INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1) We have audited the accompanying consolidated financial statements of HSBC Securities and Capital Markets (India) Private Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") (Refer note 1 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2023 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated 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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4) We draw your attention to Notes 17(a) and 23A to the consolidated financial statements regarding receipt of the following orders from the National Company Law Tribunal (NCLT) by the Holding Company:
   (i) Order dated December 14, 2022 approving the reduction of capital by utilisation of Securities Premium against the debit balance of Retained Earnings amounting to Rs. 22,926 Lakhs, in accordance with Section 52 read with Section 66 of the Act; and
   (ii) Order dated February 24, 2023 approving further issuance of 2,500,000 9% Redeemable Preference Shares in lieu of old 2,500,000 9% Redeemable Preference Shares which were due for redemption on March 12, 2021, on the same terms and conditions drawn in the past in accordance with Section 55(3) of the Act.

5) We draw attention to Note 49 to the consolidated financial statements which describes the matter in relation to the HSBC Asset Management (India) Private Limited, subsidiary's compliance with respect to the minimum net worth requirements stipulated in SEBI (Mutual Fund) Regulations, 1996 and in respect of which the subsidiary has made submissions to SEBI including appropriate mitigation measures to be taken by the subsidiary, if requested by SEBI, to meet the minimum net worth requirements vide its letter dated September 20, 2023 (which has been taken on record by SEBI on September 26, 2023).

6) We draw attention to Note 2A(i) to the consolidated financial statements regarding the basis of preparation of the financial statements of HSBC InvestDirect Securities (India) Private Limited and HSBC InvestDirect Sales & Marketing (India) Limited, subsidiary companies on realizable value basis, pursuant to respective entities management decision to discontinue the operations of the respective Company in view of reasons stated therein.

   Our opinion is not modified in respect of the matters in paragraph (4), (5) and (6) above.

Other Information

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

   Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the report of the other auditor as furnished to us (Refer paragraph 15 below), 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8) The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9) In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

10) The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which has been audited by other auditor (Refer paragraph 15 below), such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

13) We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

14) The financial statements of 5 subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 635,208 Lakhs and net assets of Rs. 472,516 lakhs as at March 31, 2023, total revenue of Rs. 31,498 lakhs, total comprehensive income comprising of profit and other comprehensive income of Rs. 4,431 lakhs and net cash flows amounting to Rs. 1,659 lakhs for the year then ended have been audited by us.

15) We did not audit the special purpose financial information of 1 subsidiary whose special purpose financial information reflect total assets of Rs. 10,294 lakhs and net assets of Rs. 10,288 lakhs as at March 31, 2023, total revenue of Rs. 425 lakhs, total comprehensive income comprising of loss and other comprehensive income of Rs. 105 lakhs and net cash flows amounting to Rs. 1,065 lakhs for the year ended on that date, as considered in the consolidated financial statements. These special purpose financial information have been audited by other auditor whose report have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

16) As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditor in their CARO 2020 report issued in respect of the financial statements of the Company which is included in these Consolidated Financial Statements.

17) As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated 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 of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India, are disqualified as on March 31, 2023 from being appointed as a director in terms of section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – Refer Note 45 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts as at March 31, 2023 - Refer Note 5, 6 and 8 to the consolidated financial statements in respect of such items as it relates to the Group. The Group did not have any derivative contracts as at March 31, 2023.

iii. During the year ended March 31, 2023, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India. Also, refer Note 23(B)(i) to the Consolidated Financial Statements in respect of shares transferred by HSBC InvestDirect (India) Private Limited (formerly know as HSBC InvestDirect (India) Limited), a subsidiary Company to the Investor Education and Protection Fund.

iv. (a) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of a subsidiary respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds which are material either individually or in the aggregate have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note 44(ix) to the consolidated Financial Statements).

(b) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of a subsidiary respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds which are material either individually or in the aggregate have been received by the Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note 44(ix) to the consolidated Financial Statements).

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the other auditor of a subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The Holding Company and its subsidiary companies 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 Group 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.

18) 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 Holding Company, HSBC Asset Management (India) Private Limited, HSBC InvestDirect Securities (India) Private Limited and HSBC InvestDirect (India) Private Limited (formerly known as HSBC InvestDirect (India) Limited). HSBC InvestDirect Financial Services (India) Limited, HSBC InvestDirect Sales & Marketing (India) Limited and HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited), subsidiary companies have not paid/ provided for managerial remuneration under the provisions of Section 197 read with Schedule V to the Act. Accordingly, reporting under Section 197(16) of the Act is not applicable for these subsidiary companies.

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

Sd/-
Sharad Agarwal
Partner
Membership Number: 118522
UDIN: 23118522BGYIOZ2184

Mumbai
September 29, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 17(f) of the Independent Auditor's Report of even date to the members of HSBC Securities and Capital Markets (India) Private Limited on the consolidated financial statements as of and for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of HSBC Securities and Capital Markets (India) Private Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to two of the subsidiaries incorporated in India namely HSBC InvestDirect (India) Private Limited and HSBC InvestDirect Securities (India) Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on for example, "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 1 Subsidiary Company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.

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

Sd/-
Sharad Agarwal
Partner
Membership Number: 118522

UDIN: 23118522BGYIOZ2184
Mumbai
September 29, 2023

HSBC Securities and Capital Markets (India) Private Limited
Consolidated Balance Sheet

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	3	12,664	73,502
Bank balance other than cash and cash equivalents above	4	12,785	15,748
Receivables			
- Trade receivables	5	13,649	242,543
Loans	6	114,870	85,890
Investments	7	38,508	40,180
Other financial assets	8	871	837
Non-financial assets			
Current tax assets (Net)	9	15,714	14,266
Deferred tax assets (Net)	10	-	1,019
Investment Property	11	37	18
Assets classified as held for sale	11.1	-	19
Property, plant and equipment	12 (a)	2,101	308
Right-To-Use Assets	12 (b)	309	16
Other intangible assets	13	308,369	246
Goodwill	13.1	107,719	16
Intangible assets under development	13.2	119	119
Other non-financial assets	14	4,057	729
Total Assets		**631,772**	**475,456**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	15		
(i) Total outstanding dues of micro enterprises and small enterprises		137	6
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,903	305,724
Debt securities	16	38,133	28,166
Borrowings (other than debt securities)	17	12,873	2,500
Lease Liabilities	12 (b)	325	17
Other financial liabilities	18	1,585	1,243
Non-financial liabilities			
Current tax liabilities (Net)	19	1,201	1,179
Provisions	20	1,565	1,407
Deferred tax liabilities (Net)	10	78,069	-
Other non-financial liabilities	21	2,649	2,791
EQUITY			
Equity share capital	22	166,029	47,011
Other equity	23	291,556	54,049
Equity attributable to owners of HSBC Securities and Capital Markets (India) Private Limited		**457,585**	**101,060**
Non-Controlling Interest	24	32,747	31,363
Total equity		**490,332**	**132,423**
Total liabilities and equity		**631,772**	**475,456**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.
This is the Consolidated Balance Sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016

Sd/-
Sharad Agarwal
Partner
Membership No: 118522

Mumbai
September 29, 2023

For and on behalf of the Board of Directors of
HSBC Securities and Capital Markets (India) Private Limited

Sd/-
Brij Bhushan
Director
(DIN 09288911)

Sd/-
Mudit Tayal
Director
(DIN 07769502)

Sd/-
Saurabh Gupta
Company Secretary
Membership No. 44440

Mumbai
September 29, 2023

HSBC Securities and Capital Markets (India) Private Limited
Consolidated Statement of Profit and Loss

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Revenue from operations			
Revenue from contracts with customers	25	18,029	16,575
Fees and Commission income	26	21,066	10,490
Interest income	27	8,380	4,534
Net gain on fair value changes	28	1,955	1,662
Total revenue from operations		49,430	33,261
Other income	29	3,396	1,391
Total income		**52,826**	**34,652**
Expenses			
Finance costs	30	2,799	237
Employee benefits expenses	31	17,083	13,070
Impairment/(Reversal of impairment) on financial instruments	32	3	-
Depreciation and amortization	33	429	260
Other expenses	34	23,039	14,757
Total expenses		**43,353**	**28,324**
Profit before tax		**9,473**	**6,328**
Income tax expense:			
- Current tax	35	3,245	1,886
- Adjustment in respect of current income tax of prior years	35	(10)	(364)
- Deferred tax (credit)/charge	35	1,431	99
Total tax expense		4,666	1,621
Profit for the year		**4,807**	**4,707**
Other comprehensive income			
i) Items that will not be reclassified to profit or loss:			
- Remeasurement of post-employment benefit obligations		9	(5)
- Changes in the fair value of equity investments at FVOCI **		6	62
ii) Income tax relating to items that will not be reclassified to profit or loss	35	(2)	2
Other comprehensive income for the year		**13**	**59**
Total comprehensive income for the year		**4,820**	**4,766**
Profit attributable to			
Owners of HSBC Securities and Capital Markets (India) Private Limited		3,420	3,071
Non-Controlling Interest		1,387	1,636
		4,807	**4,707**
Other comprehensive income attributable to			
Owners of HSBC Securities and Capital Markets (India) Private Limited		16	(14)
Non-Controlling Interest		(3)	73
		13	**59**
Total comprehensive income attributable to			
Owners of HSBC Securities and Capital Markets (India) Private Limited		3,436	3,057
Non-Controlling Interest		1,384	1,709
		4,820	**4,766**
Earnings per equity share (Nominal value of Rs. 100/- per share)			
Basic & Diluted (Rs.)	40	3.25	6.53

** There is no deferred tax impact on these fair value changes

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.
This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016

Sd/-
Sharad Agarwal
Partner
Membership No: 118522

Mumbai
September 29, 2023

For and on behalf of the Board of Directors of
HSBC Securities and Capital Markets (India) Private Limited

Sd/-
Brij Bhushan
Director
(DIN 09288911)

Sd/-
Mudit Tayal
Director
(DIN 07769502)

Sd/-
Saurabh Gupta
Company Secretary
Membership No. 44440

Mumbai
September 29, 2023

HSBC Securities and Capital Markets (India) Private Limited
Consolidated statement of cash flows for the year ended March 31, 2023

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax:	9,473	6,328
	Adjustments :		
	(Profit) / loss on sale of property, plant and equipment	(3)	7
	Finance Costs	36	12
	Amounts write-off / provided for	3	3
	Interest income on bank deposits	(3,393)	(347)
	Interest on income tax refund	(65)	(138)
	Depreciation and amortisation	429	259
	Remeasurement of defined benefit obligations	(18)	(13)
	Interest expense on debt securities	2,619	199
	Impairment on financial instruments	3	-
	Miscellaneous income	-	(1)
	(Profit)/loss on sale of investment (net)	(1,974)	(929)
	Realised gain on mutual fund	(134)	(172)
	Net Loss on fair value changes on derivative	2,226	
	Unrealised loss on foreign currency transaction	(23)	(23)
	Liability no longer required written back	-	(162)
	GST & Service Tax written-off	50	-
	(Reversal) of impairment in value of investment	-	(131)
	Net (gain) / loss on Fair Value Changes on FVTPL assets	248	(549)
	Operating profit before working capital changes	**9,477**	**4,343**
	Adjustments for working capital changes:		
	(Increase) / decrease in other financial assets	(34)	74
	(Increase) / decrease in loans	(28,980)	(26,172)
	(Increase) / decrease in other non financial assets	(3,328)	292
	(Increase) / decrease in trade receivables	228,894	(235,385)
	(Increase) / decrease in bank balance other than cash and cash equivalents	2,963	(209)
	Increase / (decrease) in trade payables	(300,821)	301,826
	Increase / (decrease) in other financial liabilities	342	(375)
	Increase / (decrease) in other non financial liabilities	(142)	445
	Increase / (decrease) in Provisions	158	45
	Cash generated from operations	**(91,471)**	**44,884**
	Less: Income taxes paid (net of refunds)	**(2,931)**	**(1,246)**
	Net cash generated from operating activities (A)	**(94,402)**	**43,638**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property,plant & equipment and other intangible asset	(1,956)	(208)
	Proceeds from sale of property, plant and equipment	1	-
	Investment in Mutual Fund	(174,017)	(112,701)
	Redemption of mutual fund	114,212	70,371
	Investment in intangible assets under development	-	(44)
	Proceeds from sale of invesments	71,462	44,069
	Placement of bank deposits	(3,030)	(1,497)
	Proceeds from bank deposits	3,911	1,817
	Interest received on bank deposits	3,393	345
	Net cash generated from investing activities (B)	**13,976**	**2,152**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issue of debt securities	133,300	31,993
	Repayment of debt securities	(125,500)	(6,500)
	Proceeds from borrowings	29,251	29
	Repayment of borrowings	(17,000)	-
	Principal payment under finance leases	(24)	(18)
	Net Loss on fair value changes on derivatives	(2,226)	-
	Finance cost paid	(31)	(11)
	Net cash (used in) / generated from financing activities (C)	**17,770**	**25,493**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(62,656)	71,283
	Add: Cash and cash equivalents at beginning of the year	75,320	2,219
	Cash and cash equivalents at end of the year	**12,664**	**73,502**

HSBC Securities and Capital Markets (India) Private Limited
Consolidated statement of cash flows for the year ended March 31, 2023

(All amounts in INR lakhs, unless otherwise stated)

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

Cash and cash equivalents as per above comprise of the following:

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Balances with banks in current account	1,462	65,300
Fixed deposit with maturity less than 3 months	11,202	8,202
Balance as per consolidated statement of cash flows	**12,664**	**73,502**

* Amount less than the rounding off norms of the Group.

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

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

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

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016

Sd/-
Sharad Agarwal
Partner
Membership No: 118522

Mumbai
September 29, 2023

For and on behalf of the Board of Directors of
HSBC Securities and Capital Markets (India) Private Limited

Sd/-
Brij Bhushan
Director
(DIN 09288911)

Sd/-
Mudit Tayal
Director
(DIN 07769502)

Sd/-
Saurabh Gupta
Company Secretary
Membership No. 44440

Mumbai
September 29, 2023

HSBC Securities and Capital Markets (India) Private Limited
Consolidated Statement of Changes in Equity

(All amounts in Rs. lakhs, unless otherwise stated)

Other equity

Particulars	Attributable to owners of HSBC Securties and Capital Markets (India) Private Limited										
	Reserves and surplus						Other reserves				
	Capital redemption reserve	Securities premium	Statutory reserve	General reserve	Impairment Reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Equity component of compound financial instruments	Total other equity	Non Controlling Interest	Total
As at April 1, 2021	**2,275**	**59,528**	**2,191**	**722**	**135**	**(18,058)**	**36**	**-**	**46,829**	**34,022**	**80,851**
Profit for the year	-	-	-	-	-	3,071	-	-	3,071	1,636	4,707
Other Comprehensive Income	-	-	-	-	-	(3)	(12)	-	(14)	73	59
On account of change in interest in the Subsidiary entity						4,368			4,368	(4,368)	-
Total comprehensive income for the year	-	-	-	-	-	**7,436**	**(12)**	-	**7,424**	**(2,659)**	**4,766**
Transfer to impairment reserve	-	-	-	-	49	(49)	-	-	-	-	-
Transfer to Special Reserve under section 45-IC of the RBI act	-	-	211	-	-	(211)	-	-	-	-	-
Adjustments	-	-	-	-	-	(126)	(78)		(204)	-	(204)
As at March 31, 2022	**2,275**	**59,528**	**2,402**	**722**	**184**	**(11,008)**	**(53)**	**-**	**54,049**	**31,363**	**85,412**
Profit for the year	-	-	-	-	-	3,420	-	-	3,420	1,387	4,807
Other Comprehensive Income	-	-	-	-	-	11		-	11	(4)	7
Changes in Fair Value of Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	5	-	5	1	6
Total comprehensive income for the year	-	-	-	-	-	**3,431**	**5**	-	**3,436**	**1,384**	**4,820**
Issuance of shares	-	232,662	-	-	-	-	-	-	**232,662**	-	**232,662**
Transfer to Special Reserve under section 45-IC of the RBI act	-	-	260	-	-	(260)	-	-	-	-	-
Transfer to Impairment Reserve	-	-	-	-	63	(63)	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-	-	-	1,409	**1,409**	-	1,409
Offseting the debit balance in retained earnings with Securities Premium Account	-	(27,805)	-	-	-	27,805	-	-	-	-	-
As at March 31, 2023	**2,275**	**264,385**	**2,662**	**722**	**247**	**19,905**	**(48)**	**1,409**	**291,556**	**32,747**	**324,303**

* Amount less than the rounding off norms of the Group.
The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.
This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016

Sd/-
Sharad Agarwal
Partner
Membership No: 118522

Mumbai
September 29, 2023

For and on behalf of the Board of Directors of
HSBC Securities and Capital Markets (India) Private Limited

Sd/-
Brij Bhushan
Director
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Saurabh Gupta
Company Secretary
Membership No. 44440

Mumbai
September 29, 2023

HSBC Securities and Capital Markets (India) Private Limited

Notes to consolidated financial statements for the year ended March 31, 2023

1 Background

HSBC Securities and Capital Markets (India) Private Limited (‘the Company’) was incorporated on September 29, 1994 under the Companies Act, 1956. The Company is fully owned subsidiary of HSBC Investment Bank Holdings B.V. and its nominees. The Company is primarily engaged in providing broking services, Global Banking (corporate finance and advisory services) and research services. The Company has investments in four subsidiaries companies as at March 31, 2023 (together 'the Group').

The subsidiaries considered in the consolidated financial statements:

		Nature of relationship		Holding of HSCI		
Sr. No.	Name of the Company	2023	2022	2023	2022	Country of incorporation
1	HSBC Asset Management (India) Private Limited (AMIN)	Subsidiary of HSCI	Subsidiary of HSCI	100.00% (100.00%)	100.00% (100.00%)	India
2	HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited" (HIDL)	Subsidiary of HSCI	Subsidiary of HSCI	54.73% (54.73%)	54.73% (54.73%)	India
3	HSBC InvestDirect Securities (India) Private Limited (HISL)	Subsidiary of HSCI	Subsidiary of HSCI	78.82% (78.82%)	78.82% (78.82%)	India
4	HSBC Consultancy Services (India) Limited "formerly known as L&T Investment Management Limited" (LTIM) (Refer note on acquisition below)	Subsidiary of AMIN	NA	100.00% (100.00%)	NA	India
5	HSBC InvestDirect Financial Services (India) Limited (HIFSL)	Subsidiary of HIDL	Subsidiary of HIDL	54.73% (54.73%)	54.73% (54.73%)	India
6	HSBC InvestDirect Sales & Marketing (India) Limited (HISML)	Subsidiary of HIDL	Subsidiary of HIDL	54.18% (54.18%)	54.18% (54.18%)	India

% in brackets represents voting power.

AMIN acts as an Investment Manager to HSBC Mutual Fund ("the Fund") and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated February 7, 2002. AMIN is also a SEBI registered Portfolio Manager. It provides discretionary and advisory Portfolio Management Services (PMS) to its clients. It also provides sub-advisory non-binding services to its group entities.

Note on acquisition of Subsidiary

As on the end of business day of November 25, 2022, AMIN acquired 100% shares of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited ("LTIM")) and all necessary regulatory approvals were obtained. With this, LTIM became wholly owned subsidiary of AMIN. (Refer Note 48). Special Purpose financial information have been prepared by the management for the period from November 26, 2022 to March 31, 2023.

Pursuant to the conversion of HIDL 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. The principal activity of HIDL is investing in and making loans to subsidiaries, associates and employees' welfare trusts. HIDL has investments in two subsidiary companies and one associate company as at March 31, 2023.

HIFSL is primarily engaged in the business of financing against securities. As per RBI circular dated February 22, 2019 on Harmonisation of different categories of NBFCs, HIFSL is classified as an Investment and Credit Company (NBFC - ICC). Prior to this circular, HIFSL was classified as a Loan Company.

HISML and HISL have discontinued their business operations in the earlier years.

2A Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated 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 consolidated 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) and other relevant provisions of the Act.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:
• certain financial assets and liabilities are measured at fair value;
• defined benefit obligations measured in accordance with Ind AS 19

HISL and HISML have discontinued their business operations in the earlier years. Accordingly, the financial statements of HISL and HISML have not been prepared under the going concern assumption. Hence all assets and liabilities have been classified on Management’s assessment and stated at their realisable values. Further, in the opinion of the Management, no further adjustment is considered necessary to the carrying value of assets and liabilities as at balance sheet date as these have been reflected at their estimated realizable values.

New and amended standards adopted by the Group

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective April 1, 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective April 1, 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Company's accounting policy already complies with the now mandatory treatment.

Presentation

The Ind AS compliant consolidated financial statements have been prepared in the format prescribed by Division III of Schedule III to the Companies Act, 2013 under Companies (Indian Accounting Standards (Ind AS)) Rule, 2015 vide notification dated October 11, 2018. 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 39.

(ii) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and balance sheet respectively.

(iii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note 43 for segment information presented.

The power to assess the financial performance and position of the Group and make strategic decisions is vested in the Board of Directors who has been identified as the chief operating decisions maker.

(iv) Foreign currency transactions

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency. Except as otherwise indicated, financial statements presented in Indian rupee has been rounded to the nearest lakhs.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss.

All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis within other gains/(losses).

(v) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service to a customer.

When (or as) a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Group applies the five-step approach for recognition of revenue:
• Identification of contract(s) with customers;
• Identification of the separate performance obligations in the contract;
• Determination of transaction price;
• Allocation of transaction price to the separate performance obligations; and
• Recognition of revenue when (or as) each performance obligation is satisfied.

(a) Broking income is recognised net of goods and service tax, stamp duty and securities transaction tax on the date of transaction.

(b) The Group applies Indian accounting standard 115, "Revenue from Contracts with Customers" five-step revenue recognition model to the recognition of Commissions and Fee Income, under which income must be recognized when control of goods and services is transferred, hence the contractual performance obligations to the customer has been satisfied.

Accordingly, after a contract with a customer has been identified in the first step, the second step is to identify the performance obligation - or a series of distinct performance obligations - provided to the customer. The Group examines whether the service is capable of being distinct and is actually distinct within the context of the contract. A promised service is distinct if the customer can benefit from the service either on its own or together with other resources that are readily available to the customer, and the promise to transfer the service to the customer is separately identifiable from other promises in the contract. The amount of income is measured on the basis of the contractually agreed transaction price for the performance obligation defined in the contract. If a contract includes variable consideration, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. Income is recognised in profit and loss when the identified performance obligation has been satisfied.

Commissions and Fee Income predominantly earned from providing services at a point in time or transaction-type services include brokerage fees & underwriting and advisory fees. Expenses that are directly related and incremental to the generation of Commissions and Fee Income are presented net in Commissions and Fee Income.

(c) Service Income is recognized based on cost plus methodology. The cost includes expense incurred for rendering Research services to HSBC group entity.

(d) Management fees (net of GST) from mutual fund schemes are recognised on an accrual basis in accordance with the investment management agreement and provision of SEBI (Mutual Fund) Regulations, 1996. Revenue from management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Group.

(e) Portfolio management fees (net of GST) are recognised on an accrual basis in accordance with the respective terms of contract with counter parties. Revenue from portfolio management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Group.

(f) Advisory fees are recognised as and when services are performed over the time as the customer simultaneously receives and consumes the benefits provided by the Group.

(g) Profit/loss on sale of investments is recognised on trade date and represents the excess/deficit over the carrying value (determined basis the weighted average cost) of the respective investment sold.

(h) Export entitlements from Government authorities are recognised in the Consolidated Statement of Profit and Loss when there is a reasonable certainty of receipt.

(i) 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 Consolidated 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. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(j) Dividends

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(vi) Property, plant and equipment

Freehold land is carried at historical cost.

All 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Further, as disclosed in table below, based on technical evaluation done by management's expert, the estimated useful life of property, plant and equipment of the Group is different from useful life prescribed in Schedule II of the Companies Act, 2013. Based on the nature of property, plant and equipment used by the Group and past experience of its usage, the Group considers that the useful life for respective assets to be appropriate.

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)Property, Plant and Equipment costing Rs. 35,000 (Previous year: Rs. 35,000), are depreciated at 100% in the year of capitalisation.

(b) Useful life of the property, plant and equipment is estimated as under:

	Useful lives followed (years)							
Category of assets	**HSCI**		**HIDL**		**HIFSL**		**AMIN**	
	FY 2022-23	**FY 2021-22**	**FY 2022-23**	**FY 2021-22**	**FY 2022-23**	**FY 2021-22**	**FY 2022-23**	**FY 2021-22**
Furniture and fixtures	5	5	-	-	-	-	5	5
Computers (Servers & Networks)	4	4	5	5	5	5	5	5
Computers (Laptops)	5	5	4	4	4	4	4	4
Office Equipment	5	5	5	5	5	5	5	5
Vehicles	4	4	-	-	-	-	-	-
Vehicles under lease	Depreciated over lease tenure		-	-	-	-	Depreciated over lease tenure	

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Consolidated Statement of Profit and Loss, unless it is included in the carrying amount of any other asset.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non financial assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Consolidated Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Consolidated Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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).

(vii) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, 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 Group 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/ remaining useful life. 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:

	Useful lives followed(years)
Category of assets	**HIDL**
Buildings	50

(viii) Intangible assets

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:
• it is technically feasible to complete the software so that it will be available for use.
• management intends to complete the software and use or sell it.
• there is an ability to use or sell the software.
• it can be demonstrated how the software will generate probable future economic benefits.
• adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
• the expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed 36 months from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Consolidated Statement of Profit and Loss.

Amortisation methods and periods

The Group amortises intangible assets using the straight-line method over the following periods:

	Useful lives followed by company (years)					
Category of assets	**HSCI**		**HIFSL**		**AMIN**	
	FY 2022-23	**FY 2021-22**	**FY 2022-23**	**FY 2021-22**	**FY 2022-23**	**FY 2021-22**
Computer software	3 years or license life, whichever is lower		3 years or license life, whichever is lower		3 years or license life, whichever is lower	

Goodwill and Asset Management Right

Intangible assets purchased are initially measured at cost. The cost of an intangible asset comprises its purchase price including duties and taxes and any costs directly attributable to making the asset ready for their intended use. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred. Assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their estimated useful lives. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate. Indefinite-life intangible assets comprises of Asset Management Rights (AMR) and Goodwill, for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the Asset Management Rights. For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates. Goodwill is initially recognised based on the accounting policy for business combinations and is tested for impairment annually.

(ix) Capital work in progress

Capital Work in Progress is stated at cost and includes attributable direct costs and incidental expenses. These assets are not yet ready for their intended use at the reporting date. Depreciation is not charged on Capital Work in Progress.

(x) Investments, other financial assets, financial liabilities and equity

(a) Classification

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

1. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
2. 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 Group 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:
(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset (Solely payments of principal and interest).

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group'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 Group 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 Group assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group 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 Group 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 Group commits purchase or sale of financial asset.

(c) Measurement

At initial recognition, the Group 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 in profit and loss.

Financial assets

Debt instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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 Consolidated 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 Consolidated 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 Group subsequently measures all equity investments at fair value. Where the Group'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 Group'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 Consolidated 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 Group 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 Group 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 Group 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 38.1 details how the Group determines whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(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 Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be 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 the Consolidated Statement of Profit and Loss.

(xi) Employee benefits:

(a) Short-term obligations

(1) Liabilities for salaries, including non-monetary benefits

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 current employee benefit obligations in the Consolidated Balance Sheet.

(2) Leave absences

Accumulated leave absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating leave absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

(b) Post employment obligations

The Group operates the following post-employment schemes:

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

Defined benefit plans (gratuity)

The liability or asset recognised in the Consolidated 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 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 estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and 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. This cost is included in employee benefit expense in the Consolidated 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 consolidated statement of changes in equity and in the consolidated 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.

Defined contribution plans (provident fund)

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Restricted Share Plan (Deferred bonus)

The Group's certain eligible employees are entitled to Restricted Share Plan (in the form of deferred bonus) as per the Group's policy. The provision is assessed on a yearly basis based on actuarial valuation. The period-end provision is measured at the present value of estimated future cash flows. At the end of the tenure, the liability is settled in shares based on the prevailing market value.

(xii) 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. 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 consolidated 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 substantially 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 Group 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.

Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

(xiii) Cash and cash equivalents:

For the purpose of presentation in the consolidated 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. Bank overdrafts are shown within borrowings in financial liabilities in the Consolidated Balance Sheet.

(xiv) Special Reserve:

In accordance with section 45-IC of the RBI Act, 1934, HIFSL creates a reserve fund and transfers therein a sum not less than twenty percent of its net profit before any dividend is declared every year, and is disclosed in the other equity.

(xv) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Group 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 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 Group. 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.

A contingent asset is disclosed, where an inflow of economic benefits is probable.

(xvi) Leases - as a lessee

Leases are recognised as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is made available for use by the Group. Contracts may contain both lease and non lease components. The Group allocated the consideration in the contract to the lease and non-lease components based on their respective stand alone prices. However, for lease of real estate and vehicles for which the Group is lessee, it has elected not to separate lease and not lease component and instead account for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the present value of the future lease payments. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that individual lessee would have to pay to borrow the funds necessary to obtain as asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions. 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 Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group, 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 Group 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.

Incremental borrowing rate considered as 7.84% for 3 years (new leases) and 7.33% for 3 years (old leases).

Lease payments are allocated between the liability and finance cost. The finance cost is charged to Consolidated Statement of Profit and Loss over the lease term so as to produce a constant period rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in which the condition that triggers those payments occurs.

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

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

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

Short term leases and leases of low value assets

The Group has elected not to recognise the right-of-use asset and lease liabilities for short term leases that have a lease life of 12 months or less and leases of low value assets (comprising of IT equipment and small items of office furniture). The Group recognises the lease payment associated with these leases as an expense on straight line basis over the lease term.

(xvii) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

1. the profit attributable to owners of the Group
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.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(xviii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and trade and other payables are presented as financial liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(xix) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(xx) 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 cost 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.

(xxi) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(xxii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are dereognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss as other gains/(losses).

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit or loss as finance costs.

The fair value of the liability portion of redeemable preference shares is determined using a market interest rate for an equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on redemption of preference shares. The remainder of the proceeds is attributable to the equity portion of the compound instruments. This is recognised and included in shareholder's equity, net of income tax effects, and not subsequently measured.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

(xxiii) Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.
The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other expenses/ income.

(xxiv) New Fund Offer ('NFO') expenses

Expenses relating to NFO of MF scheme are charged to Consolidated Statement of Profit and Loss of the Group in the year in which these expenses are incurred.

(xxvii) Fund expenses

Expenses incurred (inclusive of advertisement and brokerage expenses) on behalf of schemes of the Fund are charged to the Consolidated Statement of Profit and Loss of the Group unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

(xxviii) Rounding of amounts

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

(xxix) Business Combination

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed in the statement of profit and loss as incurred, other than those incurred in relation to the issue of debt or equity securities which are directly adjusted in other equity. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

2B Critical estimates and judgments

The preparation of Consolidated financial statements in conformity with Ind AS requires that management make judgments, estimates and assumptions that affect the application of Group's accounting policies and the reported amount of assets, liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the income and expense for the reporting period. The actual results could differ from these estimates.

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 (some of which may be for matters that are inherently uncertain and susceptible to change) turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

Such critical accounting estimates could change from period to period and may have a material impact on the Group's financial condition, changes in financial condition or results of operations. Critical accounting estimates could also involve estimates where management could have reasonably used another estimate in the current accounting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical accounting estimates could also involve estimates where management could have reasonably used another estimate in the current accounting period. The critical policies that involves critical accounting estimates includes fair valuation of financial instruments, impairment of non-financial assets and deferred tax. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

The areas involving critical estimates of judgments are:
- Estimation of current tax expense and current tax payable
- Recognition of deferred tax assets for carried forward tax losses
- Estimation of expected credit losses
- Estimation of defined benefit obligation
- Recognition of useful life of tangible and intangible assets
- Segregation of compound financial instruments into debt and equity components

Interest in other entities

AMIN acts as the fund manager for HSBC Mutual Fund, and through its rights as a manager, has a significant involvement in decision-making over the funds' operations and activities. However, fund managers are subject to substantial restrictions under local laws and regulations including regulator's and trustees' oversight. The Group considers its decision-making powers as a fund manager to be held in an 'agent' capacity. The accounting framework provides guidance to apply the agency concept only while assessing whether the fund is a subsidiary of the fund manager. Ind AS 28 does not provide guidance on how to apply the agency concept, while assessing significant influence. Accordingly, the Group assesses significant influence over managed funds by considering voting rights, restrictions etc., as required by Ind AS 28, but excluding decision-making powers held in its capacity as an 'agent' from such assessment, depending on facts and circumstances of each case. Accordingly, it is assessed that there is no significant influence exercised by the company as per Ind AS 28 over Mutual fund schemes that it manages.

HSBC Securities and Capital Markets (India) Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2023 (Continued)

(All amounts in Rs. lakhs, 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 * # $	1,461	65,300
Deposits with maturity of less than 3 months **	11,203	8,202
Total	**12,664**	**73,502**

*Balances with banks in current account includes Rs. Nil (March 31, 2022: Rs. 63,474) pertaining to client settlement.
Balance of Rs. 27 (March 31, 2022: 31) is held for payment to shareholder for capital reduction.
Refer Note 23 (B)(h).

$ Includes Rs. 142 earmarked for unclaimed balances as at March 31, 2023 (March 31, 2022: 57)
** This includes interest acccrued of Rs. 2 (March 31, 2022: Rs. 2)

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

4 Bank balance other than cash and cash equivalents above

Particulars	As at March 31, 2023	As at March 31, 2022
Deposit with maturity less than months (Refer Note 1)	2,019	2,019
Deposits with maturity of more than 3 months and less than 12 months (Refer Note 2)#	10,715	13,729
Deposits with maturity of more than 12 months (Refer Note 3)	51	-
Other bank deposits under lien (Refer Note 4)	8	7
Provision for doubtful deposits	(8)	(7)
Total	**12,785**	**15,748**

Note 1 : This includes bank deposits placed under lien with stock exchanges and clearing houses as at March 31, 2023: Rs. 1,964; (March 31, 2022: Rs 1,964) and accrued interest on deposit of Rs. 55 as at March 31, 2023; (March 31, 2022: Rs. 55).

Note 2: This includes bank deposits placed under lien with stock exchanges, clearing houses and held as lien against bank overdrafts as at March 31, 2023: Rs. 9,794 (March 31, 2022: Rs. 9,950), placed under lien with banks against guarantees issued in favour of stock exchanges towards additional base capital as at March 31, 2023: Rs. 500; (March 31, 2022: Rs. 2,473) and accrued interest on deposit of Rs. 90 as at March 31, 2023; (March 31, 2022: Rs. 90)

Note 3: This includes bank deposits placed under lien with stock exchanges and clearing houses as at March 31, 2023: Rs. 50; (March 31, 2022: Rs. Nil) and accrued interest on deposit as at March 31, 2023: Rs. 1 (March 31, 2022: Rs. Nil)

Note 4: This pertains to deposits placed under lien in favour of VAT authorities
Includes Rs. 22 earmarked for unclaimed balances as at March 31, 2023 (March 31, 2022: Nil.)

(All amounts in Rs. lakhs, unless otherwise stated)

5 Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables from contract with customers – billed	11,116	241,642
Trade receivables from contract with customers – unbilled^	2,681	1,046
Total Receivables	**13,797**	**242,688**
Trade receivables considered good – unsecured **	13,649	242,543
Trade receivable considered doubtful - unsecured	148	145
Gross	**13,797**	**242,688**
(Less): Impairment loss allowance	(148)	(145)
Total	**13,649**	**242,543**

**Trade receivables from related parties as at March 31, 2023: Rs. 5,945; (March 31, 2022: Rs. 2,412).
^The receivable is 'unbilled' because the Company has not yet issued an invoice; however, the balance has been included under trade receivables because it is an unconditional right to consideration.

Ageing of trade receivables as at March 31, 2023:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables								
– considered good	2,681	4,321	6,647	-	-	-	-	**13,650**
– credit impaired	-	-	-	-	-	98	50	**148**
Disputed Trade Receivables			-					
– considered good	-	-	-	-	-	-	-	**-**
– credit impaired	-	-	-	-	-	-	-	**-**
Gross	2,681	4,321	6,647	-	-	98	50	**13,797**
(Less): Impairment loss allowance	-	-	-	-	-	(98)	(50)	**(148)**
Total	**2,681**	**4,321**	**6,647**	**-**	**-**	**-**	**-**	**13,649**

Ageing of trade receivables as at March 31, 2022:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables								
– considered good	1,046	-	241,497	-	-	-	-	**242,543**
– credit impaired	-	-	-	-	98	-	47	**145**
Disputed Trade Receivables								
– considered good	-	-	-	-	-	-	-	**-**
– credit impaired	-	-	-	-	-	-	-	**-**
Gross	**1,046**	-	241,497	-	**98**	-	**47**	**242,688**
(Less): Impairment loss allowance	-	-	-	-	(98)	-	(47)	**(145)**
Total	**1,046**	**-**	**241,497**	**-**	**-**	**-**	**-**	**242,543**

(All amounts in Rs. lakhs, unless otherwise stated)

6 Loans (measured at amortised cost)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Loans against financial securities (LAS) *	114,723	85,823
Security deposit	157	75
Staff loans	1	1
Total (A) - Gross	**114,881**	**85,899**
(Less): Impairment loss allowance	(11)	(9)
Total (A) - Net	**114,870**	**85,890**
(i) Secured by tangible assets (by way of pledge over securities)	114,723	85,823
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government Guarantees	-	-
(iv) Unsecured	158	76
Total (B) - Gross	**114,881**	**85,899**
(Less): Impairment loss allowance	(11)	(9)
Total (B) - Net	**114,870**	**85,890**
Loans in India		
(i) Public Sector	-	-
(ii) Others	114,881	85,899
Total (C) - Gross	**114,881**	**85,899**
(Less): Impairment loss allowance	(11)	(9)
Total (C) - Net	**114,870**	**85,890**

* Includes Interest accrued but not due for March 31, 2023: Rs. 750 (March 31, 2022: Rs. 342)

(All amounts in Rs. lakhs, unless otherwise stated)

7 Investments

Particulars	Fair value through Profit or Loss	Fair value through Other comprehensive income	Total
As at March 31, 2022			
Mutual funds *	40,074	-	40,074
Equity instruments	65	41	106
Total (A) - Gross	**40,139**	**41**	**40,180**
Investments outside India	-	-	-
Investments in India	40,139	41	40,180
Total (B) - Gross	**40,139**	**41**	**40,180**
Total - Gross	40,139	41	40,180
(Less): Impairment loss allowance (C)	-	-	-
Total (D) - Net	**40,139**	**41**	**40,180**
As at March 31, 2023			
Mutual funds *	38,010	-	38,010
Equity instruments	450	48	498
Total (A) - Gross	**38,460**	**48**	**38,508**
Investments outside India	-	-	-
Investments in India	38,460	48	38,508
Total (B) - Gross	**38,460**	**48**	**38,508**
Total - Gross	38,460	48	38,508
(Less): Impairment loss allowance (C)	-	-	-
Total (D) - Net	**38,460**	**48**	**38,508**

*This comprises of 198,308 (March 31, 2022: 198,308) mutual fund units, that have been pledged with NSE Clearing Limited for margin deposit.

Demat transfer of Equity shares received on account of Business combination

Details of equity instruments given below appear in the name of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited) and LTIM is in process to transfer the same in the name of HSBC Asset Management India Private Limited.

Details of Equity Instruments	At Fair Value through Profit or Loss	Number of shares
AMC Repo Clearning Limited	349	3,381,396
MF Utilities Private Limited	35	500,000
Total	**384**	**3,881,396**

(All amounts in Rs. lakhs, unless otherwise stated)

8 Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Security deposits	312	304
Staff loans	1	2
Receivable on account of sale of collateral securities	2	2
Advance to employees	14	-
Amount receivable from Gratuity Trust Fund	65	52
Deposits with stock exchange	477	477
Unsecured, considered doubtful :		
Other advances	11	11
Less: Impairment Loss Allowance	(11)	(11)
Total	**871**	**837**

9 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 Rs. 36,837 (March 31, 2022: Rs. 38,365)]	15,714	14,266
Total	**15,714**	**14,266**

10 Deferred tax assets/ liabilities (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets:		
Minimum Alternate Tax (MAT) Credit	-	825
Property, plant & equipment, investment property	98	119
Provision for doubtful debts	15	15
Provision for gratuity	362	339
Provision for leave absences	25	24
Customer claims liability	3	2
Provision for bonus	266	221
Difference in profit due to FIFO and weighted average cost on Mutual Fund	4	36
Lease liability	7	4
Other Provisions	-	105
Total deferred tax assets	**780**	**1,690**
Deferred tax liabilities:		
Business combination	(77,568)	-
Compound financial instruments	(473)	-
Right-of-use assets	(2)	(4)
Unrealised gain on mutual funds	-	(10)
Fair value of financial instruments	(806)	(657)
Total deferred tax liabilities	**(78,849)**	**(671)**
Add: Net deferred tax asset	-	-
Net deferred tax assets/ (liabilities)	**(78,069)**	**1,019**

Note: For movement in deferred tax, refer Note 35

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on approved business plans and budgets for the Group as per the relevant dates above. The Group is expected to generate taxable income in future years.

(All amounts in Rs. lakhs, unless otherwise stated)

11 Investment property

Building	**As at March 31, 2023**	**As at March 31, 2022**
Gross carrying amount		
Opening gross carrying amount	25	43
Additions	19	-
Closing gross carrying amount	**44**	**43**
Accumulated depreciation		
Opening accumulated depreciation	6	5
Depreciation charge during the year	1	1
Closing accumulated depreciation	**7**	**6**
Less: Disposals (transfer to held for sale)	-	**(19)**
Net carrying amount	**37**	**18**

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

Building	**As at March 31, 2023**	**As at March 31, 2022**
Direct operating expenses from property that did not generate rental income	(3)	(4)
Loss from investment properties before depreciation	(3)	(4)
Depreciation	(1)	(1)
Loss from investment properties	**(5)**	**(5)**

(ii) Fair value

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Investment properties (Building)	148	57

Estimation of fair value

HIDL 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.

11.1 Assets classified as held for sale

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Investment Property	-	19
Total	**-**	**19**

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].

HSBC Securities and Capital Markets (India) Private Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2023 (Continued)

(All amounts in Rs. lakhs, unless otherwise stated)

12 (a) Property, plant and equipment

	Own assets					
Particulars	**Land #**	**Computers**	**Furniture and Fixtures**	**Office equipment**	**Leasehold improvements**	**Total**
Gross carrying amount						
As at April 1, 2021	4	694	17	43	-	758
Additions	-	177	-	2	-	179
Disposals and transfers	-	(59)	(17)	-	-	(76)
Closing gross carrying amount	**4**	**812**	**-**	**45**	**-**	**861**
Accumulated depreciation						
Opening accumulated depreciation	-	396	9	22	-	427
Depreciation charge during the year	-	183	1	11	-	195
Disposals and transfers	-	(59)	(10)	-	-	(69)
Closing accumulated depreciation	**-**	**520**	**-**	**33**	**-**	**553**
Net carrying amount as at March 31, 2022	**4**	**292**	**-**	**12**	**-**	**308**
Gross carrying amount						
As at April 1, 2022	4	851	1	57	8	921
Adjustment	-	89	-	3	-	92
Additions	-	1,897	34	21	-	1,952
Disposals and transfers	-	(80)	(1)	(23)	(8)	(112)
Closing gross carrying amount	**4**	**2,757**	**34**	**58**	**-**	**2,853**
Accumulated depreciation						
Opening accumulated depreciation	-	539	1	34	8	582
Adjustment	-	(92)	-	-	-	(92)
Restated gross carrying amount						
Depreciation charge during the year	-	333	4	8	-	345
Disposals and transfers	-	(62)	(1)	(12)	(8)	(83)
Closing accumulated depreciation	**-**	**718**	**4**	**30**	**-**	**752**
Net carrying amount as at March 31, 2023	**4**	**2,039**	**30**	**28**	**-**	**2,101**

#The Group has a land at Vadgaon Pune, Maharashtra which is held in the erstwhile name i.e., Tajir Investments and Properties Ltd. [now known as HSBC InvestDirect Financial Services (India) Limited]

(All amounts in Rs. lakhs, unless otherwise stated)

12 (b) Right-To-Use Assets / Lease Liabilities

(i) Amounts' recognised in balance sheet

The Balance Sheet shows the following amounts relating to leases:

Right-of-use assets	**As at March 31, 2023**	**As at March 31, 2022**
Vehicles	309	16
Total	**309**	**16**

Lease liabilities	**As at March 31, 2023**	**As at March 31, 2022**
Vehicles	325	17
Total	**325**	**17**

Additions to the right to use assets during the year is Rs. 352 (March 31, 2022: 14)

(ii) Amounts recognised in the Statement of Profit and Loss

The statement of profit and loss shows the following amounts relating to leases:

Particulars	**Notes**	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Depreciation of right-of-use assets	33	39	16
Interest Expenses (included in Finance cost)	30	16	1
Expenses relating to short-term leases of office premises (included in other expenses)	34	576	542
Total		**631**	**559**

The total cash outflow for leases for the year ended March 31, 2023 was Rs. 39 (March 31, 2022: Rs. 19).

(All amounts in Rs. lakhs, unless otherwise stated)

13 Other Intangible Assets

Particulars	Computer software	Asset Management Rights**	Total
Gross carrying amount			
As at April 1, 2021	475	-	475
Additions	48	-	48
Adjustment	-	-	-
Disposals and transfers	-	-	-
Closing gross carrying amount	**523**	**-**	**523**
Accumulated amortisation			
Opening accumulated amortisation	230	-	230
Amortisation during the year	47	-	47
Disposals and transfers	-	-	-
Closing accumulated amortisation	**277**	**-**	**277**
Net carrying amount as at March 31, 2022	**246**	**-**	**246**
Gross carrying amount			
As at April 1, 2022	946	48,655	49,601
Adjustments	(92)	-	(92)
Additions	153	-	153
Additions on account of business combination (refer Note 48)	-	308,200	308,200
Disposals and transfers	(423)	(48,655)	(49,078)
Closing gross carrying amount	**584**	**308,200**	**308,784**
Accumulated amortisation			
Opening accumulated amortisation	581	48,655	49,236
Adjustment	93		93
Amortisation during the year	45	-	45
Disposals and transfers	(304)	(48,655)	(48,959)
Closing accumulated amortisation	**415**	**-**	**415**
Net carrying amount as at March 31, 2023	**169**	**308,200**	**308,369**

** Also refer Note 48

13.1 Goodwill

Particulars	Amount
Gross carrying amount	
As at March 31, 2021	16
Additions	-
Disposals	-
As at March 31, 2022	16
Additions (refer Note 48)	107,703
Disposals	-
As at March 31, 2023	107,719
Amortisation	-
As at March 31, 2021	-
Amortisation during the year	-
Disposals	-
As at March 31, 2022	-
Amortisation during the year	-
Impairment loss	-
Disposals	-
As at March 31, 2023	-
Net Block	
As at March 31, 2022	16
As at March 31, 2023	107,719

Intangible Impairment assessment

Asset Management Rights(AMR) is expected to contribute positively to the entity's cash flow generation over the long term. In absence of a foreseeable period during which AMR is anticipated to generate net cash inflows for the company, AMR has been considered to have an indefinite life and is assessed for impairment on a yearly basis. Asset Management Rights acquired through business combinations has been allocated to single cash–generating unit (CGU) for impairment testing, as follows:

Significant Cash Generating Units (CGUs)
The entire company is considered as one CGU. The intangible assets - Asset Management Rights and Goodwill - both have been fully allocated to this CGU

Impairment testing of CGU:

Particular	As at March 31, 2023	As at March 31, 2022
Carrying value of CGU	365,263	-
Recoverable amount of CGU #	419,866	-

Note
(i) Recoverable amount is based on fair value less costs of disposal

(ii) Valuation technique i.e. discounted cash flow projections has been used to measure fair value less costs of disposal.

Recoverable amount is determined using fair value less cost of disposal

Management has determined the recoverable amount of the CGU by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The valuation is considered to be Level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. No impairment was identified.

Management's approach and the key assumptions used to determine the CGU's FVLCOD were as follows:

Unobservable inputs	Value assigned to key assumption	
	31-Mar-23	Approach to determining key assumption
Total expected revenue for 5 years (Undiscounted)	253,817	Based on 5 years forecasts prepared by the management
Terminal Value at the end of 5th Year	634,137	Computed using Long-term growth rate on 5th year of expected cashflow
Post-tax discount rate (%)	14.62%	Reflects the market risk free rate and premium related to the specific risks
Long-term growth rate (%)	8%	Computed using weighted average growth rate which is used to extrapolate cash flows beyond the budget period. The rate is consistent with forecast included in industry report.

The calculation of fair value less cost of disposal is most sensitive to expected cash-flows and discount rate

The recoverable amount of the CGU is estimated to exceed the carrying amount of the CGU at 31 March 2023 by INR 54,603 lakhs .
The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

Key assumptions	31-Mar-23	
	From	To
Discount Rate	14.62%	15.55%
Perpetual Growth Rate	8.00%	7.00%
Total expected revenues for 5 years (Undiscounted)	253,817	220,820

The projections cover a period of five years, as the Company believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple.

The growth rates used to estimate cash flows for the first five years are based on the Company's five-year strategic plan.

(All amounts in Rs. lakhs, unless otherwise stated)

13.2 Intangible Assets under development

As at March 31, 2022

(a) Ageing of Intangible Assets under development:

	Amounts in Intangible Assets under development for				
Particulars	**Less than one year**	**1 – 2 years**	**2 – 3 years**	**More than 3 years**	**Total**
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	119	-	-	119
Total	-	119	-	-	119

(b) Completion schedule for Intangible Assets under development: whose completion is overdue or has exceeded its cost compared to its original plan:

	To be completed in				
Particulars	**Less than one year**	**1 – 2 years**	**2 – 3 years**	**More than 3 years**	**Total**
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	119	-	-	-	119
Total	119	-	-	-	119

As at March 31, 2023

(a) Ageing of Intangible Assets under development:

	Amounts in Intangible Assets under development for				
Particulars	**Less than one year**	**1 – 2 years**	**2 – 3 years**	**More than 3 years**	**Total**
(i) Projects in progress	-	-	119	-	119
(ii) Projects temporarily suspended	-	-	-	-	-
Total	-	-	119	-	119

(b) Completion schedule for Intangible Assets under development: whose completion is overdue or has exceeded its cost compared to its original plan:

	To be completed in				
Particulars	**Less than one year**	**1 – 2 years**	**2 – 3 years**	**More than 3 years**	**Total**
(i) Projects in progress	119	-	-	-	119
(ii) Projects temporarily suspended	-	-	-	-	-
Total	119	-	-	-	119

(All amounts in Rs. lakhs, unless otherwise stated)

14 Other non-financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good :		
Balances with goods and service tax authorities	464	140
Prepaid expenses	807	429
Other receivables	169	97
Advance to suppliers	23	1
Other advances#	87	59
Balance with VAT authorities	2,502	2
Amount receivable from Gratuity Trust Fund	5	1
Total	**4,057**	**729**

Other Advances from related parties as at March 31, 2023: Rs. 1; (March 31, 2022: Rs. 16).

15 Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	137	6
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,903	305,724
Total	**5,040**	**305,730**

Trade Payable to Related Parties as at March 31, 2023: Rs. 2,385; (March 31, 2022: Rs. 454)

Ageing of trade payables as at March 31, 2023:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				
			Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade payables							
– Micro enterprises and small enterprises	-	-	137	-	-	-	**137**
– Others	631	89	4,129	54	-	-	**4,903**
Disputed Trade payables							
– Micro enterprises and small enterprises	-	-	-	-	-	-	-
– Others	-	-	-	-	-	-	-
Total	**631**	**89**	**4,266**	54	-	-	**5,040**

Ageing of trade payables as at March 31, 2022:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				
			Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade payables							
– Micro enterprises and small enterprises	-	-	6	-	-	-	**6**
– Others	343	-	305,371	-	-	10	**305,724**
Disputed Trade payables							
– Micro enterprises and small enterprises	-	-	-	-	-	-	**-**
– Others	-	-	-	-	-	-	**-**
Total	**343**	**-**	**305,377**	-	-	10	**305,730**

(All amounts in Rs. lakhs, unless otherwise stated)

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 Group.

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	137	6
- 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.	-	-

(All amounts in Rs. lakhs, unless otherwise stated)

16 Debt securities

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Unsecured:		
- Commercial paper	38,133	28,166
Total (A)	**38,133**	**28,166**
Debt securities in India	38,133	28,166
Debt securities outside India	-	-
Total (B)	**38,133**	**28,166**

Terms of repayment schedule of debt securities:-

Instrument with repayment terms	Maturity Date	March 31, 2023		
		Interest Rate (% p.a)	Carrying amount	Face Value
Commercial paper				
Repayable at Maturity	Less than 3 months	7.57% to 8.25%	38,133	38,500
Total			**38,133**	**38,500**

Instrument with repayment terms	Maturity Date	March 31, 2022		
		Interest Rate (% p.a.)	Carrying amount	Face Value
Commercial paper				
Repayable at Maturity	upto 6 months	4.6% to 5.50%	28,166	28,500
Total			**28,166**	**28,500**

(All amounts in Rs. lakhs, unless otherwise stated)

17 Borrowings (other than debt securities)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
(a) Finance lease obligations - Secured	-	-
(b) Debt component of compound financial instruments - Unsecured	622	2,500
(Refer Note (a) and (b) below)		
(C) Loan repayable on demand - Overdraft from Bank - Secured#*	1,751	-
(d) Bank Borrowings - Unsecured *	10,500	-
(d) Loans from related parties	-	-
Total	**12,873**	**2,500**
Borrowings in India	12,873	2,500
Borrowings outside India	-	-
Total	**12,873**	**2,500**

Fully secured against fixed deposit (Note 4)

* Interest rate was 5.50% p.a. to 8.85%p.a. for 2022-23 (5.60% p.a. for 2021-22)

17.1 During the year, there were no defaults in the repayment of principal or interest.

17.2 The Company has used the borrowings from bank or financial institutions for the specific purpose for which it was taken.

17.3 The Company has not been declared wilful defaulter by any bank or financial institutions.

17.4 There are no breach in covenants raised against the loans.

17.5 **Registration of charges or satisfaction with Registrar of Companies (ROC)**

During the FY 2022-2023, the Company had filed for satisfaction of four charges against the Company with a delay. The Ministry of Corporate Affairs (MCA) has condone the delay in satisfaction of the said charges with a payment of Rs. 1,150 for each charge, amounting to Rs. 4,600. The Company has filed the Order of condonation with the MCA for the said satisfaction, however due to migration of MCA portal from version 2 to version 3, the satisfaction status of charges is awaited to be reflected on the portal.

(All amounts in Rs. lakhs, unless otherwise stated)

(a) Debt component of compound financial instruments

The Company had issued 2,500,000 (March 31, 2022: 2,500,000) 9% redeemable preference shares of Rs.100 (Face Value) (each fully paid-up) to HSBC Investment Bank Holdings B.V. The preference shares were to be redeemed at par, on such date as may be determined by the Board of Directors of the Company at any time but not earlier than ten years from the date of allotment (March 12, 2001).

Section 55(2) of the Companies Act, 2013 (Companies Act amended in 2013), stipulates that preference shares shall be redeemed only out of the profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of such redemption. HSCI had cumulative losses as disclosed in Statement of Changes in Equity and there was no fresh issuance of shares in the previous years.

As HSCI was unable to redeem the Preference Shares out of profits or out of a fresh issuance of shares, the Company filed proceedings before the National Company Law Tribunal ("NCLT") under Section 55(3) of the Act on February 15, 2021, to seek approval for issuing fresh / new 2,500,000 9% redeemable preference shares of Rs. 100 (Face Value) each fully paid-up in lieu of old preference shares equal to amount due for original preference shareholders in accordance with the same terms of issue. The Company filed ECB form with RBI and a loan registration number ("LRN") number was issued to HSCI on June 10, 2021.

Vide the NCLT Order dated February 24, 2023, the NCLT allowed the Petition, hereby approving further issuance of 2,500,000 9% Redeemable Preference Shares of Rs. 100 each in lieu of old 2,500,000 9% Redeemable Preference Shares on the same terms and conditions drawn in the past. The preference shares will be redeemed at par on such date as may be determined by the Board of Directors but not earlier than 10 years from the date of allotment. Accordingly the earliest date of redemption is March 12, 2031.

(b) Also, the Company has disclosed 9% redeemable preference shares of Rs. 2,500 (previous year Rs. 2,500) in the standalone financial statement under Other equity as Equity component of compound financial instruments of Rs. 1,883 (previous year Rs. Nil) and Borrowings (other than debt securities) as Debt component of compound financial instruments of Rs. 622 (previous year Rs. 2,500) as at March 31, 2023 in accordance with Ind AS 32 'Financial Instruments: Presentation' as notified under section 133 of the Act. However, as per provisions of section 2(64) and section 43 read with Schedule III and section 52 of the Act, the aggregate amount of Rs. 2,500 (previous year Rs. 2,500) should have been considered as 'Preference share capital'.

(c) 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 (net of earmarked balances) and bank overdrafts	10,771	73,445
Liquid investments	22,983	31,990
Bank balance other than cash and cash equivalents	26	26
Borrowings (other than debt securities)	(11,122)	(2,500)
Lease liabilities	(325)	(17)
Debt securities - commercial paper	(38,133)	(28,166)
Net debt	**(15,800)**	**74,778**

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	Cash and cash equivalents, bank overdrafts	Liquid investments	Lease Liabilities	Borrowings (other than debt securities)	Debt securities - commercial paper	Bank balance other than cash and cash equivalents	Total
Net debt as at April 1, 2021	**2,173**	**33,420**	**(31)**	**(2,500)**	**(2,474)**	**26**	**30,614**
Cash flows movement (net)	71,272	(1,441)	17	-	(25,493)	-	**44,355**
Interest expense	(12)	-	1	-	(199)	-	**(210)**
Interest paid	12	-	-	-	-	-	**12**
New Lease	-	-	(14)	-	-	-	**(14)**
Transfer of lease	-	-	10	-	-	-	**10**
Other non-cash movements							
- Fair value adjustments	-	11	-	-	-	-	**11**
Net debt as at March 31, 2022	**73,445**	**31,990**	**(17)**	**(2,500)**	**(28,166)**	**26**	**74,778**
Cash flows movement (net)	(62,674)	(9,034)	39	(10,500)	(7,348)	-	**(89,517)**
Interest expense	(115)	-	(16)	(5)	(2,619)	-	**(2,755)**
Interest paid	115	-	-	-	-	-	**115**
New Lease	-	-	(352)	-	-	-	**(352)**
Transfer of lease	-	-	21	-	-	-	**21**
Other non-cash movements							
- Fair value adjustments	-	27	-	-	-	-	**27**
- Equity component of compound financial instruments	-	-	-	1,883	-	-	**1,883**
Net debt as at March 31, 2023	**10,771**	**22,983**	**(325)**	**(11,122)**	**(38,133)**	**26**	**(15,800)**

There are no cash flows pertaining to unamortised discount and acquisitions/disposals.

18 Other Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Employee benefits payable (including Restricted Share Plan)	1,482	1,146
Other payables	103	97
Total	**1,585**	**1,243**

(All amounts in Rs. lakhs, unless otherwise stated)

19 Current tax liabilities (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for income tax [Net of advance tax as at March 31, 2023: Rs. 7,707 (March 31, 2022: Rs. 6,558)]	1,201	1,179
Total	**1,201**	**1,179**

20 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
- Leave absences	276	178
- Gratuity (refer Note 36(b))	1,270	1,210
Provision for others *		
Provision for property tax	-	-
Provision for VAT assessments #	19	19
Total	**1,565**	**1,407**

This provision is towards certain VAT related matters contested by the Company where the outflow is considered as probable by the management. The timing and outflow will depend on ultimate outcome of the judgement by authorities on these matters. Additionally, the Company has paid Rs. 200 in the previous years under protest.

* The movement in provision for others is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	19	181
Additions during the year	-	-
Amounts used	-	-
Unused amounts reversed	-	(162)
Closing balance	**19**	**19**

21 Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable including provident fund and tax deducted at source	2,456	2,707
Deposit from customers	3	3
Unclaimed balances	164	51
Payable on Capital Reduction*	26	30
Total	**2,649**	**2,791**

* Refer Note 23B(h)

* The movement in capital reduction as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	30	30
Amount paid during the year	(4)	-
Closing balance	**26**	**30**

(All amounts in Rs. lakhs, unless otherwise stated)

22 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. 100 each	464,500,000	464,500	64,500,000	64,500
Redeemable preference shares of Rs. 100 each	5,500,000	5,500	5,500,000	5,500
Issued shares **				
Equity shares of Rs. 100 (Face Value) each	184,323,905	184,324	47,011,394	47,011
Subscribed & fully paid-up shares ***				
Equity shares of Rs. 100 (Face Value) each	166,028,980	166,029	47,011,394	47,011

****Issued shares**
On September 30, 2022, the Company invited its shareholders to subscribe to a private placement of 137,312,511 equity shares at an issue price of Rs. 295.50 per share (Face value of Rs. 100), with such shares to be issued on and rank for dividends after October 4, 2022.

*****Subscribed & fully paid-up shares**
The issue was partly subscribed to the extent of 119,017,586 equity shares at an issue price of Rs. 295.50 per share (Face value of Rs. 100).

***Increase in Authorised Share Capital**
The Extra ordinary General meeting dated May 20, 2022 had approved the increase in authorised share capital of the Company from Rs. 70,000 to Rs. 470,000 which comprises of 464,500,000 equity shares of Rs. 100 (Face Value) from 64,500,000 equity shares of Rs. 100 (Face Value) and 5,500,000 redeemable preference shares of Rs. 100 (Face Value).

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	47,011,394	47,011	47,011,394	47,011
Shares issued during the year	137,312,511	137,313	-	-
Outstanding at the end of the year	184,323,905	184,324	47,011,394	47,011

Subscribed & fully paid-up shares

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	47,011,394	47,011	47,011,394	47,011
Shares subscribed and fully paid up during the year	119,017,586	119,018	-	-
Outstanding at the end of the year	166,028,980	166,029	47,011,394	47,011

b) Terms, rights and restrictions attached to equity shares
The Holding Company has only one class of equity shares having a par value of Rs. 100 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 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 company

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
HSBC Investment Bank Holdings B.V., the holding company and its nominees	166,028,980	100%	47,011,394	100%

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 Investment Bank Holdings B.V., the holding company and its nominees	166,028,980	100%	47,011,394	100%

e) Details of shareholding of promoters:

Name of the promoter	As at March 31, 2023			As at March 31, 2022		
	Number of shares	% of total shares	% of change during the year	Number of shares	% of total shares	% of change during the year
HSBC Investment Bank Holdings B.V., the holding company and its nominees	166,028,980	100%	-	47,011,394	100%	-

(All amounts in Rs. lakhs, unless otherwise stated)

23 Other equity

A Reseves and surplus

Particulars	As at March 31, 2023	As at March 31, 2022
Capital redemption reserve		
Opening balance	2,275	2,275
Add: Changes during the year	-	-
Closing balance	**2,275**	**2,275**
Securities premium #		
Opening balance	59,528	59,528
Add: Changes during the year	-	-
Add: On shares subscribed during the year (net)	232,662	-
Less: Transferred to Retained earnings #	(27,805)	-
Closing balance	**264,385**	**59,528**
Statutory reserve		
Opening balance	2,402	2,191
Add: Changes during the year	260	211
Closing balance	**2,662**	**2,402**
General reserve		
Opening balance	722	722
Add: Changes during the year	-	-
Closing balance	**722**	**722**
Impairment reserve		
Opening balance	184	135
Add/(Less) : Changes during the year	63	49
Closing balance	**247**	**184**
Retained earnings #		
Opening balance	(11,008)	(18,058)
Add: Offset with Securities premium **#**	27,805	-
Add: Net profit for the year	3,420	3,071
Items of other comprehensive income recognised directly in retained earnings		
(Less): Appropriation in statutory reserve	(260)	(211)
(Less): Appropriation in impairment reserve	(63)	(49)
(Less): Remeasurements of post-employment benefit obligation, net of tax	11	(3)
Add: On account of change in interest in the Subsidiary entity	-	4,368
(Less):Adjustments	-	(126)
Closing balance	**19,905**	**(11,008)**
Total reserves and surplus	**290,196**	**54,102**

 # Offseting the debit balance in retained earnings with Securities Premium Account

On July 18, 2022, the Company applied to the National Company Law Tribunal ('NCLT') to offset the accumulated losses in the Retained earnings against the Securities premium as at March 31, 2022 in accordance with section 52 read with Section 66 of the Companies Act, 2013.

Based on the receipt of NCLT order dated December 14, 2022, the management has accordingly offset the debit balance in retained earnings of Rs. 22,926 with balance in Securities Premium.

During the year HIDL 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 HIDL 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 Rs. 8,914 with balance available in Securities Premium.

(All amounts in Rs. lakhs, unless otherwise stated)

B Other reserves

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Equity Instruments through Other Comprehensive Income		
Opening balance	(53)	37
Add/(Less): Changes during the year	5	(12)
(Less):Adjustments	-	(78)
Closing balance	**(48)**	**(53)**
Equity component of compound financial instruments (Refer Note 17 (b))		
Opening balance	-	-
Add/(Less): Transfer to Retained Earnings	1,409	-
Closing balance	**1,409**	**-**
Total other reserves	**1,361**	**(53)**

Nature and purpose of other equity

a) Capital redemption reserve

As per the Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of the free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to this reserve. This reserve can be used only for the purpose of issuing bonus shares.

b) Securities premium

Securities premium is used to record the premium on issue of shares. This is to be utlised in accordance with the provisions of the Companies Act, 2013.

c) Statutory reserve

Special reserve represents the following:

- Appropriation of retained earning as per Section 45 IC of the Reserve Bank of India Act, 1934. No appropriation of any sum from the

statutory reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time.

- Reserves from the books of the Transferor company HSBC Pragati Finance (India) Private Limited disclosed separately in accordance with the approved scheme of amalgamation. Initially created pursuant to Section 45-1C of the RBI Act, 1934 as amended by the RBI (Amendment) Act, 1997.

d) General reserve

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

e) FVOCI equity instruments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

f) Impairment reserve

As per circular number RBI/2019-20/170 dated March 13, 2020, an Impairment Reserve is created when impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the company shall appropriate the difference from their net profit or loss after tax to a separate Impairment Reserve. As per the circular, the balance in the Impairment Reserve shall not be reckoned for regulatory capital.

(All amounts in Rs. lakhs, unless otherwise stated)

g) Equity component of compound financial instruments

2,500,000 (March 31, 2022: Nil) 9% redeemable preference shares of Rs.100 (Face Value) each fully paid-up. This is the equity component of the redeemable preference shares.
Please refer Note 17, for the terms, rights and restrictions attached to these preference shares.

h) Capital reduction - HIDL

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.

i) Transfer of equity shares to Investor Education and Protection Fund Authority pertaining to HIDL

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.

24 Non Controlling Interest

Particulars	As at March 31, 2023	As at March 31, 2022
Equity attributable to minority and share in profits		
Opening balance	31,363	34,021
Less: On account of change in interest in the Subsidiary entity	-	(4,368)
Add: Share of profits for the year	1,120	1,714
Add : Special Reserve	215	-
Add : Impairment Reserve	52	-
Add/(Less) : Share of other comprehensive income for the year	(3)	(4)
Closing balance	**32,747**	**31,363**

(All amounts in Rs. lakhs, unless otherwise stated)

25 Revenue from contracts with customers

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Brokerage (goods and service tax (GST) and securities transaction tax)	7,374	7,621
Global Banking (Corporate finance and advisory fees) (net of GST)*	5,240	3,941
Service income (net)*	5,415	5,013
Total	**18,029**	**16,575**

* Services are rendered at a point in time

26 Fees and commission income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Management fees from		
i) Mutual fund operations (net of GST)	16,629	5,727
ii) Portfolio management service (net of GST)	424	203
III) Advisory services	4,013	4,560
Total	**21,066**	**10,490**

27 Interest income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On Financial Assets measured at Amortised Cost		
Interest on loans	7,841	3,968
Interest on deposits with banks	202	192
Interest on bank deposits placed with exchanges	337	374
Total	**8,380**	**4,534**

28 Net gain on fair value changes

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Others		
Net gain/(loss) on financial instrument at fair value through profit or loss	1,955	1,662
Total (A)	**1,955**	**1,662**
Fair value changes:		
Realised	2,203	1,112
Unrealised	(248)	550
Total (B)	**1,955**	**1,662**

(All amounts in Rs. lakhs, unless otherwise stated)

29 Other income

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Gain in Impairment Reversal	-	134
Provision no longer required written back	-	162
Net gain on foreign exchange fluctuation	288	193
Profit on sale of property, plant and equipment (net)	3	-
Interest on income tax refund	65	654
Interest on deposits with banks	2,854	148
Dividend Income	4	-
Fair value of gain planned assets	13	-
Other income	-	3
Export credit scrip income	158	94
Miscellaneous income	3	4
Other Recovery	8	-
Total	**3,396**	**1,391**

30 Finance cost

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
On financial liabilities measured at amortised cost:		
Bank overdraft	115	12
Commercial Papers	2,619	199
Interest on delay in payment of tax deducted at source	-	8
Bank Charges	2	-
Borrowings (other than debt securities)		
- Interest and finance charges on lease liabilites	16	1
- Others	42	17
- Debt component of compound financial instruments (Refer Note 17)	5	-
Total	**2,799**	**237**

31 Employee benefits expenses

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Salaries and wages	15,390	12,139
Less: Recovery of shared service cost	-	-
Sub-total	**15,390**	**12,139**
Contribution to provident and other funds (Refer Note 36-a)	597	421
Gratuity (Refer Note 36-b)	257	214
Leave absences	129	58
Restricted share plan (Refer Note 46)	471	141
Staff welfare expenses	239	97
Total	**17,083**	**13,070**

32 Impairment/(Reversal of impairment) on financial instruments

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
On financial instruments measured at Amortised cost:		
Loans	3	-
Total	**3**	**-**

33 Depreciation and amortization

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Depreciation on property, plant and equipment	345	196
Depreciation on right-of-use assets	39	16
Amortisation on other intangible assets	44	47
Depreciation on Investemnt Property	1	1
Total	**429**	**260**

(All amounts in Rs. lakhs, unless otherwise stated)

34 Other expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net Loss on fair value changes on derivative	2,226	-
Rent and utilities	1,376	1,131
Repairs and maintenance		
-- Equipment	2,566	1,276
-- Others	121	93
Fees for advisory services	-	793
Insurance	342	305
Registration fees and stamp duty	258	296
Travel and conveyance	378	65
Auditors' remuneration [Refer Note (a) below]	181	128
Contribution for corporate social responsibility (CSR) [Refer Note (b) below]	349	240
Legal and professional fees	2,605	1,329
Less: Recovery of shared service cost	-	(6)
Global Recharge - Support service	5,752	6,167
Communication expenses	1,530	773
Transaction fees	468	467
Printing and Stationery	1	1
Advertisement and business promotion	1,968	186
Directors' sitting fees	20	15
License and fees	9	9
Stamping and Franking Charges	7	42
General office expenses	103	51
Brokerage and incentives	220	99
Compensation [refer Note (c) below]	76	5
Scheme related expenses	1	-
Rates and taxes	330	66
Loss on sale of Property, Plant and Equipment (net)	-	7
Support service charges	1,833	915
Recruitment cost	6	-
Loss on error trade (net)	1	49
Membership and subscription	71	74
Seminars and conferences	37	-*
Settlement cost	5	7
Impairment loss allowance	3	3
GST & Service Tax written-off / expenses	50	64
Business development	21	11
Relocation expenses	21	6
Bank guarantee charges and others	25	26
Miscellaneous expenses	79	64
Total	**23,039**	**14,757**

* Amount less than the rounding off norms of the Group.

(All amounts in Rs. lakhs, unless otherwise stated)

(a) Break up of auditors' remuneration

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Statutory audit fees	154	112
Other services/certification	25	15
Out-of-pocket expenses	2	1
Total	**181**	**128**

(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	349	240
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On the purposes other than (i) above	349	240
Total	**349**	**240**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amount required to be spent by the company during the year	349	240
Amount of expenditure incurred	349	240
Shortfall at the end of the year	NA	NA
Total of previous years shortfall	NA	NA
Reason for shortfall	NA	NA
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 separately.	NA	NA
Nature of CSR activities	Refer * below	Refer # below
Details of related party transactions	NA	NA
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 separately.	NA	NA

Nature of CSR activities

* The CSR activities are related to Solar energy-based solution at BEST Bus Depot at Bandra (West), Mumbai and the 'National Association for the Blind (NAB) India'

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.

Contribution to Sri Shankara Cancer Foundation. The funds would be used for radiotherapy (cancer treatment)

The CSR activities are related to COVID 19 relief and recovery under item no. (i) and (xii) of Schedule VII the Companies Act, 2013, which relates to promotion of health care, including preventive health care and Disaster management including relief activities. The Company has contributed to administering COVID-19 vaccine through mobile vaccination units, to the geographically difficult to access communities, socially and economically disadvantaged population.

Training economically disadvantaged youth as skilled healthcare professionals, to be placed in waged employment. The activities are related to employment enhancing vocation skills under item no. (ii) of Schedule VII – employment enhancing vocation for youth and livelihood enhancement project.

(c) Compensation

The Company incurred Rs. 76 lakhs (March 31, 2022 Rs. 5 lakhs) towards compensation paid by the Company to investors / distributors on account of routine processing errors / delays.

(All amounts in Rs. lakhs, unless otherwise stated)

35 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
Income tax expense		
Current tax	3,245	1,886
Deferred Tax	1,431	99
Adjustment in respect of current income tax of prior years	(10)	(364)
Sub-total	**4,666**	**1,621**
Current Tax - Other comprehensive income	(5)	1
Deferred tax - Other comprehensive income	3	1
Sub-total	**(2)**	**2**
Total	**4,664**	**1,623**

(b) Reconciliation of the total tax charge

The tax charge shown in the Consolidated 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	9,473	6,328
Tax at India's statutory income tax rate	**2,480**	**5,107**
Tax effect of the amount which are not taxable in calculating taxable income:		
Taxable income/(income not subject to tax)	(304)	(3,432)
DTA no longer required on Fixed Assets & Investments in Mutulal Fund	380	-
Capital Loss on Slump Sale	(93)	-
Deferred Tax on account of different rates	347	(40)
Adjustment in respect of current income tax of prior years	(14)	(919)
Fair Value on MF Investments not considered	(43)	(8)
MAT Credit (Prior Period)	825	-
Expenses disallowed	960	123
Transferpricing adjustments in relation to Brokerage	20	81
Others	106	706
Income tax expense at effective tax rate	**4,664**	**1,618**
Effective tax rate	**49.23%**	**25.57%**

(All amounts in Rs. lakhs, unless otherwise stated)

(c) Deferred tax assets/liabilities

Particulars	As at April 1, 2021	(Charged)/ credited to profit and loss	As at March 31, 2022	(Charged)/ credited to profit and loss	Amounts recognised directly in Other Equity	On account of business combination	As at March 31, 2023
Deferred tax assets:							
Property, plant & equipment	113	6	119	794	-	-	913
Provsion for doubtful debts	14	1	15	- *	-	-	15
Impairment allowance for financial assets	2	-	2	1	-	-	2
Provision for leave absences	168	8	176	14	-	-	190
Minimum Alternate Tax (MAT) Credit	1,185	(360)	825	(825)	-	-	-
Lease liability	8	(4)	4	3	-	-	7
Provision for bonus	310	(100)	210	46	-	-	256
On account of change in valuation of investments method from weighted average to FIFO	36	- *	36	(32)	-	-	4
Other Provisions	29	76	105	(105)	-	-	-
Unrealised gain on mutual funds	-	- *	- *	2	-	-	2
Provision for gratuity	193	5	198	11	-	-	209
Total deferred tax assets	**2,057**	**(369)**	**1,690**	**(91)**	**-**	**-**	**1,598**
Deferred tax liabilities:							
Fair value of financial instruments	(569)	(88)	(657)	(585)	-	-	(1,242)
DTA no longer required on Fixed Assets & investments in Mutual Fund	-	-	-	(380)	-	-	(380)
Unrealised gain on mutual funds	(5)	(5)	(10)	10	-	-	-
Right-of-use assets	(7)	3	(4)	2	-	-	(2)
Compound financial instruments	-	-	-	(1)	(474)	-	(475)
Asset Management Rights	-	-	-	-	-	(77,568)	(77,568)
Total deferred tax liabilities	**(581)**	**(89)**	**(671)**	**(955)**	**(474)**	**(77,568)**	**(79,667)**
Net deferred tax asset/(liability)	**1,475**	**(458)**	**1,019**	**(1,046)**	**(474)**	**(77,568)**	**(78,069)**

(All amounts in Rs. lakhs, 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				
Business losses	2014-15	2022-23	-	1,744
Business losses	2021-22	2029-30	32	32
			32	**1,776**
Unabsorbed depreciation	2009-10 to 2014-15	Not applicable	5,573	5,573
Long term capital losses	2015-16	2023-24	-	4,002
			-	**4,002**
Short term capital losses	2014-15	2022-23	-	957
Short term capital losses	2015-16	2023-24	-	312
			-	**1,269**
Total unused tax losses			**5,605**	**12,620**
Potential tax benefit at March 31, 2023: 25.17%; March 31, 2022: 25.17%			1,411	3,102

(e) HISL has discontinued its business operations in the earlier years and therefore, it is not probable that taxable profit will be available against which the tax deductions can be offset and accordingly deferred tax is non-recognizable.

(All amounts in Rs. lakhs, unless otherwise stated)

36 Employee benefit obligations

a) Defined contribution plans

The Group also has certain defined contribution plans. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 597 (March 31, 2022: Rs. 421).

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amount recognised in the Consolidated Statement of Profit and Loss		
i) Provident fund paid to the authorities	536	370
ii) Pension fund paid to the authorities	16	24
iii) National Pension Scheme	43	26
Others	1	1
Total	**597**	**421**

b) Defined benefit plans

Gratuity

The Group has a defined benefit plan for post-employment benefits in the form of Gratuity. HIDL and HIFSL contribute to the "Gratuity Trust". For HSCI, the plan is wholly unfunded and for AMIN, the plan is partially funded. Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after 4 years and 190 days of continuous service.

(i) The following tables summarise the components of net benefit expense recognised in the Consolidated Statement of Profit or Loss and the funded status and amounts recognised in the Consolidated Balance Sheet for the respective plans:

	As at March 31, 2023		
Particulars	**Present value of obligation**	**Fair value of plan asset**	**Net amount**
Opening balance	**1,311**	**101**	**1,210**
Current service cost	182	-	**182**
Interest cost	99	24	**75**
Total amount recognised in Profit and Loss	**281**	**24**	**257**
Return on plan assets, excluding amounts included in interest expense/(income)	-	33	**(33)**
(Gain)/loss from change in demographic assumptions	50	-	**50**
(Gain)/loss from change in financial assumptions	(125)	-	**(125)**
(Gain)/loss on account of experience changes	99	-	**99**
Total amount recognised in Other Comprehensive Income	**24**	**33**	**(9)**
Employer contributions	-	27	**(27)**
Benefit payments	(156)	(25)	**(131)**
Past service cost - plan amendments	-	-	**-**
Liabilities assumed/asset acquired	732	762	**(30)**
Closing balance	**2,192**	**922**	**1,270**

	As at March 31, 2022		
Particulars	**Present value of obligation**	**Fair value of plan asset**	**Net amount**
Opening balance	**1,289**	**116**	**1,173**
Current service cost	145	-	**145**
Interest cost	76	7	**69**
Total amount recognised in Profit and Loss	**221**	**7**	**214**
Return on plan assets, excluding amounts included in interest expense/(income)	-	(4)	**4**
(Gain)/loss from change in demographic assumptions	-	-	**-**
(Gain)/loss from change in financial assumptions	(27)	-	**(27)**
(Gain)/loss on account of experience changes	28	-	**28**
Total amount recognised in Other Comprehensive Income	**1**	**(4)**	**5**
Employer contributions	-	7	**(7)**
Benefit payments	(200)	(25)	**(175)**
Past service cost - plan amendments	-	-	**-**
Liabilities assumed/asset acquired	-	-	**-**
Closing balance	**1,311**	**101**	**1,210**

(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of plan liabilities	1,702	861
Fair value of plan assets	926	102
Plan liabilities net of plan assets	**776**	**759**
Unfunded liabilities	490	450
Deficit before asset ceiling	461	450

(ii) Consolidated Statement of Profit and Loss

Particulars	As at March 31, 2023	As at March 31, 2022
Employee benefit expense:		
Current service cost	182	145
Total	**182**	**145**
Finance costs	75	69
Net impact on the consolidated profit before tax	**257**	**214**
Remeasurements of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(2)	4
Actuarial (gains)/losses arising from changes in financial assumption	(125)	(27)
Actuarial (gains)/losses arising from changes in demographic assumptions	50	-
Actuarial (gains)/losses arising from changes in actual return on plan assets less interest on plan asset	(31)	-
Actuarial (gains)/losses arising from changes in experience	99	28
Net impact on the consolidated other comprehensive income before tax	**(9)**	**5**

* Amount less than the rounding off norms of the Group.

(iii) Defined benefit plan assets

Category of assets	As at March 31, 2023	As at March 31, 2022
HIDL, HIFSL and AMIN		
- Insurer managed funds	100%	100%

(iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the consolidated 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, promotions and other relevant factors

(v) Demographic assumptions

Retirement Age:

The employees of the Company are assumed to retire at the age of 60 years.

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
Wihdrawal rate	10.00% to 11.00%	10.00% to 11.00%

Mortality:

For March 31, 2023 & March 31, 2022 Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.

Disability:

Leaving service due to disability is included in the provision made for all causes of leaving service.

(All amounts in Rs. lakhs, unless otherwise stated)

(vi) Sensitivity

As at March 31, 2023	Change in assumption increase or decrease by	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50bps	(64)	68
Salary escalation rate	50bps	67	(64)

As at March 31, 2022	Change in assumption increase or decrease by	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50bps	(41)	44
Salary escalation rate	50bps	43	(41)

The above sensitivity analysis 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 consolidated balance sheet.

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

(vii) Maturity

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	252	137
2nd following year	280	149
3rd following year	285	180
4th following year	295	180
5th following year	426	176
Sum of year 6 and above	1,963	1,127

The weighted average duration of the defined benefit obligation is 7 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.

(All amounts in Rs. lakhs, unless otherwise stated)

37 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	Fair value through OCI	Amortised cost	Fair value through Profit or Loss	Fair value through OCI	Amortised cost
Financial assets:						
Cash and cash equivalents	-	-	12,664	-	-	73,502
Bank balance other than cash and cash equivalents above	-	-	12,785	-	-	15,748
Receivables	-	-	13,649	-	-	242,543
Loans						
-Staff loans	-	-	1	-	-	1
-Loans against financial securities (LAS)	-	-	114,712	-	-	85,814
-Security deposits	-	-	157	-	-	75
Investments:						
- Mutual fund units	38,010	-	-	40,074	-	-
- Equity instruments	450	48	-	65	41	-
Other financial assets	-	-	871	-	-	837
Total fianancial assets	**38,460**	**48**	**154,839**	**40,139**	**41**	**418,520**
Financial liabilities:						
Trade payables	-	-	5,040	-	-	305,730
Debt securities	-	-	38,133	-	-	28,166
Borrowings (other than debt securities)	-	-	12,873	-	-	2,500
Other financial liabilities	-	-	1,585	-	-	1,243
Lease liabilities	-	-	325	-	-	17
Total financial liabilities	**-**	**-**	**57,956**	**-**	**-**	**337,656**

37 Fair value measurement (continued) **(All amounts in Rs. lakhs, unless otherwise stated)**

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 Group has classified its financial instruments into the three levels prescribed under the accounting standard.

As at March 31, 2023

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual Fund units	7	38,010	-	-	38,010
- Equity instruments	7	-	-	450	450
Financial Investments at FVOCI					
- Equity instruments	7	48	-	-	48
Total financial assets		**38,058**	**-**	**450**	**38,508**

As at March 31, 2022

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual Fund units	7	40,074	-	-	40,074
- Equity instruments	7	-	-	65	65
Financial Investments at FVOCI					
- Equity instruments	7	41	-	-	41
Total financial assets		**40,115**	**-**	**65**	**40,180**

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

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).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes investment in equity instruments and mutual fund units. The quoted equity instruments are valued at quoted prices as per the stock exchange. The investment in 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.

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. All the close -ended mutual funds which are thinly traded in the active market are included in the 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. The instruments are valued based on quoted prices for the similar instruments but for which significant observable adjustments are required to reflect the difference between the instruments. Unlisted equity shares are classified under this category.

37 Fair value measurement (continued) **(All amounts in Rs. lakhs, unless otherwise stated)**

Fair Value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2023 and 31 March 2022:

Particulars	Unlisted equity securities	Contingent consideration	Hedging derivatives	Indemnification asset	Total
As at 01 April, 2021	-	-	-	-	-
Acquisitions	65	-	-	-	65
Gain/(Losses) recognised in P&L A/c	-	-	-	-	-
As at 31 March, 2022	**65**	**-**	**-**	**-**	**65**
Acquisitions	343	-	-	-	343
Gain/(Losses) recognised in P&L A/c	42	-	-	-	42
Gain/(Losses) recognised in OCI	-	-	-	-	-
As at 31 March, 2023	450	-	-	-	450

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. The fair value of listed equity shares are based on the quoted price at the period end.

Financial Instrument	Valuation Technique
Unquoted Equity Instruments	
AMC Repo Clearing Limited	Underlying Asset approach considered ultimate analysis to determined the fair value per equity share
MF Utilities Private Limited	Discounted cash flow based on present value of the expected future economic benefit and/or price of recent investment
Mutual Funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed/quoted price

The investment in AMC Repo Clearing Limited (ARCL) is valued at a Net Assets approach, The underlying asset approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to companies which are in the initial stages of starting operations. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

The investment in Mutual Fund utility (MFU) participation shares (classified under FVTPL) entitles access to MFU a transaction aggregating portal that enables free access to investors for NAV and other scheme related content across mutual funds. The Association of Mutual Funds in India mandates this investment for all the asset management companies in proportion of their assets under management (AUM) to access MFU.

In order to assess Level 3 valuations as per Company’s investment policy, the management reviews the performance of the investee companies on a regular basis by tracking their latest available financial statements/ financial information, valuation report of independent valuers, etc. which are considered for the valuation process.

37 Fair value measurement (continued) **(All amounts in Rs. lakhs, unless otherwise stated)**

The fair value of the remaining 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 cash equivalents, trade and other receivables, loans, other financial assets, trade and other payables, borrowings, other financial liabilities. Such amounts have been classified as Level 3, on the basis that no adjustments have been made to the balance in the balance sheet.

Further, the Group considers the fair values of financial assets and financial liabilities measured at amortised cost approximates their carrying value, where fair values are calculated by discounting the future cash flows using rate adjusted for the counterparties credit risk.

d) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Fair value as at		Significant unobservable inputs	Sensitivity
	31-Mar-23	31-Mar-22		
Unquoted Equity Shares				
AMC Repo Clearing Limited	415	65	Net assets value	Increase in net asset value by 1% would increase the value by INR 4.15 lakhs and decrease in 1% would decrease the value by INR 4.15 lakhs
MF Utilities Private Limited	35	-	Risk adjusted discount rate	Discount rate of 12.71% is used to derive at the valuation. If the discount rate increase by 1% would lead to decrease in the fair value by INR 1.25 lakhs and decrease in discount rate by 1% would increase in the fair value by INR 1.30 lakhs

Valuation process

The credit risk management team/ finance team performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the CRO. These are reviewed by the CFO.

The main level 3 inputs for loans against financial securities (LAS) are discount rates, which are determined using weighted-average interest rates of loans sanctioned in March 2022 and March 2023.

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Loans				
- Loans against financial securities (LAS)	114,711	116,445	85,814	84,740
Total financial assets	**114,711**	**116,445**	**85,814**	**84,740**
Financial liabilities				
Debt securities	38,133	38,133	28,166	28,166
Borrowings	12,873	12,873	2,500	2,500
Total financial liabilities	**51,006**	**51,006**	**30,666**	**30,666**

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, security deposits, other financial assets, trade and other payables, other financial liabilities, debt securities and borrowings. Such amounts have been classified as Level 3.

(All amounts in Rs. lakhs, unless otherwise stated)

38 Financial risk management

Introduction

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

The Group's risk management is carried out by the Group's Risk Management team (led by a CRO) under policies approved by the board of directors. The Group has a loan policy, which provides guidances for overall risk management, specifically credit risk and market risk. There is also an interest rate policy to manage interest rate risk and liquidity risk.

38.1.1 Credit risk - loans against financial securities (LAS)

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loans and advances, and loan commitments arising from such lending activities.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports in to the CRO. Assessment of lending proposals includes assessment of borrower's background; financial strength and leverage; operational & financial performance track record; cash flows; valuation of collateral and similar parameters.

The Group offers a single product which is lending against financial securities (LAS). It is more than 100% secured product with regulatory risk weight assigned of 100%. A real-time risk monitoring system is put in place to assist the risk team to initiate the necessary margin call triggers and take necessary action including liquidation of collaterals to protect against the probable bad debts.

Apart from the LAS product, the Group routinely extends loans to its' Group Companies. 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 Group 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.

(a) Loans and advances (incl. loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under Ind AS 109. Refer to Note 38.1.1(b) for more details.

Customer Risk Rating (CRR)

The Group uses internal CRR rating model that enables its assessment of the probability of default of individual counterparties. The internal CRR is tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.

The internal CRR is calibrated such that the risk of default increases exponentially at each higher CRR.

The Group has its own internal credit rating framework that is uses for rating of the borrowers at the time of sanction and during the annual re-rating exercise. Any other known information about the borrower which impacts their creditworthiness – such as unemployment and previous delinquency history – is also incorporated into the annual re-rating exercise. Based on the analysis done by the Group, the parameters in the rating model (borrower strength, operating risk, market risk, financials, etc.) are given a score between 1 (highest) to 10 (lowest). The internal rating is based on the final score derived from the credit rating model.

Refer to table below for details:

Internal score	Description of the grade
0.1, 1.1, 1.2	Minimum Default Risk
2.1, 2.2	Low Default Risk
3.1, 3.2, 3.3	Satisfactory Default Risk
4.1, 4.2, 4.3	Fair Default Risk
5.1, 5.2, 5.3	Moderate Default Risk
6.1, 6.2	Significant Default Risk
7.1, 7.2	High Default Risk
8.1, 8.2, 8.3	Special Management
9, 10	Default

(All amounts in Rs. lakhs, unless otherwise stated)

(b) Expected credit loss measurement

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to Note 38.1.1(b)(i) for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to Note 38.1.1(b)(ii) for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to Note 38.1.1(b)(iv) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with Ind AS 109 is that it should consider forward-looking information. Note 38.1.1(b)(v) includes an explanation of how the Group has incorporated this in its ECL models.

The following diagram summarises the impairment requirements under Ind AS 109 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

(i) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly, the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 days past due. It may be kept in mind that the Group's Risk Management team can initiate sale of securities through invocation, to regularise the contractual payments due to the Group.

Qualitative criteria:

For all financial instruments held by the Group, if the borrower is on the Watch, Worry, Monitor list and/or the instrument meets one or more of the following criteria:

- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Significant change in collateral value (secured facilities only) which is expected to increase the risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans
- The CRR of the borrower deteriorates to Significant Default Risk (internal score: 6.1, 6.2) / High Default Risk (internal score: 7.1, 7.2)

The assessment of SICR incorporates forward-looking information (refer to Note 38.1.1(b)(v) for further information) and is performed on a monthly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Risk Management team.

Backstop

The Group enjoys more than 100% collateral cover. There is a theoretical possibility that factors beyond the control of the Risk Management team may impact the realisability of security cover. Amongst other things, some such factors are listed below:

- Injunction on borrower, which prevents the Group from selling the collateral cover
- Regulatory advise on no sale of securities
- Underlying collateral security is locked on the lower circuit or have only sellers in the stocks

(All amounts in Rs. lakhs, unless otherwise stated)

(ii) Definition of default and credit-impaired assets

Borrowers for whom the CRR has deteriorated to Special Management (internal score: 8.1, 8.2, 8.3) / Default (internal score: 9, 10), are considered to be credit-impaired.

In the SICR section above, the potential impact of factors beyond the control of the Risk Management team has been enumerated. Apart from the uncontrollable factors, the Group does not foresee a scenario where the financial instruments would be credit-impaired, by virtue of one or more of the following criteria:

- The Group is conservative in its' customer selection criteria.
- The Group observes an internal rating criteria before onboarding new customers and before renewing limits for existing customers.
- The Group accepts collateral cover only for eligible securities. The criteria for determining eligible securities is described in the loan policy for each category of collateral (equity shares, mutual funds, bonds etc.).
- In the past 3 years, the Group has not witnessed any Credit defaults or Credit losses on the LAS as a product. All loans are Stage 1 assets with a satisfactory historical repayment behavior.
- The loans offered have a contractual tenor of 12-36 months. Loans with a contractual tenor of more than 12 months are subject to annual review and approval. All the loans have a put/call option for the borrower/lender respectively.
- All financial collateral are valued on a continuing basis vis-a-vis the loan exposure for any shortfall which are required to be regularised in a maximum of 7 working day's time. Else, the financial collateral are subject to sell off.
- Any financial collateral showing quality deterioration is required to be swapped with better quality security as advised by Risk Management team.
- All loans are demand loans recallable with a short notice.

(iii) Upgradation from higher stage to lower stage

For upgradation from higher stage to lower stage (i.e. to have cured):
Loan and advances are not moved from higher stage to lower stage immediately after payment of overdue amount, following cooling off period is applied:

From Stage 2 to Stage 1
- Contractual payments are in lower than 30 days past due for at least six months

This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

(iv) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking economic information is also included in determining the PD, EAD and LGD. Refer to Note 38.1(b)(v) for an explanation of forward-looking information and its inclusion in ECL calculations.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(v) Forward-looking information incorporated in the ECL model

The assessment of SICR incorporates forward-looking information. All loans are Stage 1 assets with a satisfactory historical repayment behavior. The Group's LAS portfolio comprises highly liquid financial collateral which are valued on a continuing basis vis-a-vis the loan exposure for any shortfall which are required to be regularised in a maximum of 7 working day's time. Else, the financial collateral are subject to sell off.

In the SICR section above, the potential impact of factors beyond the control of the Risk Management team has been enumerated. Apart from the uncontrollable factors, it is unlikely that any of the Stage 1 assets would move to Stage 2.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, which are likely to culminate into reduction in realisable value of collateral securities are built in through the annual stress-testing exercise (which is a regulatory requirement). The portfolio is stress-tested under various scenarios to arrive at the impact analysis on the loan portfolio, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

(vi) Financial assets measured on a collective basis

ECL is calculated on a collective basis for the entire LAS portfolio.

(All amounts in Rs. lakhs, unless otherwise stated)

(vii) Account review method

Drawing power ratio is the percentage of loan over the net value of securities.

$$\text{Drawing Power Ratio:} \quad \frac{\text{(Value of Security after haircut)} * 100}{\text{Loan Outstanding}}$$

On a daily basis, the risk report will be generated taking the latest end of day price and Drawing Power Ratio is ascertained. Where the Drawing Power Ratio is less than 95%, the margin call will be raised to customer. In case of extreme fall in the market, an intraday risk report is prepared and necessary actions are taken for margin shortfall by credit risk team.

Based on Drawing Power Ratio, the loans would be categorized as follows:

Margin Call	**Drawing Power (ratio)**	**Category**	**Course of Action**	**Time Lines for action – Equity shares***	**Time Lines for action – Other Securities****
Not applicable	95% - 100% (>97% for Securities with security portfolio LTV of greater than equal to 80%)	Normal Loans	Shortfall notice	Within 7 (Seven) working Days failing which positions will be squared off	No action required.
Margin Call	85 - 95 % (97% for Securities with security portfolio LTV of greater than equal to 80%)	Y Category Loans	Shortfall notice	5 (Five) Working Days to top the margins failing which positions will be squared off.	5 (Five) Working Days to top the Margins failing which positions will be squared off.
Square off	< 85 % (94% for securities with security portfolio LTV of greater than equal to 80%)	YY Category Loans	Square off after appropriate intimation to customer.	Immediate Square off after giving appropriate intimation to the borrower.	Immediate Square off after giving appropriate intimation to the borrower.

* For any high risk lending against equity shares or mutual funds (for e.g. single stock lending, promoter lending, etc.) case, the stringent timeline of five working days for the Category "Y" shortfall shall apply.

** Any mixed collateral securities portfolio with more than 65% equity shares composition will be considered as a 100% equity portfolio for Margin Call management and process. All regularization timelines as applicable for a 100% Equity Shares portfolio shall apply to such a portfolio.

(All amounts in Rs. lakhs, unless otherwise stated)

(c) Credit risk exposure

(i) Maximum exposure to credit risk – financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Asset group	Internal rating grade	As at March 31, 2023			Total
		Stage 1	Stage 2	Stage 3	
Loan against financial securities (LAS)	**Performing**				
	Minimum Default Risk	-	-	-	-
	Low Default Risk	-	-	-	-
	Satisfactory Default Risk	111,348	-	-	111,348
	Fair Default Risk	3,375	-	-	3,375
	Moderate Default Risk	-	-	-	-
	Significant Default Risk	-	-	-	-
	High Default Risk	-	-	-	-
	Special Management	-	-	-	-
	Default	-	-	-	-
	Non- performing				
	Individually impaired	-	-	-	-
Total	**Total**	**114,723**	**-**	**-**	**114,723**

Asset group	Internal rating grade	As at March 31, 2022			Total
		Stage 1	Stage 2	Stage 3	
Loan against financial securities (LAS)	**Performing**				
	Minimum Default Risk	-	-	-	-
	Low Default Risk	-	-	-	-
	Satisfactory Default Risk	81,883	-	-	81,883
	Fair Default Risk	3,940	-	-	3,940
	Moderate Default Risk	-	-	-	-
	Significant Default Risk	-	-	-	-
	High Default Risk	-	-	-	-
	Special Management	-	-	-	-
	Default	-	-	-	-
	Non- performing				-
	Individually impaired	-	-	-	-
Total	**Total**	**85,823**	**-**	**-**	**85,823**

(ii) Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types are:

- Listed stocks
- Units of mutual funds (both equity & debt schemes including Fixed Maturity Plans)
- Bonds (sovereign and corporate)

The fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis.

As per the contractual terms, collateral is permitted to be sold in absence of default (Refer Note 38.1.1(b)(vii))

Particulars	Gross exposure to credit risk	Impairment allowance*	Carrying amount	Fair value of collateral held #
As at March 31, 2023				
- Loan against financial securities (LAS)	114,723	(11)	114,711	317,401
Total	**114,723**	**(11)**	**114,711**	**317,401**
As at March 31, 2022				
- Loan against financial securities (LAS)	85,823	(9)	85,814	251,008
Total	**85,823**	**(9)**	**85,814**	**251,008**

* Impairment allowance: 0.01% for March 31, 2023; 0.01% for March 31, 2022

Fair value of collateral held includes collateral amount againt which no loan is outstanding as at March 31, 2023 and March 31, 2022.

(All amounts in Rs. lakhs, unless otherwise stated)

(iii) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk in the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see Note 38.1.1(c)).

An analysis of change in the gross carrying amount of the loan portfolio and corresponding loss allowance:

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance tor the same portfolio as discussed below:

Asset group	Particulars	Year ended March 31, 2023			Total
		Stage 1	Stage 2	Stage 3	
Loan against financial securities (LAS)	Opening balance	85,823	-	-	85,823
	Loans given	114,479	-	-	114,479
	Loans repaid (including partial repayments)	(85,579)	-	-	(85,579)
	Closing balance	**114,723**	**-**	**-**	**114,723**

Asset group	Particulars	Year ended March 31, 2022			Total
		Stage 1	Stage 2	Stage 3	
Loan against financial securities (LAS)	Opening balance	59,677	-	-	59,677
	Loans given	131,605	-	-	131,605
	Loans repaid (including partial repayments)	(105,459)	-	-	(105,459)
	Closing balance	**85,823**	**-**	**-**	**85,823**

The following table explains the changes in the loss allowance between the beginning and at the end of the annual period due to various factors:

Asset group	Particulars	Year ended March 31, 2023			Total
		Stage 1	Stage 2	Stage 3	
Loan against financial securities (LAS)	Opening balance	9	-	-	9
	On loans given	11	-	-	11
	On loans repaid (including partial repayments)	(9)	-	-	(9)
	Net remeasurement of loss allowance	-	-	-	-
	Closing balance	**11**	**-**	**-**	**11**

Asset group	Particulars	Year ended March 31, 2022			Total
		Stage 1	Stage 2	Stage 3	
Loan against financial securities (LAS)	Opening balance	6	-	-	6
	On loans given	13	-	-	13
	On loans repaid (including partial repayments)	(11)	-	-	(11)
	Net remeasurement of loss allowance	-	-	-	-
	Closing balance	**9**	**-**	**-**	**9**

(d) Write-off policy

Margin calls letters are sent to customers whenever there is margin shortfall. In case customer fails to timely top-up the margins and brings it to approved levels, sale of the securities will be initiated by the Group's Risk Management team. Pledge / Lien on Stocks / Other Security will be invoked fully or partially and same will be liquidated to clear the margin shortfall and other dues, if any. In the event of shortfall of securities to cover the outstanding dues, the Group shall initiate appropriate legal action against the customer based on the documentation executed with the customer. Excess fund balance, if any, will be transferred to customer's registered bank account with Group and excess securities will be freed from pledge/lien, post clearing of dues on the account.

The Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the period ended March 31, 2023 was Nil (March 31, 2022: Nil)

(e) Concentration of credit risk

There are no significant concentrations of credit risk to specific industry sectors and/or regions.

(f) Significant estimates and judgements

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 38.1.1.

(All amounts in Rs. lakhs, unless otherwise stated)

38 Financial risk management (continued)

38.2 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, price movements 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 Group's main interest rate risk arises from lending with variable rates, which expose the Group to cash flow interest rate risk. As at March 31, 2023 and March 31, 2022, the Group's lending portfolio at variable rate are denominated in Indian Rupees.

i) Interest rate risk exposure

The exposure of the Group'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*	114,723	85,823
Fixed rate loans	-	-
Total	**114,723**	**85,823**

* The loan amounts are the gross carrying value

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

Loans	Weighted average interest rate	Balance	% of total loans
As at March 31, 2023	8.67%	114,723	100%
As at March 31, 2022	6.89%	85,823	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: 60) basis points	510	383
Interest rates – decrease by 60 (March 31, 2022: 60) basis points	(510)	(383)

The sensitivity is derived holding all other variables constant.

b) Interest rate risk - staff loans, finance lease obligations

The Group has advanced loans to its' employees as at the balance sheet date. Since these loans have been given interest-free to the employees, the Group is not exposed to interest rate risk with respect to staff loans.

The Group has borrowings in the nature of lease liabilities, which do not have any variable interest rates. Accordingly, the Group is not exposed to interest rate risk with respect to finance lease obligations.

(All amounts in Rs. lakhs, unless otherwise stated)

c) Interest rate risk - investments in debt oriented mutual funds

The Group 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:

i) Interest rate risk exposure

The exposure of the Group's investments in debt oriented mutual funds 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
91 days T-bill - increase by 100 basis points	2	39
91 days T-bill - decrease by 100 basis points	(2)	(39)

ii) Sensitivity

Profit and loss is sensitive to higher/lower interest income from investments in debt oriented mutual funds 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 rate – Increase 0.5% (2022 – 1%)	(4)	13
Interest rate – Decrease 0.5% (2022 – 1%)	4	(13)

d) Interest rate risk - borrowings

i) Interest rate risk exposure - borrowings

The exposure of the Group's borrowing 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
Overdraft from bank	1,751	-
Working Capital Demand Loan	10,500	
Variable rate borrowings	**12,251**	**-**
Commercial papers	38,133	28,166
Fixed rate borrowings	**38,133**	**28,166**
Total	**50,384**	**28,165**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

As at March 31, 2023	Weighted average interest rate	Balance	% of total loans
Borrowings (other than debt securities)	7.59%	12,251	24%

As at March 31, 2022	Weighted average interest rate	Balance	% of total loans
Borrowings (other than debt securities)	0.00%	-	0%

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: 60) basis points	(55)	-
Interest rates – decrease by 60 (March 31, 2022: 60) basis points	55	-

The sensitivity is derived holding all other variables constant.

(All amounts in Rs. lakhs, unless otherwise stated)

e) Price Risk

Price risk is the risk that the financial assets at fair value through profit or loss may fluctuate as a result of changes in market prices.

The table below summarises the impact of increases/decreases of the index on the Group’s equity and profit for the period. The analysis is based on the assumption that the equity index had changed by 11% (2021- 12%) with all other variables held constant, that all the Group’s investments moved in line with the index.

Particulars	Impact on profit after tax and equity	
	Year ended March 31, 2023	Year ended March 31, 2022
NSE Nifty 50 – increase 8.7% (2022 – 11%)	440	70
NSE Nifty 50 – decrease 8.7% (2022 – 11%)	(440)	(70)

Profit for the period would increase/decrease as a result of gains/losses on investments classified as at fair value through profit or loss.

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

f) Foreign exchange risk

The Group is exposed to foreign exchange risk primarily through balances arising in the normal course of business that are denominated in a currency other than the Group's functional currency. The management has assessed that the foreign exchange risk does not represent a significant risk to the Group.

Sensitivity	Impact on profit after tax and equity		
	USD	GBP	HKD
Year ended March 31, 2023			
Rupee strengthens: USD: 5% , GBP: 6%.	(42)	(36)	- *
Rupee weakens: USD: 5% , GBP: 6%.	42	36	- *
Year ended March 31, 2022			
Rupee strengthens: USD: 5%, GBP: 6%	(15)	(18)	-
Rupee weakens: USD: (5%), GBP: (6%)	15	18	-

* Amount less than the rounding off norms of the Group.

(All amounts in Rs. lakhs, unless otherwise stated)

38 Financial risk management (continued)

38.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities as at the year end. The amounts disclosed in the table are the contractual undiscounted cash flows. The Group does not have any derivative financial liabilities.

As at March 31, 2023

		Within 12 months			After 12 months			
Contractual maturities of 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**	**Total**
Financial liabilities								
Trade payables	5,040	4,969	41	30	-	-	-	5,040
Debt securities	38,133	38,133	-	-	-	-	-	38,133
Lease Liabilities	325	22	21	44	87	151	-	325
Borrowings (other than debt securities)	12,873	11,212	471	981	208	-	-	12,873
Other financial liabilities	1,585	96	-	867	-	-	622	1,585
Total financial liabilities	**57,956**	**54,432**	**534**	**1,922**	**295**	**151**	**622**	**57,956**

As at March 31, 2022

		Within 12 months			After 12 months			
Contractual maturities of 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**	**Total**
Financial liabilities								
Trade payables	305,730	303,664	1,885	181	-	-	-	305,730
Debt securities	28,166	21,000	7,166	-	-	-	-	28,166
Lease Liabilities	17	3	2	3	9	-	-	17
Borrowings (other than debt securities)	2,500	2,500	-	-	-	-	-	2,500
Other financial liabilities	1,243	96	111	1,036	-	-	-	1,243
Total financial liabilities	**337,656**	**327,263**	**9,164**	**1,220**	**9**	**-**	**-**	**337,656**

(All amounts in Rs. lakhs, unless otherwise stated)

39 Maturity analysis of assets and liabilities

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

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	12,664	-	12,664	73,502	-	73,502
Bank balance other than cash and cash equivalents above	12,734	51	12,785	15,740	8	15,748
Receivables						
(I) Trade receivables	12,572	1,077	13,649	242,543	-	242,543
Loans	61,339	53,531	114,870	60,400	25,490	85,890
Investments	23,250	15,258	38,508	36,142	4,038	40,180
Other financial assets	101	770	871	78	759	837
Non-financial assets						
Current tax assets (Net)	970	14,744	15,714	-	14,266	14,266
Deferred tax assets (Net)	-	-	-	-	1,019	1,019
Investment Property	-	37	37	-	18	18
Assets classified as held for sale	-	-	-	19	-	19
Property, plant and equipment	11	2,090	2,101	6	302	308
Right-of-use Assets	5	304	309	3	13	16
Goodwill	-	107,719	107,719	-	16	16
Other intangible assets	-	308,369	308,369	5	241	246
Intangible assets under development	119	-	119	119	-	119
Other non-financial assets	1,528	2,529	4,057	269	460	729
Total assets	**125,293**	**506,479**	**631,772**	**428,826**	**46,631**	**475,456**
Financial liabilities						
Payables						
Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	137	-	137	6	-	6
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,903	-	4,903	305,724	-	305,724
Debt securities	38,133	-	38,133	28,166	-	28,166
Borrowings (other than debt securities)	12,251	622	12,873	-13,865	16,365	2,500
Lease Liabilities	59	266	325	8	9	17
Other financial liabilities	1,585	-	1,585	1,243	-	1,243
Non-financial liabilities						
Current tax liabilities (Net)	1,201	-	1,201	1,131	48	1,179
Provisions	1,084	481	1,565	938	469	1,407
Deferred tax liabilities (Net)	-	78,069	78,069	-	-	-
Other non-financial liabilities	2,646	3	2,649	2,791	-	2,791
Total liabilities	**61,999**	**79,441**	**141,440**	**326,142**	**16,891**	**343,033**

(All amounts in Rs. lakhs, unless otherwise stated)

40 Earnings per equity share

The computation of basic and diluted earnings per share is given below:-

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Basic & Diluted earnings per share		
Net profit after tax available for equity shareholders (A) (Rs. in lakhs)	3,420	3,071
Weighted average number of equity shares outstanding for basic and diluted EPS (B)	105,378,922	47,011,394
Basic and diluted earnings per share (A) / (B) (Rs.)	3.25	6.53
Nominal value per share (Rs.)	100	100

41 Capital management

For the purpose of the Group's Capital Risk Management, "Capital" includes equity capital, securities premium and all other equity reserves attributable to the shareholders.The Group'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 Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under regular review by the Board.

The Group maintains an actively managed capital base to cover risks inherent in the business and in meeting capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Group's capital is monitored using, amongst other measures, the regulations issued by RBI. Group has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The management of the Group's capital position is undertaken by the management team of the Group. The management team ensures that the Group 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. The management monitors the return on capital as well as the level of dividends to the shareholders.

42 Related party disclosures

As per Ind AS 24 on 'Related Party Disclosure', as prescribed by the Rules, the related parties are as follows:

(a) Names of related parties and nature of relationship:

1 Holding Company:
HSBC Investment Bank Holdings B.V.

2 Ultimate holding company:
HSBC Holdings plc

3 Intermediate holding companies:
HSBC Finance (Netherlands) Ltd.
HSBC Holdings B.V.

4 Subsidiaries:
HSBC Asset Management (India) Private Limited
HSBC InvestDirect (India) Private Limited (formerly known as HSBC InvestDirect (India) Limited)
HSBC InvestDirect Financial Services (India) Limited
HSBC InvestDirect Sales & Marketing (India) Limited
HSBC InvestDirect Securities (India) Private Limited
HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited)

5 Fellow subsidiaries/Enterprise managed by subsidiaries
HSBC Violet Investments (Mauritius) Limited
The Hongkong and Shanghai Banking Corporation Limited – India branches (HSBC – India)
The Hongkong and Shanghai Banking Corporation Limited – Hongkong (HSBC – Hongkong)
HSBC Bank Plc.
HSBC Indian Equity Fund
HSBC Global Asset Management Limited
HSBC Global Asset Management (Singapore) Limited
HSBC Global Asset Management (Hongkong) Limited
HSBC Electronic Data Processing (India) Private Limited
HSBC Electronic Data Processing Philippines Inc
HSBC Electronic Data Processing Gunagdong Limited
HSBC Software Development (India) Private Limited
HSBC Software Development Guangdong Limited
Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
HSBC Global Services (UK) Limited
HSBC Global Services Limited
HSBC Global Services (Hongkong) Limited
HSBC Agency India Private Limited
HSBC Global Asset Management (UK) Limited
HSBC Securities (Canada) Inc.
HSBC Group Management Services Limited
HSBC Professional Services India (Private) Limited
The Hongkong and Shanghai Banking Corporation Limited - Singapore
HSBC Securities (USA) Inc.
HSBC Instituional Trust Services (Asia) Limited

6 Post Employment Benefit Plan
HSBC Investdirect (India) Limited. Employee Gratuity Trust
HSBC Investdirect Financial Services (India) Limited. Employee Gratuity Trust
HSBC InvestDirect Securities (India) Private Limited. Employee Gratuity Trust

7 Key Management Personnel:

Mr. Yogesh Aggarwal, Director
Mr. Brij Bhushan, Director
Mr. Mudit Tayal, Director
Mr. Amitabh Malhotra, Director
Mr. Ravi Menon (CEO & Director) (resigned w.e.f. April 30, 2023)
Mr. Dinesh Kumar Mittal, Director
Dr. Indu Shahani, Director
Mr. Amit Doshi - Director (HISML) (resigned w.e.f August 05, 2022)
Mr. Amit Doshi - Director (HISL) (resigned w.e.f. September 13, 2022)
Mr. Vipul Malkan (HIDL) - Director (resigned w.e.f. August 04, 2022)
Mr. Shantanu Shankar, Managing Director (resigned w.e.f. March 18, 2023)
Mr. Shantanu Shankar - Director (HISL) (resigned w.e.f March 29, 2023)
Ms. Anita Mishra, Director, (appointed w.e.f. April 27, 2022)
Mr. Kailash Kulkarni (CEO & Director) (w.e.f. November 26, 2022)
Ms. Sneha Shetty(Company Secretary) for LTIM
Mr. Berlin Varghese - Additional Director (appointed w.e.f. April 17, 2023)
Mr. Berlin Varghese (HISL) (appointed w.e.f. 15 May 2023)
Ms. Roopa Varma - Additional Director (HIDL) (appointed w.e.f. November 22, 2022)
Ms. Roopa Varma - Additional Director(HISML) (appointed w.e.f. November 22, 2022)
Mr. Deepak Sarup - Director (HIDL) (appointed w.e.f. August 04, 2022 to November 15, 2022)
Mr. Deepak Sarup - Director (HISML) (resigned w.e.f November 16, 2022)
Ms. Payal Advani (appointed w.e.f. September 13, 2022)

(All amounts in Rs. lakhs, unless otherwise stated)

42 Related party disclosures (continued)

(b) The nature and volume of transactions during the year and balances outstanding as at year end with related parties in the ordinary course of business above are as follows:

Transactions with related parties

Particulars	Ultimate Holding Company		Fellow subsidiaries and enterprises managed by subsidiaries		Key Management Personnel and their relatives		Post Employment Benefit Plan	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue from operations								
Brokerage	-	-	62	317	-	-	-	-
Advisory fees	-	-	5,231	4,734	-	-	-	-
Service income	-	-	5,415	5,013	-	-	-	-
Interest income	-	-	2,860	152	-	-	-	-
Expenses								
Remuneration to Key Managerial Personnel	-	-	-	-	1,203	1,843	-	-
Directors sitting fees	-	-	-	-	20	15	-	-
Net Loss on fair value changes on derivative	-	-	2,226	-	-	-	-	-
Finance Cost	-	-	13	11	-	-	-	-
Rent	-	-	1,294	1,055	-	-	-	-
Global Recharge - Support service	-	-	5,752	6,153	-	-	-	-
Legal and professional fees	-	-	436	119	-	-	-	-
Market data cost	-	-	-	24	-	-	-	-
Support service charges	-	-	1,310	682	-	-	-	-
Bank and guarantee charges	-	-	3	1	-	-	-	-
Telephone, communication and postage	-	-	-	5	-	-	-	-
Repair and maintenance - computers	-	-	1,345	620	-	-	-	-
Miscellaneous expenses	-	-	14	9	-	-	-	-
Conveyance expense	-	-	6	3	-	-	-	-
Fees for advisory services	-	-	-	637	-	-	-	-
Restricted share plan	461	111	-	-	-	-	-	-
Business Development Expenses	-	-	3	-	-	-	-	-
Staff Welfare	-	-	21	-	-	-	-	-
Brokerage and incentives	-	-	220	99	-	-	-	-
Others								
Short-term employee benefits	-	-	-	-	85	92	-	-
Post-employment benefits	-	-	-	-	-	4	-	-
Contribution to gratuity trust	-	-	-	-	-	-	4	7
Gratuity amount paid to employee received from Trust	-	-	-	-	-	-	12	-
Loans disbursed	-	-	2,300	-	-	-	-	-
Proceeds from borrowings	-	-	18	26	-	-	-	-
Fixed Deposit Placement	-	-	753,206	381,615	-	-	-	-
Fixed Deposit Redemption	-	-	750,105	374,012	-	-	-	-
Deposit paid for office premsies	-	-	-	24	-	-	-	-

(All amounts in Rs. lakhs, unless otherwise stated)

42 Related party disclosures (continued)

(c) Balance with related parties

Particulars	Ultimate Holding Company		Fellow subsidiaries and enterprises managed by subsidiaries		Post Employment Benefit Plan	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Assets						
Deposit for office premises	-	-	110	110	-	-
Balances in current accounts	-	-	351	64,601	-	-
Balances in bank deposits	-	-	11,513	8,411	-	-
Interest receivable	-	-	3	2	-	-
Trade receivable	-	-	5,945	2,426	-	-
Security deposit	-	-	78	78	-	-
Gratuity receivable	-	-	-	-	77	52
Other non financial Assets	-	-	1	16	-	-
Liabilities						
Other financial liabilities	-	-	10	73	-	-
Trade payables	-	-	2,385	460	-	-
Gratuity payable	-	-	-	-	25	19
Restricted share plan payable	461	111	-	-	-	-

(All amounts in Rs. lakhs, unless otherwise stated)

43 Segment Information

(a) Description of segments and principal activities

The Group has identified five reportable segments of its business, as below:

1	Broking Income	The Group carries out stock broking activities through trading rights on BSE Limited and The National Stock Exchange of India Limited with dealings in Indian securities for both Indian and International-Institutional clients and for the selected retail clients.
2	Global Banking (Corporate finance and advisory fees)	The Global Banking business in Mumbai, offers a full range of investment banking services in India and Internationally.
3	Research	The Group also renders Research services to its group entities.
4	Financing	Income from financing represents results of NBFC business of HIFSL.
5	Investment Management Fees	Income from investment management fee represents results of Mutual Fund business of AMIN.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting.
a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relates to the Group as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as "Unallocable".

(b) Segment revenue

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Broking Income	7,944	7,788
Global Banking Income	5,246	3,950
Research	5,565	5,045
Financing	8,304	4,987
Investment Management Fees	21,738	11,268
Unallocable	4,029	1,614
Total Segment Revenue	**52,826**	**34,652**

A reconciliation of revenue to profit after tax is provided as follows:

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Segment revenue		
Broking	7,944	7,788
Global Banking	5,246	3,950
Research	5,565	5,045
Financing	8,304	4,987
Investment Management Fees	21,738	11,268
Segment expenses		
Broking	8,534	9,191
Global Banking	4,948	5,251
Research	4,332	4,031
Financing	4,137	1,466
Investment Management Fees	18,192	7,892
Segment operating income		
Broking	(590)	(1,403)
Global Banking	298	(1,301)
Research	1,233	1,015
Financing	4,167	3,521
Investment Management Fees	3,546	3,376
Unallocable expenses	3,209	494
Operating income	**5,444**	**4,714**
Other income	4,029	1,614
Net profit before tax	**9,473**	**6,328**
Provision for income tax	3,235	1,522
Deferred tax charge/(credit)	1,431	99
Net profit after tax	**4,807**	**4,707**

(All amounts in Rs. lakhs, unless otherwise stated)

43 Segment Information (Continued)

The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

Revenue from external customers	Year ended March 31, 2023	Year ended March 31, 2022
India	39,506	27,741
UK	5,415	5,125
Other countries	3,876	172
Total	**48,797**	**33,038**

(c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

Particulars	As at March 31, 2023	As at March 31, 2022
Broking Income	14,229	324,511
Global Banking Income	4,327	379
Research	2,837	1,012
Financing	156,551	97,197
Investment Management Fees	449,407	23,461
Unallocable	4,421	28,896
Total Segment assets	**631,772**	**475,456**

(d) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operation of the segment.

Particulars	As at March 31, 2023	As at March 31, 2022
Broking Income	1,052	307,580
Global Banking Income	1,196	350
Research	2,437	288
Financing	50,571	28,352
Investment Management Fees	84,503	3,148
Unallocable	1,681	3,315
Total segment liabilities	**141,440**	**343,033**

44 Additional regulatory information required by Schedule III of the Companies Act, 2013

i) Details of Benami Property held

No proceedings have been initaited on or are pending against the Group for holding benami property under the Benami Trasnsactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii) Borrowing secured against current assets

The Group has not availed any borrowings that have been secured against current assets during the current year.

iii) Wilful Defaulter

The Group has not been declared wilful defaulter by any bank or financial institution or Government or any government authority.

iv) Relationship with Struck off Companies

To the best of our knowledge, the Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

v) Registration of charges or satisfaction with Registrar of Companies (ROC)

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

vi) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

vii) Compliance with approved Scheme(s) of Arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

viii) Core Investment Company (CIC) as part of group companies

HIDL, HIFSL, HISML and HISL were incorporated on September 1, 1997 and their principal activity is investing in and providing loans to subsidiaries, associates and employees' welfare trusts. Based on RBI CIC regulations and amendments thereto, these Companies do not meet the criteria of Systemically Important CICs (CIC-ND-SI) and consequently do not require registration with RBI.

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

ix) Utilisation of borrowed funds and share premium

In the current financial year, HSCI has further invested Rs. 343,631 (March 31, 2022: Nil) in AMIN for the acquiring the shares of LTIM by AMIN.

A (i) The details of investment are as follows:

(a) Date of investment	November 23, 2022
(b) Amount of investment	Rs. 343,631
(c) Complete details of AMIN (Intermediary):	
Name	HSBC Asset Management (India) Private Limited
Address	9-11 Floors, NESCO IT Park Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063
PAN	AABCH0007N
Relationship with HSCI	Wholly owned Subsidiary
(d) Date of funds further invested	November 25, 2022 and December 2, 2022
(e) Amount of further investments	Rs. 348,195
(f) Complete details of LTIM (Ultimate Beneficiary):	
Name	L&T Investment Management Limited (known as HSBC Consultancy Services (India) Limited wef. May 17, 2023)
Address	Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098. The registered office wef November 25, 2022 is: 9-11 Floors, NESCO IT Park Building no. 3, Western Express Highway, Goregaon (East), Mumbai - 400 063
PAN	AABCC5819R
Relationship with HSCI	Subsidiary

(ii) The Group has not provided any guarantee, security or the like, to or on behalf of the Ultimate Beneficiaries

(iii) The Group has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act, 2013 and are not in violation of Prevention of Money-Laundering Act, 2002 (15 of 2003).

(All amounts in Rs. lakhs, unless otherwise stated)

B On September 30, 2022, HSCI invited its shareholders to subscribe to a private placement of 119,017,586 equity shares at an issue price of Rs. 295.50 per share (Face value of Rs. 100).

(i) The details of investment are as follows:

(a) Date of funds received	October 3, 2022
(b) Amount	Rs. 351,696
(c) Complete details of HIBV (Funding Party)	
Name	HSBC Investment Bank Holdings B.V.
Address	8 Canada Square, London, United Kingdom E14 5HQ
Relationship with HSCI	Holding Company
(d) For details of further investment, refer to point A *	

(ii) The Group has not provided any guarantee, security or the like, to or on behalf of the Ultimate Beneficiaries
(iii) The Group has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act, 2013 and are not in violation of Prevention of Money-Laundering Act, 2002 (15 of 2003).

*The un-utilized balance of Rs. 8,065 as at March 31, 2023 is parked in Bank deposits and Mutual fund.

x) Undisclosed Income

There is no income surrendered or disclosed as income during the current or pervious year in the tax assessments under the Income Tax Act, 1961 that has not been recorded in the books of account.

xi) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

xii) Valuation of Property, Plant and Equipment and Intagible Assets

The Group has not revalued its Property, Plant and Equipment (including right of use assets) or intangible asstes or both during the current or previous year.

xiii) Financial Ratios

Considering, the Group is engaged in providing broking services, Global Banking (corporate finance and advisory) services and research services, investment management services and investing in and making loans to subsidiaries, associates and employees' welfare trusts. The financial ratios as prescribed under Division III of Schedule III of the Companies Act, 2013, are not applicable to the Group.

(All amounts in Rs. lakhs, unless otherwise stated)

45 Contingent liabilities, contingent assets and commitments (to the extent not provided for)

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments		
Sanctioned amount pending request for disbursal	2,317	4,635
Claims not acknowledged as debts in respect of:		
Direct tax matters disputed by the Group	62,005	61,805
Indirect tax matters disputed by the Group	3,963	225
ESIC demand disputed by the Group	-	8
Bank Guarantees	1,000	4,000
Total	**69,285**	**70,672**

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 Rs. lakhs, unless otherwise stated)

46 Restricted share plan

Restricted share plan represents restricted stock award granted to select high potential employees. Shares are awarded through Restricted Shares of HSBC Holdings Plc. At the end of the vesting period, the shares awarded will be transferred to the employee provided the employee continues to be in employment. These restricted shares have been awarded to the employees during the year ended March 31, 2013 to March 31, 2022.

Set out below is a summary of shares granted under the plan:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Number of shares	Number of shares
Opening balance	190,732	109,564
Granted/adjusted during the year	91,800	154,145
Exercised during the year	-	-
Released during the year	(5,965)	(4,821)
Forfeited/Lapsed/cancelled during the year	(77,068)	(68,157)
Closing balance	**199,499**	**190,731**

Total expenses arising from restricted share plan recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Restricted share plan	471	141
Total	**471**	**141**

47 Investment in unconsolidated structured entities

AMIN acts as the fund manager for HSBC Mutual Fund, and through its rights as a manager, has a significant involvement in decision-making over the funds' operations and activities. However, fund managers are subject to substantial restrictions under local laws and regulations including regulator's and trustees' oversight. AMIN considers its decision making powers as a fund manager to be held in an 'agent' capacity. The accounting framework provides guidance to apply the agency concept only while assessing whether the fund is a subsidiary of the fund manager. Ind AS 28 does not provide guidance on how to apply the agency concept, while assessing significant influence. Accordingly, AMIN assesses significant influence over managed funds by considering rights, restrictions etc., as required by Ind AS 28, but excluding decision-making powers held in its capacity as an 'agent' from such assessment, depending on facts and circumstances of each case.

The following tables show the income and carrying amount of AMIN's recorded interest in the structured entities as well as the maximum exposure to risk due to these exposures in the unconsolidated structured entities and asset management activities:

Particulars	Asset Under Management of the scheme	
	Year ended March 31, 2023	Year ended March 31, 2022
Financial investments classified as FVTPL		
HSBC Mutual Fund - HSBC Short Duration Fund	361,269	25,322

The following table sets out an analysis of the carrying amounts of interests held by AMIN in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the assets held.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Investments in HSBC Short Duration Fund	4,209	4,247
Management Fees receivable	109	22
Total	**4,318**	**4,269**

As at March 31, 2023 there is no maximum exposure to loss is the carrying amount of the assets held.

(All amounts in Rs. lakhs, unless otherwise stated)

48 Business Combination

Acquisition of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited)

On November 25, 2022, AMIN acquired shares of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited) post all necessary regulatory approvals were obtained. With this, AMIN became 100% owner of LTIM.
The acquisition was made to increase AMIN's presence in asset management industry through inorganic growth.

The transaction was subject to approval of Securities and Exchange Board of India ("SEBI"). As a part of its approval, SEBI required LTIM to cease acting as an asset management company and surrender its approval to act as an asset management company.

Immediately upon acquisition, with a view to maintain simple corporate structure, enable direct control over the undertaking of LTIM and eliminate duplicative corporate procedures, the board of directors of AMIN and LTIM approved the corporate merger of two entities to take place with effect from appointed date (i.e start of business hours on November 25, 2022) as defined in the scheme of merger. The scheme of merger ("the scheme") was submitted by AMIN for approval of Hon'ble National Company Law Tribunal (Mumbai bench) ("NCLT"). NCLT heard the merger application on August 24, 2023 and reserved the matter for pronouncement of order.

Further to run the mutual fund schemes operated by L&T Mutual fund, pending approval of the scheme of merger, LTIM undertaking was acquired by the Company on a going concern basis through an agreement dated November 25, 2022.

Together all these transaction constitute "Business Combination" as per Ind AS 103.

Details of the purchase consideration, the net assets acquired and goodwill are as follows

Purchase consideration:

Particular	Amount
Cash Consideration paid to selling shareholder of LTIM (A)	348,544
Consideration payable to LTIM for business transfer (B)	8,700
Total purchase consideration	**357,244**

The assets and liabilities recognised as a result of the acquisition:

Particular	Amount
Cash	1,818
Plan Asset (Net)	30
Investments in Mutual Funds	8,118
Indefinite-lived Intangible assets: Asset Management Rights	308,200
Current tax assets*	1,684
Trade payables	(1,812)
Deferred Tax Liability	(77,568)
Net assets acquired excluding goodwill (C)	**240,470**
Goodwill (A-C)	108,074
Total net assets acquired	**348,544**
Receivable by LTIM from the Company	8,700
Total purchase consideration	**357,244**

*Current tax assets were not transferred pursuant to agreement dated November 25, 2022.
The goodwill is attributable to the assembled workforce, distribution network and the high profitability of the acquired business. It will not be deductible for tax purposes.

Revenue and profit contribution –
The acquired business contributed revenues and profits to the Company for the period 31 March 2023 as follows:

(a) LTIM: Post acquisition, the schemes managed by LTIM and the Company were merged and accordingly the disclosure of post-acquisition revenue and profit attributable to LTIM business is impracticable.

If the acquisitions had occurred on April 1, 2022, consolidated pro-forma revenue and profit for the year ended March 31, 2023 would have been higher by Rs. 22,955 lakhs and Rs.9,938 lakhs respectively. These amounts have been calculated using the LTIM's audited results for the period April 01, 2022 till November 25, 2022 after adjusting for accounting policy differences and additional depreciation and amortisation based on fair values of Property, plant and equipments and intangibles, if any.

(All amounts in Rs. lakhs, unless otherwise stated)

(b) Purchase consideration – cash outflow

Particular	Amount
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	348,544
Less: Cash acquired during business combination	(1,818)
Net outflow of cash – investing activities	**346,726**

Acquisition-related costs

Acquisition-related costs of Rs. 1,391 lakhs that were not directly attributable to the issue of shares are included in other expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows.

49 Networth Compliance

AMIN has recognised certain indefinite-lived intangible assets (asset management rights or AMR) as part of business combination as per the principles of Ind AS 103, Business Combinations. This has resulted in recognition of deferred tax liability (DTL) of Rs. 77,568 lakhs in accordance with Ind-AS 12 – Income taxes. The recognition of DTL has also led to an increase in goodwill by Rs. 77,568 lakhs to Rs. 108,074 lakhs. Also refer to business combination related disclosure in Note 48.

As per the definition of networth under Regulation 2(qa) of SEBI (Mutual Funds) Regulations, 1996, all intangible assets need to be deducted in arriving at the net worth of the company for SEBI regulations purposes Please refer table below for details of this computation.

The additional DTL recorded of Rs. 77,568 lakhs arises entirely as a result of the gross carrying value of AMR and is inseparably linked to it and hence in AMIN's view the intangibles should be netted off with associated DTL while calculating networth as per the MF Regulations.

AMIN has made a detailed written representation to SEBI, to take cognizance of the networth computation of AMIN, as per this approach including appropriate mitigation measures to be taken by AMIN, if requested by SEBI, to meet the minimum networth requirements vide its letter dated September 20, 2023. SEBI has taken AMIN's submission on record vide its letter dated September 26, 2023.

The networth position is as under as on March 31, 2023:

Computation of Net Worth per SEBI Regulations	Amount in INR Lakhs
Paid Up Capital	34,441
Add: Free Reserves (excluding reserves created out of revaluation)	14,452
Add: Share premium account	315,470
Total (1) – Share Capital & Reserves as at 31 March 2023	**364,363**
Less: Miscellaneous expenditure to the extent not written off or adjusted or deferred revenue expenditure	-
Accumulated losses	-
Intangible assets	
Asset Management Rights	(308,200)
Goodwill (including incremental goodwill of Rs. 77,568 lakhs arising on recognition of DTL on AMR described above)	(108,074)
Total (2) – Deductions	**(416,274)**
Networth as per the SEBI (Mutual Fund) Regulations	**(51,911)**
Add: Incremental deferred tax liability adjusted based on submissions to SEBI	77,568
Adjusted Networth	**25,657**

50 Interests in other entities **(All amounts in Rs. lakhs, unless otherwise stated)**

(a) Subsidiaries

The Group's subsidiaries at March 31, 2023, are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, proportion of ownership interests held and voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Principal Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
HSBC Asset Management (India) Private Limited (AMIN)	India	100.00% (100.00%)	100.00% (100.00%)	0.00% (0.00%)	0.00% (0.00%)	Refer Note 1
HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited) (LTIM)	India	100.00% (100.00%)	0.00% (0.00%)	0.00% (0.00%)	0.00% (0.00%)	Refer Note 1
HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited" (HIDL)	India	54.73% (54.73%)	54.73% (54.73%)	45.27% (45.27%)	45.27% (45.27%)	Refer Note 1
HSBC InvestDirect Securities (India) Private Limited (HISL)	India	78.82% (78.82%)	78.82% (78.82%)	21.18% (21.18%)	21.18% (21.18%)	Refer Note 1
HSBC InvestDirect Financial Services (India) Limited (HIFSL)	India	54.73% (54.73%)	54.73% (54.73%)	45.27% (45.27%)	45.27% (45.27%)	Refer Note 1
HSBC InvestDirect Sales & Marketing (India) Limited (HISML)	India	54.18% (54.18%)	54.18% (54.18%)	45.82% (45.82%)	45.82% (45.82%)	Refer Note 1

% in brackets represents voting power

(b) Non-controlling interests (NCI)

Set out below is the summarised financial information for each subsidiary that has non-controlling interest that are material to the Group. The amounts disclosed for each subsidary are before inter-company eliminations.

Summarised balance sheet	HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited" (HIDL)		HSBC InvestDirect Financial Services (India) Limited (HIFSL)		HSBC InvestDirect Sales & Marketing (India) Limited (HISML)		HSBC InvestDirect Securities (India) Private Limited (HISL)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial assets	53,336	52,627	119,022	92,138	219	215	760	655
Financial liabilities	42	35	69,033	44,481	3	2	199	181
Net financial assets (A)	**53,294**	**52,592**	**49,989**	**47,657**	**216**	**213**	**561**	**474**
Non-financial assets	896	879	1,637	1,583	123	167	876	882
Non-financial liabilities	88	80	69	52	19	67	165	59
Net non-financial assets (B)	**808**	**799**	**1,568**	**1,532**	**104**	**100**	**711**	**823**
Net assets (A+B)	**54,102**	**53,391**	**51,558**	**49,189**	**320**	**313**	**1,272**	**1,297**
Accumulated NCI	**24,388**	**24,067**	**7,931**	**6,863**	**139**	**136**	**289**	**294**

50 Interests in other entities (Continued)

Summarised statement of profit and loss	HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited" (HIDL)		HSBC InvestDirect Financial Services (India) Limited (HIFSL)		HSBC InvestDirect Sales & Marketing (India) Limited (HISML)		HSBC InvestDirect Securities (India) Private Limited (HISL)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue	1,222	1,486	8,196	4,497	7	6	18	1
Profit / (loss) for the year	710	1,725	2,378	1,923	7	2	(30)	(35)
Other comprehensive income	- *	(1)	(10)	168	-	-	6	(15)
Total comprehensive income	710	1,723	2,369	2,092	7	2	(24)	(51)
Profit allocated to NCI	321	769	1,065	871	3	1	(5)	(4)

* Amount less than the rounding off norms of the Company.

Summarised cash flows	HSBC InvestDirect (India) Private Limited "formerly known as HSBC InvestDirect (India) Limited" (HIDL)		HSBC InvestDirect Financial Services (India) Limited (HIFSL)		HSBC InvestDirect Sales & Marketing (India) Limited (HISML)		HSBC InvestDirect Securities (India) Private Limited (HISL)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash flows from operating activities	(1,612)	827	(24,247)	(24,602)	(4)	(4)	82	(13)
Cash flows from investing activities	1,612	(834)	2,261	(474)	5	3	1	2
Cash flows from financing activities	-	-	21,899	25,493	-	-	2	15
Net increase/(decrease) in cash and cash equivalents	(0)	(7)	(87)	416	1	(1)	86	3

51 Previous year figures

Previous year figures are re-grouped / re-classified wherever necessary to confirm to current year's classification.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N/N500016

Sd/-
Sharad Agarwal
Partner
Membership No: 118522

Mumbai
September 29, 2023

For and on behalf of the Board of Directors of
HSBC Securities and Capital Markets (India) Private Limited

Sd/-
Brij Bhushan
Director
(DIN 09288911)

Sd/-
Mudit Tayal
Director
(DIN 07769502)

Sd/-
Saurabh Gupta
Company Secretary
Membership No. 44440

Mumbai
September 29, 2023

(All amounts in Rs. lakhs, unless otherwise stated)

52 Additional information, as required under Schedule III to the Companies Act, 2013

Name of the Entity	Net Assets i.e.total assets minus total liabilities		Share in profits or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	% of consolidated other comprehensive income	Amount	% of consolidated total comprehensive income	Amount
Parent								
HSBC Securities and Capital Markets (India) Private Limited								
March 31, 2023	84%	414,139	17%	821	221%	30	18%	851
March 31, 2022	53%	70,365	-36%	-1,715	150%	89	-34%	-1,625
Subsidiaries (group's share)								
HSBC Asset Management (India) Private Limited								
March 31, 2023	7%	33,899	29%	1,397	-97%	(13)	29%	1,384
March 31, 2022	11%	13,997	60%	2,807	-18%	(11)	59%	2,796
HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited)								
March 31, 2023	-2%	(8,657)	-10%	(475)	0%	-	-10%	(475)
March 31, 2022	0%	-	0%	-	0%	-	0%	-
HSBC InvestDirect (India) Private Limited (formerly known as HSBC InvestDirect (India) Limited)								
March 31, 2023	-2%	(10,942)	-15%	(733)	3%	- *	-15%	(733)
March 31, 2022	-7%	(9,013)	-1%	(46)	-3%	(2)	-1%	(47)
HSBC InvestDirect Financial Services (India) Limited								
March 31, 2023	6%	27,809	27%	1,309	-40%	(5)	27%	1,303
March 31, 2022	18%	24,380	22%	1,053	-4%	(3)	22%	1,050
HSBC InvestDirect Sales & Marketing (India) Limited								
March 31, 2023	0%	171	0%	4	0%	-	0%	4
March 31, 2022	0%	167	0%	1	0%	-	0%	1
HSBC InvestDirect Securities (India) Private Limited								
March 31, 2023	0%	1,167	23%	1,097	37%	5	23%	1,102
March 31, 2022	1%	1,168	21%	973	-31%	(18)	20%	955
Non-controlling interests in all subsidiaries								
March 31, 2023	7%	32,747	29%	1,387	-23%	(3)	29%	1,384
March 31, 2022	24%	31,359	35%	1,634	5%	3	34%	1,637
Total								
March 31, 2023	100%	490,332	100%	4,807	100%	14	100%	4,820
March 31, 2022	100%	132,424	100%	4,707	100%	59	100%	4,767

* Amount less than the rounding off norms of the Company.