar 31, 2022
<b>Basic &amp; Diluted earnings per share</b>		
Net profit after tax available for equity shareholders (A)	70,972	172,409
Weighted average number of equity shares (B)	70,954,359	70,954,359
Basic & Diluted earnings per share (A/B) (Rs.)	1.00	2.43
Nominal value per share (Rs.)	10	10

**29 Capital management**

**Risk management**

For the purpose of the Company's Capital Risk Management, "Capital" includes equity capital, securities premium and all other equity reserves attributable to the shareholders. The Company's objectives in managing its capital is to safeguard the ability to continue as a going concern, and to optimise its return to its shareholders.

The management of the Company's capital position is undertaken by the management team of the company. The management team ensures that the Company is adequately capitalised to meet economic and regulatory requirements. The management team meet on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements. Refer footnote to Note 18



HSBC InvestDirect (India) Private Limited " formerly known as HSBC InvestDirect (India) Limited"  
Notes to financial statements for the year ended March 31, 2023 (Contd.)

(All amounts in INR thousands, unless otherwise stated)

30 Fair value measurement

a) Financial Instruments by Category

Particulars	As at March 31, 2023			As at March 31, 2022		
	Fair value through Profit or Loss	Amortised cost	Others*	Fair value through Profit or Loss	Amortised cost	Others*
<b>Financial Assets:</b>						
Cash and cash equivalents	-	3,318	-	-	3,351	-
Loans	-	1,868,255	-	-	1,636,505	-
<b>Investments:</b>						
- Mutual funds	26,793	-	-	187,659	-	-
Other financial assets	-	760	-	-	760	-
<b>Total Financial Assets</b>	<b>26,793</b>	<b>1,872,333</b>	<b>-</b>	<b>187,659</b>	<b>1,640,616</b>	<b>-</b>
<b>Financial Liabilities:</b>						
Trade and other payables	-	3,629	-	-	2,842	-
Other financial liabilities	-	568	-	-	683	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>4,197</b>	<b>-</b>	<b>-</b>	<b>3,525</b>	<b>-</b>

\*The Company does not have any financial assets and financial liabilities, which are measured at fair value through other comprehensive income (OCI)





(All amounts in INR thousands, unless otherwise stated)

30 Fair value measurement (Contd.)

b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

**The hierarchies used are as follows:**

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

**Level 1:** Hierarchy includes financial instruments measured using quoted prices. This includes investment in mutual fund units. The investment in all the open ended mutual funds are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. 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 on observable market data, the instrument is included in level 3.

**As at March 31, 2023**

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL					
- Mutual funds	5	26,793	-	-	26,793
<b>Total financial assets</b>		<b>26,793</b>	<b>-</b>	<b>-</b>	<b>26,793</b>

**As at March 31, 2022**

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL					
- Mutual funds	5	187,659	-	-	187,659
<b>Total financial assets</b>		<b>187,659</b>	<b>-</b>	<b>-</b>	<b>187,659</b>

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The fair value of units held in Mutual Funds is determined based on NAV at the year end.

d) Fair value of financial assets and liabilities measured at amortised cost

The fair value of these financial instruments is determined using discounted cash flow analysis and the discount rates used were adjusted for counterparty or own credit risk.

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, loans, other financial assets, trade and other payables, other financial liabilities. Such amounts have been classified as Level 3.



(All amounts in INR thousands, unless otherwise stated)

### 31 Financial risk management

The financial instruments held by the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company uses different methods such as sensitivity analysis to measure different types of risk to which it is exposed.

#### 31.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from its lending to group companies.

The Company's financial assets subject to the expected credit loss model under Ind AS 109 are cash and cash equivalents, deposits with banks, loans to group companies, investment in mutual fund and security deposits.

Loans to group companies have been considered to be low credit risk as they meet the following criteria:

- i) they have a low risk of default,
- ii) the counterparty is considered, in the short term, to have a adequate capacity to meet its obligations in the near term, and
- iii) the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfil its obligations.

The Company has placed security deposit with lessors for premises leased by the Company. The Company does not perceive any significant decline in credit risk of the lessors where the amount of security deposit placed is material and hence expected probability of default is considered as zero.

The Company has placed investment in mutual fund. The Company does not perceive any significant decline in credit risk of the investment and hence expected probability of default is considered as zero.

Cash and cash equivalents, bank deposits are held with only high rated banks/financial institutions, credit risk on them is therefore insignificant.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	3,318	3,351
Loans	1,868,255	1,636,505
Security Deposits	760	760
Mutual Fund	26,793	187,659





(All amounts in INR thousands, unless otherwise stated)

### 31.2 Liquidity risk and funding management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

#### a) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at the year end. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The Company does not have any derivative financial liabilities.

As at March 31, 2023		Within 12 months			After 12 months			Total
Contractual maturities of financial assets and financial liabilities	Carrying value	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	
<b>Financial assets</b>								
Cash and cash equivalents	3,318	3,318	-	-	-	-	-	3,318
Loans	1,868,255	31,101	31,443	62,203	2,106,468	-	-	2,231,215
Investments	3,461,252	26,793	-	-	-	-	3,434,459	3,461,252
Other financial assets	760	760	-	-	-	-	-	760
<b>Total financial assets</b>	<b>5,333,585</b>	<b>61,972</b>	<b>31,443</b>	<b>62,203</b>	<b>2,106,468</b>	<b>0</b>	<b>3,434,459</b>	<b>5,696,545</b>
<b>Financial liabilities</b>								
Trade payables	3,629	891	2,123	625	-	-	-	3,639
Other financial liabilities	568	-	-	568	-	-	-	568
<b>Total financial liabilities</b>	<b>4,197</b>	<b>891</b>	<b>2,123</b>	<b>1,193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,207</b>

As at March 31, 2022		Within 12 months			After 12 months			Total
Contractual maturities of financial assets and financial liabilities	Carrying value	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	
<b>Financial assets</b>								
Cash and cash equivalents	3,351	3,351	-	-	-	-	-	3,351
Loans	1,636,505	25,009	25,284	50,017	200,622	1,727,739	-	2,028,671
Investments	3,622,118	187,659	-	-	-	-	3,434,459	3,622,118
Other financial assets	760	760	-	-	-	-	-	760
<b>Total financial assets</b>	<b>5,262,734</b>	<b>216,779</b>	<b>25,284</b>	<b>50,017</b>	<b>200,622</b>	<b>1,727,739</b>	<b>3,434,459</b>	<b>5,654,900</b>
<b>Financial liabilities</b>								
Trade payables	2,842	628	1,728	486	-	-	-	2,842
Other financial liabilities	683	-	-	683	-	-	-	683
<b>Total financial liabilities</b>	<b>3,525</b>	<b>628</b>	<b>1,728</b>	<b>1,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,525</b>



(All amounts in INR thousands, unless otherwise stated)

### 31.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and mutual fund NAVs.

#### a) Interest rate risk - lending

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's main interest rate risk arises from lending with variable rates, which expose the Company to fair value interest rate risk. During March 31, 2023 and March 31, 2022, the Company's lending portfolio at variable rate are mainly denominated in Indian rupees (Rs.).

#### i) Interest rate risk exposure - lending

The exposure of the Company's lending portfolio to interest rate changes at the end of the reporting years are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Variable rate loans	1,868,255	1,636,505
<b>Total</b>	<b>1,868,255</b>	<b>1,636,505</b>

As at the end of the reporting period, the Company had the following variable rate loan (asset) outstanding:

As at March 31, 2023	Weighted average interest rate	Balance	% of total loans
Loans	6.68%	1,868,255	100%

As at March 31, 2022	Weighted average interest rate	Balance	% of total loans
Loans	6.13%	1,636,505	100%

#### ii) Sensitivity

Profit and loss is sensitive to higher/lower interest income from variable rate loans as a result of changes in interest rates.

Particulars	Impact on profit after tax and equity	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest rates – increase by 60 (March 31, 2022: 90) basis points	8,388	7,348
Interest rates – decrease by 60 (March 31, 2022: 90) basis points	(8,388)	(7,348)

The sensitivity is derived holding all other variables constant.

#### b) Interest rate risk exposure - investments in debt oriented mutual funds

The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invest in debt securities. The exposure to interest rate risk in case of units backed by debt securities is measured using sensitivity analysis as follows:

Particulars	Impact on profit after tax and equity	
	Year ended March 31, 2023	Year ended March 31, 2022
91 days T-bill - increase by 100 basis points	203	1,926
91 days T-bill - decrease by 100 basis points	(203)	(1,926)

#### c) Price risk

Since the Company does not hold any listed equity instruments, it is not exposed to price risk.

#### d) Foreign currency risk

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date that will result in net currency gains or losses in the statement of profit and loss due to change foreign currency exchange rates.





(All amounts in INR thousands, unless otherwise stated)

32 Maturity analysis of financial assets and liabilities

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

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	3,318	-	3,318	3,351	-	3,351
Loans	-	1,868,255	1,868,255	-	1,636,505	1,636,505
Investments	26,793	3,434,459	3,461,252	187,659	3,434,459	3,622,118
Other financial assets	760	-	760	760	-	760
<b>Total financial assets (A)</b>	<b>30,871</b>	<b>5,302,714</b>	<b>5,333,585</b>	<b>191,770</b>	<b>5,070,964</b>	<b>5,262,734</b>
<b>Non-financial assets</b>						
Current tax assets (Net)	-	84,239	84,239	-	83,605	83,605
Deferred tax assets (Net)	-	160	160	-	-	-
Investment property	-	3,556	3,556	-	1,814	1,814
Other non-financial assets	1,645	-	1,645	625	-	625
<b>Total Non-financial assets (B)</b>	<b>1,645</b>	<b>87,955</b>	<b>89,600</b>	<b>625</b>	<b>85,419</b>	<b>86,044</b>
<b>Total assets (C = A+B)</b>	<b>32,516</b>	<b>5,390,669</b>	<b>5,423,185</b>	<b>192,395</b>	<b>5,156,383</b>	<b>5,348,778</b>
<b>Financial liabilities</b>						
Payables						
(i) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,629	-	3,629	2,842	-	2,842
Other financial liabilities	568	-	568	683	-	683
<b>Total financial liabilities (D)</b>	<b>4,197</b>	<b>-</b>	<b>4,197</b>	<b>3,525</b>	<b>-</b>	<b>3,525</b>
<b>Non-financial Liabilities</b>						
Current tax liabilities (Net)	4,926	-	4,926	2,158	-	2,158
Provisions	350	-	350	765	-	765
Deferred tax liabilities (Net)	-	-	-	520	-	520
Other non-financial liabilities	3,559	-	3,559	4,536	-	4,536
<b>Total Non-financial liabilities (E)</b>	<b>8,835</b>	<b>-</b>	<b>8,835</b>	<b>7,979</b>	<b>-</b>	<b>7,979</b>
<b>Total liabilities (F = D+E)</b>	<b>13,032</b>	<b>-</b>	<b>13,032</b>	<b>11,504</b>	<b>-</b>	<b>11,504</b>



(All amounts in INR thousands, unless otherwise stated)

### 33 Related party transactions

#### (a) Name of related Parties and nature of relationship.

##### 1. Holding Company

HSBC Securities and Capital Markets (India) Private Limited

##### 2. Subsidiaries

HSBC InvestDirect Sales & Marketing (India) Limited  
HSBC InvestDirect Financial Services (India) Limited

##### 3. Associate

HSBC InvestDirect Securities (India) Private Limited

##### 4. Ultimate Holding Company

HSBC Holdings Plc

##### 5. Post Employment Benfit Plan (PEBP)

HSBC Investdirect (India) Limited. Employee Gratuity Trust

##### 6. Fellow Subsidiaries/ Enterprises managed by subsidiaries

HSBC Violet Investments (Mauritius) Limited  
HSBC Asset Management (India) Private Limited  
HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited)  
The Hongkong and Shanghai Banking Corporation Limited - India Branches  
HSBC Group Management Services Limited  
HSBC Global Services Limited

#### (b) Key Managerial Personnel (KMP):

Mr. Shantanu Shankar, Managing Director (resigned w.e.f. March 18, 2023)  
Mr. Vipul Maikan - Director (resigned w.e.f. August 04, 2022)  
Mr. Berlin Varghese - Additional Director (appointed w.e.f. April 17, 2023)  
Ms. Roopa Varma - Additional Director (appointed w.e.f. November 22, 2022)  
Mr. Deepak Sarup - Director (appointed w.e.f. August 04, 2022 to November 15, 2022)

#### (c) Transactions during the year with related parties:

Particulars	Subsidiaries	Associate	KMP	PEBP	Holding Company	Fellow Subsidiaries/ Enterprises managed by subsidiaries
Interest income on loans	110,784 (99,101)	1,315 (1,076)	- (-)	- (-)	- (-)	- (-)
Rent	- (-)	- (-)	- (-)	- (-)	- (-)	967 (1,312)
Professional fees	- (-)	- (-)	- (-)	- (-)	859 (597)	4 (-)
Loans disbursed	- (-)	1,750 (2,550)	- (-)	- (-)	- (-)	230,000 (-)
Miscellaneous exp	- (-)	- (-)	- (-)	- (-)	- (-)	33,818 (-)
Repairs and Maintenance	- (-)	- (-)	- (-)	- (-)	- (-)	20,311 (-)
Director sitting fees	- (-)	- (-)	- (224)	- (-)	- (-)	- (-)
Short-term employee benefits	- (-)	- (-)	8,531 (9,235)	- (-)	- (-)	- (-)
Post-employment benefits	- (-)	- (-)	- (350)	- (-)	- (-)	- (-)
Contribution to gratuity trust	- (-)	- (-)	- (-)	386 (415)	- (-)	- (-)

Amounts in brackets represents amount relating to previous year

#### (d) Outstanding balances at the year end with related parties:

Particulars	Subsidiaries	Associate	PEBP	Holding Company	Fellow Subsidiaries/ Enterprises managed by subsidiaries
Bank balance					
31-Mar-23	-	-	-	-	3,153
31-Mar-22	-	-	-	-	3,203
Loans					
31-Mar-23	1,850,000	18,255	-	-	-
31-Mar-22	1,620,000	16,505	-	-	-
Security Deposit					
31-Mar-23	-	-	-	-	760
31-Mar-22	-	-	-	-	760
Gratuity Receivable					
31-Mar-23	-	-	1,227	-	-
31-Mar-22	-	-	-	-	-
Trade Payable					
31-Mar-23	-	-	-	321	208
31-Mar-22	-	-	-	148	-
Investments					
31-Mar-23	-	-	-	-	-
31-Mar-22	-	29,355	-	-	-
Gratuity Payable					
31-Mar-23	-	-	-	-	-
31-Mar-22	-	-	532	-	-





#### 34 Capital reduction

##### (a) Capital reduction

The Board of Directors had at their meeting held on 27 June 2018 approved the capital reduction that was approved by the shareholders at their adjourned Annual General Meeting held on 24 September 2018.

The Honorable National Company Law Tribunal (NCLT), Mumbai Bench vide Order dated 22 October 2019, received by the Company on 11 December 2019 had approved the capital reduction. All the necessary filings were completed during the financial year 2019-20 and the payment to the shareholder was initiated in the financial year 2020-21 after receiving all approvals.

The Company has paid consideration to shareholders through electronic mode whose bank account details were available with the Company and dispatched pay orders at the latest address available with the Company for other shareholders whose bank accounts details were not updated in the records of the Company.

##### (b) Transfer of equity shares to Investor Education and Protection Fund Authority

The Company had received a show cause notice in May 2019 from Investor Education and Protection Fund (IEPF) Authority in relation to non-transfer of shares by the Company with respect to unclaimed dividends which were transferred by the Company to IEPF before 7 September 2016, the date of notification with respect to transfer of shares to IEPF Demat account.

In view of same, the equity shares on which the dividend for the financial year 2007-08 was unpaid/unclaimed has been transferred to IEPF authority during the financial year 2019-20. Further, the amount pertaining to capital reduction on the said shares will also be transferred to IEPF authority.

The Company made all the necessary communications including corporate action forms to National Securities Depository Limited ("NSDL") for debiting the equity shares held by Investor Education and Protection Fund Authority ("IEPF"). However, as informed by NSDL the said corporate action effect can be given only after receiving approval from Investor Education and Protection Fund Authority, which is awaited.

#### 35 Utilisation of Borrowed funds and share premium

A. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

- (i) 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
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

B. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall

- (i) 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
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

#### 36 Core Investment Company (CIC) as part of group companies

The Company was incorporated on September 1, 1997 and its principal activity is investing in and providing loans to subsidiaries, associates and employees' welfare trusts. Based on RBI CIC regulations and amendments thereto, the Company does not meet criteria of Systemically Important CICs (CIC-ND-SI) and consequently does not require registration with RBI.

There are no other CICs, apart from the Company within the group.

#### 37 Financial Ratios

Considering the Company is a non registered CIC, the financial ratios as prescribed under Division III of Schedule III of Companies Act, 2013, are not applicable to the Company.

#### For PRICE WATERHOUSE CHARTERED ACCOUNTANTS LLP

Firm Registration No: 012754N/N500016

  
Ritesh Dedhia  
Partner  
Membership No: 117607

Mumbai  
July 06, 2023

For and on behalf of the Board of Directors of  
HSBC InvestDirect (India) Private Limited  
"formerly known as HSBC InvestDirect (India) Limited"

  
Berlin Varghese  
Managing Director  
(DIN 10059070)

  
Sneha Doshi  
Company Secretary  
M.No. ACS 18001

Mumbai  
July 06, 2023

  
Roopa Varma  
Additional Director  
DIN: 09779388

  
Sunita Sarda  
Chief Financial Officer  
M.No. 128484