# 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 consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2024, 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, material accounting policies information 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, 2024, 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 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 14 of the Other Matters section below, other than the unaudited financial information as certified by the management and 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 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 in view of reasons stated therein.

   Our opinion is not modified in respect of this matter.

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*Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002*
*Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LUPIN AAC-5001) with effect from July 25, 2014. Post its*
*Conversion to Price Waterhouse Chartered Accountants LLP, its ICAl registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)*

**Other Information**

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the 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 14 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**

6. 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, consolidated cash flows and consolidated 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.

7. 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.

8. 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**

9. 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.

10. 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 have been audited by other auditor (Refer paragraph 14 below), such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

11. 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.

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

**Other Matters**

13. The financial statements of 4 subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 533,063 lakhs and net assets of Rs 441,197 lakhs as at March 31, 2024, total revenue of Rs. 52,651 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of Rs. 20,239 lakhs and net cash inflows amounting to Rs 290 lakhs for the year then ended have been audited by us.

14. We did not audit the financial statements of 1 subsidiary whose financial statements reflect total assets of Rs 195,141 lakhs and net assets of Rs 54,785 lakhs as at March 31, 2024, total revenue of Rs.14,249 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of Rs 3,227 lakhs and net cash inflows amounting to Rs 1,830 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements 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.

15. We did not audit the financial information of 2 subsidiaries (including 1 subsidiary upto October 15, 2023) whose financial information reflect total assets of Rs. 17 lakhs and net assets of Rs. 14 lakhs as at March 31, 2024, total revenue of Rs. 12 lakhs, profit of Rs. 4 lakhs and net cash flows amounting to Rs. 5 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and 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 these subsidiaries and our report in terms of sub-section (3) of Section 143 including Rule 11 of the Companies (Audit and Auditors) Rules, 2014 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

    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 and the financial information certified by the Management.

**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 report of the other auditor, except that the backup of certain books of account and other books and papers maintained in electronic mode has not been maintained on a daily basis on servers physically located in India during the period April 1, 2023 to March 27, 2024 and the matters stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules").

    (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 as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 17(b) above on reporting under Section 143(3)(b) and paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Rules.

    (g) 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.

    (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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, 2024– Refer Note 5(a), 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, 2024.

iii. During the year ended March 31, 2024, 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.

iv. (a) The respective Managements of the 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 such subsidiary respectively that, to the best of their knowledge and belief, as disclosed in 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)(A) 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 such 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)(B) 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 auditor of the subsidiary which is a company 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. Based on our examination, which included test checks and that performed by auditor of a subsidiary, which is a company incorporated in India whose financial statements have been audited under the Act, the Group have used accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in the software except that the audit trail has not been enabled at the database level to log any direct data changes in respect of 3 accounting software. With respect to other software hosted by third party service providers, in the absence of the service organisation auditor's controls report, we are unable to comment whether, at the database level, the audit trail feature was enabled. Further, during the course of our audit, other than the aforesaid instances of audit trail not maintained where the question of our commenting does not arise, we and the respective auditor of the above referred subsidiary did not notice any instance of the audit trail feature being tampered with. (Refer note 51 to the consolidated financial statements).

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 the Holding Company, HSBC Asset Management (India) Private Limited, HSBC InvestDirect Securities (India) Private Limited, HSBC InvestDirect (India) Private Limited and HSBC Trustees (India) Private Limited (from the date of incorporation i.e. January 9, 2024). HSBC InvestDirect Sales & Marketing (India) Limited, subsidiary Company has 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 this subsidiary Company. Based on the report of auditor of HSBC InvestDirect Financial Services (India) Limited, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V to the Act.

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

Sd/-
Sharad Agarwal
Partner
Membership Number: 118522
UDIN: 24118522BKFUBM4846
Mumbai
August 13, 2024

## Annexure A to Independent Auditor's Report

Referred to in paragraph 17(g) 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 for the year ended March 31, 2024.


### 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, 2024, 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 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 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 Matter 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, 2024, 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 one subsidiary company which is a 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: 24118522BKFUBM4846
Mumbai
August 13, 2024

**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, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| Financial assets | | | |
| Cash and cash equivalents | 3 | 15,774 | 12,664 |
| Bank balance other than cash and cash equivalents above | 4 | 11,562 | 12,785 |
| Receivables | | | |
| - Trade receivables | 5(a) | 15,876 | 13,649 |
| - Other receivables | 5(b) | 387 | - |
| Loans | 6 | 181,822 | 114,870 |
| Investments | 7 | 69,927 | 38,508 |
| Other financial assets | 8 | 1,111 | 871 |
| **Non-financial assets** | | | |
| Current tax assets (Net) | 9 | 19,230 | 15,714 |
| Investment Property | 11 | 35 | 37 |
| Property, plant and equipment | 12 (a) | 3,057 | 2,101 |
| Right-To-Use Assets | 12 (b) | 2,143 | 309 |
| Other intangible assets | 13 | 308,428 | 308,369 |
| Goodwill | 13 1 | 108,090 | 107,719 |
| Intangible assets under development | 13 2 | 9 | 119 |
| Other non-financial assets | 14 | 5,033 | 4,052 |
| **Total Assets** | | **742,484** | **631,767** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Financial liabilities** | | | |
| Trade payables | 15 | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | 222 | 137 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 9,432 | 4,903 |
| Debt securities | 16 | 99,550 | 38,133 |
| Borrowings (other than debt securities) | 17 | 22,731 | 12,873 |
| Lease Liabilities | 12 (b) | 2,197 | 325 |
| Other financial liabilities | 18 | 2,984 | 1,611 |
| **Non-financial liabilities** | | | |
| Current tax liabilities (Net) | 19 | 2,355 | 1,201 |
| Provisions | 20 | 1,833 | 1,560 |
| Deferred tax liabilities (Net) | 10 | 78,327 | 78,069 |
| Other non-financial liabilities | 21 | 5,728 | 2,623 |
| **EQUITY** | | | |
| Equity share capital | 22 | 166,029 | 166,029 |
| Other equity | 23 | 316,469 | 291,556 |
| **Equity attributable to owners of HSBC Securities and Capital Markets (India) Private Limited** | | **482,498** | **457,585** |
| Non-Controlling Interest | 24 | 34,627 | 32,747 |
| Total equity | | 517,125 | 490,332 |
| Total liabilities and equity | | 742,484 | 631,767 |

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
August 13, 2024

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
August 13, 2024

**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, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **Revenue from operations** | | | |
| Revenue from contracts with customers | 25 | 24,757 | 18,029 |
| Fees and Commission income | 26 | 45,961 | 21,066 |
| Interest income | 27 | 14,312 | 8,380 |
| Net gain on fair value changes | 28 | 6,349 | 1,955 |
| **Total revenue from operations** | | 91,379 | 49,430 |
| Other income | 29 | 5,424 | 3,396 |
| **Total income** | | **96,803** | **52,826** |
| **Expenses** | | | |
| Finance costs | 30 | 7,272 | 2,799 |
| Employee benefits expenses | 31 | 24,120 | 17,083 |
| Impairment on financial instruments | 32 | 19 | 3 |
| Depreciation and amortization | 33 | 1,224 | 429 |
| Other expenses | 34 | 30,792 | 23,039 |
| **Total expenses** | | **63,427** | **43,353** |
| **Profit before tax** | | 33,376 | **9,473** |
| **Income tax expense:** | | | |
| - Current tax | 35 | 7,134 | 3,245 |
| - Adjustment in respect of current income tax of prior years | 35 | (471) | (10) |
| - Deferred tax charge | 35 | 258 | 1,431 |
| **Total tax expense** | | 6,921 | 4,666 |
| **Profit for the year** | | **26,455** | **4,807** |
| **Other comprehensive income** | | | |
| i) Items that will not be reclassified to profit or loss: | | | |
| - Remeasurement of post-employment benefit obligations | | (42) | 9 |
| - Changes in the fair value of equity investments at FVOCI ** | | 0 | 6 |
| ii) Income tax relating to items that will not be reclassified to profit or loss | 35 | 9 | (2) |
| Other comprehensive income for the year | | (33) | 13 |
| Total comprehensive income for the year | | 26,422 | 4,820 |
| **Profit attributable to** | | | |
| Owners of HSBC Securities and Capital Markets (India) Private Limited | | 24,576 | 3,420 |
| Non-Controlling Interest | | 1,879 | 1,387 |
| | | 26,455 | 4,807 |
| **Other comprehensive income attributable to** | | | |
| Owners of HSBC Securities and Capital Markets (India) Private Limited | | (34) | 16 |
| Non-Controlling Interest | | 1 | (3) |
| | | (33) | 13 |
| **Total comprehensive income attributable to** | | | |
| Owners of HSBC Securities and Capital Markets (India) Private Limited | | 24,542 | 3,436 |
| Non-Controlling Interest | | 1,880 | 1,384 |
| | | 26,422 | 4,820 |
| **Earnings per equity share (Nominal value of Rs. 100/- per share)** | | | |
| Basic & Diluted (Rs.) | 40 | 14.80 | 3.25 |

** 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
August 13, 2024

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
August 13, 2024

**HSBC Securities and Capital Markets (India) Private Limited**
**Consolidated statement of cash flows for the year ended March 31, 2024**

**(All amounts in INR lakhs, unless otherwise stated)**

| | Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|
| A | CASH FLOW FROM OPERATING ACTIVITIES: | | |
| | **Profit before tax:** | 33,376 | 9,473 |
| | Adjustments : | | |
| | (Profit) / loss on sale of property, plant and equipment | (1) | (3) |
| | Finance Costs on Borrowings (other than debt securities) | 171 | 36 |
| | Impairment loss allowance on trade recievables | 217 | 3 |
| | Impairment on financial instruments | 19 | 3 |
| | Provision no longer required written back | (50) | - |
| | Interest income on bank deposits | (819) | (3,393) |
| | Interest on income tax refund | (4,424) | (65) |
| | Depreciation and amortisation | 1,224 | 429 |
| | Remeasurement of defined benefit obligations | - | (18) |
| | Net gain/(loss) on financial instrument at fair value through profit or loss - realised | (495) | (2,108) |
| | Net gain/(loss) on financial instrument at fair value through profit or loss - unrealised | (5,854) | 248 |
| | Net Loss on fair value changes on derivative | - | 2,226 |
| | Unrealised loss on foreign currency transaction | - | (23) |
| | GST expense | 24 | 50 |
| | Interest expense on debt securities | - | 2,619 |
| | Operating profit before working capital changes | 23,388 | 9,477 |
| | **Adjustments for working capital changes:** | | |
| | (Increase) / decrease in other financial assets | (252) | (34) |
| | (Increase) / decrease in loans | (66,959) | (28,980) |
| | (Increase) / decrease in other non financial assets | (981) | (3,328) |
| | (Increase) / decrease in trade receivables | (2,394) | 228,894 |
| | (Increase) / decrease in other receivables | (387) | - |
| | (Increase) / decrease in bank balance other than cash and cash equivalents | 6,220 | 2,963 |
| | Increase / (decrease) in trade payables | 4,614 | (300,821) |
| | Increase / (decrease) in other financial liabilities | 1,374 | 342 |
| | Increase / (decrease) in other non financial liabilities | 3,105 | (142) |
| | Increase / (decrease) in Provisions | 273 | 158 |
| | Cash used in operations | (31,999) | (91,471) |
| | Less: Income taxes paid (net of refunds) | (4,514) | (2,931) |
| | Net cash (used in) operating activities (A) | (36,513) | (94,402) |
| B | CASH FLOW FROM INVESTING ACTIVITIES: | | |
| | Purchase of property,plant & equipment and other intangible asset | (1,779) | (1,956) |
| | Investment in Mutual Fund | (196,160) | (174,017) |
| | Redemption of mutual fund | 171,067 | 114,212 |
| | Proceeds from sale of invesments | 1 | 71,462 |
| | Placement of bank deposits | (9,302) | (3,030) |
| | Proceeds from bank deposits | 4,330 | 3,911 |
| | Interest received on bank deposits | 819 | 3,393 |
| | Net cash (used in)/ generated from investing activities (B) | (31,024) | 13,976 |
| C | CASH FLOW FROM FINANCING ACTIVITIES: | | |
| | Proceeds from issue of debt securities | 308,418 | 133,300 |
| | Repayment of debt securities | (247,000) | (125,500) |
| | Proceeds from borrowings | 75,807 | 29,251 |
| | Repayment of borrowings | (66,200) | (17,000) |
| | Principal payment under finance leases | (298) | (24) |
| | Net Loss on fair value changes on derivatives | - | (2,226) |
| | Finance cost paid | (80) | (31) |
| | Net cash generated from financing activities (C) | 70,647 | 17,770 |
| | NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 3,110 | (62,656) |
| | Add: Cash and cash equivalents at beginning of the year | 12,664 | 75,320 |
| | Cash and cash equivalents at end of the year | 15,774 | 12,664 |

HSBC Securities and Capital Markets (India) Private Limited
Consolidated statement of cash flows for the year ended March 31, 2024

(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, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Balances with banks in current account | 1,498 | 1,461 |
| Fixed deposit with maturity less than 3 months | 14,276 | 11,203 |
| **Balance as per consolidated statement of cash flows** | 15,774 | 12,664 |

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
August 13, 2024

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
August 13, 2024

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

**Other equity**

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

| Particulars | Attributable to owners of HSBC Securties and Capital Markets (India) Private Limited | | | | | | | | | Non Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | Other reserves | | Total other equity | | |
| | 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 | | | |
| As at April 1, 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 |
| Profit for the year | - | - | - | - | - | 24,576 | - | - | 24,576 | 1,879 | 26,455 |
| Goodwill adjustment on account of change in investments | - | - | - | - | - | 371 | - | - | 371 | - | 371 |
| Other Comprehensive Income | - | - | - | - | - | (34) | | - | (34) | 1 | (33) |
| Total comprehensive income for the year | - | - | - | - | - | 24,913 | - | - | 24,913 | 1,880 | 26,793 |
| Transfer to Special Reserve under section 45-IC of the RBI act | - | - | 353 | - | - | (353) | - | - | - | - | - |
| Transfer to Impairment Reserve | - | - | - | - | 142 | (142) | - | - | - | - | - |
| As at March 31, 2024 | 2,275 | 264,385 | 3,015 | 722 | 389 | 44,323 | (48) | 1,409 | 316,469 | 34,627 | 351,096 |

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
August 13, 2024

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 07763502)

sd/-
Saurabh Gupta
Company Secretary
Membership No. 44440

Mumbai
August 13, 2024

**HSBC Securities and Capital Markets (India) Private Limited**

**Notes to consolidated financial statements for the year ended March 31, 2024**

**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, 2024 (together 'the Group').

The subsidiaries considered in the consolidated financial statements:

| Sr. No. | Name of the Company | Nature of relationship 2024 | Nature of relationship 2023 | Holding of HSCI 2024 | Holding of HSCI 2023 | 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 (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 Trustees (India) Private Limited (HTIP) (wef the date of incorporation, i.e. January 29, 2024) | Subsidiary of HSCI | NA | 100.00% (100.00%) | NA | India |
| 5 | HSBC Consultancy Services (India) Limited "formerly known as L&T Investment Management Limited" (LTIM) (Refer note on corporate merger below) | Subsidiary of AMIN till October 16, 2023 | Subsidiary of AMIN | 100.00% till October 16, 2023 | 100.00% (100.00%) | India |
| 6 | HSBC InvestDirect Financial Services (India) Limited (HIFSL) | Subsidiary of HIDL | Subsidiary of HIDL | 54.73% (54.73%) | 54.73% (54.73%) | India |
| 7 | 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 Corporate Merger**

After obtaining all necessary regulatory approvals, on November 25, 2022, AMIN acquired 100% shares of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited ("LTIM")) and became wholly own subsidiary of the company. Immediately upon acquisition, the company applied for merger with Hon'ble National Company Law Tribunal and the scheme of merger was approved by Hon'bleNational Company Law Tribunal with effect from October 16, 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 Material accounting policies**

This note provides a list of the 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

Pursuant to the respective management decisions to discontinue the operations of HISL and HISML, 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.

**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, and amended vide Notification dated March 24, 2021. 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. Additional disclosures relating to amendments in Schedule III is presented in Note 44.

**(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 consolidated 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, consolidated 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) Global Banking Fee Income is predominantly earned from providing services at a point in time or transaction-type services, which includes underwriting and advisory fees. Expenses that are directly related and incremental to the generation of Fee Income are presented net in Fee Income.

(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 consolidated statement of 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 (purchased during April 1, 2023 to June 30, 2023)/ Rs. 85,000 (purchased during July 1, 2023 to March 31, 2024) (Previous year: Rs. 35,000), are expensed out in the Standalone Statement of Profit and Loss.

(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 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 |
| Furniture and fixtures | 5 | 5 | - | - | - | - | 5 | 5 |
| Computers (Servers & Networks) | 5 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Computers (Laptops) | 4 | 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 consolidated 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) Non current assets (or disposal groups) held for sale and discontinued operations:**

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

(viii) 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) | Useful lives prescribed in Schedule II (years) |
|---|---|---|
| Category of assets | HIDL | |
| Buildings | 50 | 60 (RCC frame structure) |

(ix) 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 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 |
| Computer software – Mainframe based | 5 years | | | | | |
| Computer software – PC based | 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 consolidated 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.

(x) Indemnification Asset

Initial recognition :

Indemnification asset is recognised at fair value at the time when the seller contractually agrees to indemnify, in whole or in part, for a particular uncertainty. It is initially measured on the same basis as defined in the agreement, subject to collectability.

Subsequent measurement :

As at each reporting period, the Company re-assesses the indemnification asset that was recognised initially on the same basis as defined in the contract subject to collectability of such asset. The Company derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

**(xi) 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 consolidated statement of 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 consolidated statement of 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 consolidated statement of 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 consolidated 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 and the fair value of plan assets. 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 consolidated statement of 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 consolidated statement of 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 consolidated 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) Uncertain Tax position**

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The provision is estimated based on one of two methods, the expected value method (the sum of the probability weighted amounts in a range of possible outcomes) or the single most likely amount method, depending on which is expected to better predict the resolution of the uncertainty.

**(xiv) 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.

**(xv) 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.

**(xvi) 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.

**(xvii)** 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)

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 consolidated statement of 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.

**(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.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Consolidated Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's value in use and its fair value less cost of disposal. Value in use is estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. Basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Consolidated Statement of Profit and Loss.

**(xxi) 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 consolidated statement of 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 consolidated statement of 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 consolidated statement of 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 consolidated 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 consolidated staement of profit or loss as other gains/(losses).

**(xxii) New and amended standards adopted by the Group**

The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

Disclosure of accounting policies — amendments to Ind AS 1

Definition of accounting estimates — amendments to Ind AS 8

Deferred tax related to assets and liabilities arising from a single transaction — amendments to Ind AS 12

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

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

**2B Summary of other accounting policies**

**(i) Intangible assets under development**

Intangible assets under development are 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. Amortisation is not charged on Intangible assets under development.

**(ii) 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.

**(iii) 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.

**(iv) 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.

**(v) 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.

**(vi) 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.

**(vii) 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.

**(viii) Rounding of amounts**

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

**(ix) 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 Company. 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 Company 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 Consolidated Statement of Profit and Loss. Transaction costs are expensed in the consolidated 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 Consolidated Statement of Profit and Loss.

Deferred income taxes in a business combination are recognised and measured in accordance with Ind AS 12. Deferred taxes are provided on all the temporary differences arising between the values assigned to identifiable assets and liabilities and their respective tax bases. Accordingly, if the intangible assets acquired have an indefinite useful life and are not amortised for accounting purposes and are also not deductible for tax purposes, the deferred tax liability is recognised and affects goodwill. This deferred tax liability remains on the Consolidated balance sheet and is released through cosolidated profit or loss on sale or impairment.

**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 Consolidated 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 Consolidated 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
- Fair value of investments in debt and equity securities
- Estimation of provision for expense and levies
- Estimation of current tax asset
- Fair value of unquoted investments
- Estimation of provision for expense and levies

**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.

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

**3 Cash and Cash Equivalents**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balances with banks in current account # $ * | 1,498 | 1,461 |
| Deposits with maturity of less than 3 months ** | 14,276 | 11,203 |
| Total | 15,774 | 12,664 |

#Balances with banks in current accounts amounting to Rs 28 lakhs acquired through amalgamation of subsidiary company is in the process of transfer in the name of the Group.

$ Includes Rs. Nil earmarked for unclaimed balances (March 31, 2023: Rs. 142).

* Balance of Rs. Nil (March 31, 2023: 27) is held for payment to shareholder for capital reduction. Refer Note 23 (B)(h).

** This includes interest acccrued of Rs. 76 (March 31, 2023: 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Deposit with maturity less than months (Refer Note 1) | 2,101 | 2,019 |
| Deposits with maturity of more than 3 months and less than 12 months (Refer Note 2)# | 9,256 | 10,715 |
| Less: Expected Credit Loss | -* | |
| Deposits with maturity of more than 12 months (Refer Note 3) | - | 51 |
| Other bank deposits under lien (Refer Note 4) | 7 | 8 |
| Provision for doubtful deposits | (7) | (8) |
| Balances with banks in current account earmarked for unclaimed balances $ | 205 | - |
| Total | 11,562 | 12,785 |

Note 1 : This includes bank deposits placed under lien with stock exchanges and clearing houses as at March 31, 2024: Rs. 541; (March 31, 2023: Rs 1,964) and accrued interest on deposit of Rs. 24 as at March 31, 2024; (March 31, 2023: 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, 2024: Rs. 5,342 (March 31, 2023: Rs. 9,794), placed under lien with banks against guarantees issued in favour of stock exchanges towards additional base capital as at March 31, 2024: Rs.Nil; (March 31, 2023: Rs. 500) and accrued interest on deposit of Rs. 71 as at March 31, 2024; (March 31, 2023: Rs. 90)

Note 3: This includes bank deposits placed under lien with stock exchanges and clearing houses as at March 31, 2024: Rs. Nil; (March 31, 2023: Rs. 50) and accrued interest on deposit as at March 31, 2023: Rs. Nil (March 31, 2023: Rs. 1)

Note 4: This pertains to deposits placed under lien in favour of VAT authorities. Includes accrued Interest on deposit with bank for March 31, 2024: Rs. 2 (March 31, 2023: Rs. 2)

# Includes Rs. Nil earmarked for unclaimed balances as at March 31, 2024 (March 31, 2023: Rs. 22).

$ Includes INR 174 earmarked for unclaimed balances (March 31, 2023: Rs. Nil).

* Amount less than the rounding off norms of the Group

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

5(a) Trade receivables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Trade receivables from contract with customers – billed | 11,797 | 11,116 |
| Trade receivables from contract with customers – unbilled^ | 4,394 | 2,681 |
| **Total Receivables** | 16,191 | 13,797 |
| Trade receivables considered good – unsecured ** | 15,900 | 13,649 |
| Trade receivable considered doubtful - unsecured | 291 | 148 |
| Gross | 16,191 | 13,797 |
| (Less): Impairment loss allowance | (315) | (148) |
| Total | 15,876 | 13,649 |

**Trade receivables from related parties as at March 31, 2024: Rs. 6,837; (March 31, 2023: Rs. 5,945).
^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.

Aging of trade receivables as at March 31, 2024

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade receivables | | | | | | | | |
| – considered good | 4,363 | 1,917 | 9,596 | - | - | - | - | **15,876** |
| – credit impaired | 31 | 24 | 162 | - | - | 98 | - | **315** |
| Disputed Trade Receivables | | | - | | | | | |
| – considered good | - | - | - | - | - | - | - | - |
| – credit impaired | - | - | - | - | - | - | - | - |
| Gross | 4,394 | 1,941 | 9,758 | - | - | 98 | - | **16,191** |
| (Less): Impairment loss allowance | 31 | 24 | 162 | - | - | 98 | - | 315 |
| Total | 4,363 | 1,917 | 9,596 | - | - | - | - | 15,876 |

Aging of trade receivables as at March 31, 2023:

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 | 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 | - | - | - | - | **13,649** |
| – 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 |

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

5 (b) **Other receivables**

| **Particulars** | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Other receivables | 9 | - |
| Other receivables – unbilled^ | 378 | - |
| Total* | 387 | - |

*Other receivables from related parties as at March 31, 2024: Rs. 387 ; (March 31, 2023: Rs. Nil).

^The receivable is 'unbilled' because the Company has not yet issued an invoice; however, the balance has been included under other receivables because it is an unconditional right to consideration.

**Aging of Other receivables as at March 31, 2024:**

| **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 |
| Other Receivables | 378 | 2 | 7 | -* | - | - | - | 387 |
| Total | 378 | 2 | 7 | -* | - | - | - | 387 |

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

**Aging of Other 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 |
| Other Receivables | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - |

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

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

| **Particulars** | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Loans against financial securities (LAS) * | 181,840 | 114,723 |
| Security deposit | - | 157 |
| Staff loans | - | 1 |
| **Total (A) - Gross** | **181,840** | **114,881** |
| (Less): Impairment loss allowance | (18) | (11) |
| **Total (A) - Net** | **181,822** | **114,870** |
| (i) Secured by tangible assets (by way of pledge over securities) | 181,840 | 114,723 |
| (ii) Secured by intangible assets | - | - |
| (iii) Covered by Bank/Government Guarantees | - | - |
| (iv) Unsecured | - | 158 |
| **Total (B) - Gross** | **181,840** | **114,881** |
| (Less): Impairment loss allowance | (18) | (11) |
| Total (B) - Net | 181,822 | 114,870 |
| **Loans in India** | | |
| (i) Public Sector | - | - |
| (ii) Others | 181,840 | 114,881 |
| **Total (C) - Gross** | **181,840** | **114,881** |
| (Less): Impairment loss allowance | (18) | (11) |
| Total (C) - Net | 181,822 | 114,870 |

* Includes Interest accrued but not due for March 31, 2024: Rs. 1,451 ; (March 31, 2023: Rs. 750)

(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, 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 |
| **As at March 31, 2024** | | | |
| Mutual funds * | 68,793 | - | 68,793 |
| Equity instruments | 451 | 48 | 499 |
| Alternate Investment units | 635 | - | 635 |
| Total (A) - Gross | 69,879 | 48 | 69,927 |
| Investments outside India | - | - | - |
| Investments in India | 69,879 | 48 | 69,927 |
| Total (B) - Gross | 69,879 | 48 | 69,927 |
| Total - Gross | 69,879 | 48 | 69,927 |
| (Less): Impairment loss allowance (C) | - | - | - |
| Total (D) - Net | 69,879 | 48 | 69,927 |

* 68,627,104 (March 31, 2023 : 198,308) mutual fund units have been pledged with NSE Clearing Limited for margin deposit.

**8 Other financial assets**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security deposits | 549 | 312 |
| Staff loans | 1 | 1 |
| Receivable on account of sale of collateral securities | 2 | 2 |
| Advance to employees | 19 | 14 |
| Amount receivable from Gratuity Trust Fund | 68 | 65 |
| Deposits with stock exchange | 465 | 477 |
| **Unsecured, considered doubtful :** | | |
| Other advances | 11 | 11 |
| Less: Impairment Loss Allowance | (11) | (11) |
| Other sundry assets | 7 | - |
| Total | 1,111 | 871 |

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

9 **Current tax assets (Net)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advance tax and tax deducted at source<br>[Net of provision for tax of Rs. 51,772 (March 31, 2023: Rs. 36,837)] | 19,230 | 15,714 |
| **Total** | **19,230** | **15,714** |

10 **Deferred tax assets/ liabilities (Net)**

| **Particulars** | **As at March 31, 2024** | **As at March 31, 2023** |
|---|---|---|
| **Deferred tax assets:** | | |
| Property, plant & equipment, investment property | 425 | 98 |
| Provision for doubtful debts | 57 | 15 |
| Provision for gratuity | 391 | 362 |
| Provision for leave absences | 60 | 25 |
| Customer claims liability | 5 | 3 |
| Provision for bonus | 399 | 266 |
| Difference in profit due to FIFO and weighted average cost on Mutual Fund | 4 | 4 |
| Lease liability | 25 | 7 |
| Other Provisions | 5 | - |
| **Total deferred tax assets** | **1,371** | **780** |
| **Deferred tax liabilities:** | | |
| Business combination | (77,568) | (77,568) |
| Compound financial instruments | (460) | (473) |
| Right-of-use assets | (11) | (2) |
| Unrealised gain on mutual funds | (14) | - |
| Fair value of financial instruments | (1,645) | (806) |
| **Total deferred tax liabilities** | **(79,698)** | **(78,849)** |
| **Net deferred tax liabilities** | **(78,327)** | **(78,069)** |

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, 2024 | As at March 31, 2023 |
|---|---|---|
| Gross carrying amount | | |
| Opening gross carrying amount | 44 | 25 |
| Additions | - | 19 |
| **Closing gross carrying amount** | 44 | 44 |
| **Accumulated depreciation** | | |
| Opening accumulated depreciation | 7 | 6 |
| Depreciation charge during the year | 2 | 1 |
| Closing accumulated depreciation | 9 | 7 |
| Less: Disposals (transfer to held for sale) | - | - |
| Net carrying amount | 35 | 37 |

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

| **Building** | **As at March 31, 2024** | **As at March 31, 2023** |
|---|---|---|
| Direct operating expenses from property that did not generate rental income | (4) | (3) |
| **Loss from investment properties before depreciation** | (4) | (3) |
| Depreciation | (2) | (1) |
| **Loss from investment properties** | (6) | (5) |

(ii) Fair value

| **Particulars** | **As at March 31, 2024** | **As at March 31, 2023** |
|---|---|---|
| Investment properties (Building) | 161 | 148 |

**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.

HIDL has investment properties which is held in the erstwhile name i.e., IL&FS Investsmart Limited.

(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, 2022 | 4 | 851 | 1 | 57 | 8 | 921 |
| Adjustments | - | 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) |
| 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 |
| **Gross carrying amount** | | | | | | |
| As at April 1, 2023 | 4 | 2,757 | 34 | 58 | - | 2,853 |
| Additions | - | 1,071 | 15 | - | 643 | 1,729 |
| Disposals and transfers | - | (237) | - | (13) | - | (250) |
| Closing gross carrying amount | 4 | 3,591 | 49 | 45 | 643 | 4,332 |
| **Accumulated depreciation** | | | | | | |
| Opening accumulated depreciation | - | 718 | 4 | 30 | - | 752 |
| Depreciation charge during the year | - | 677 | 8 | 9 | 79 | 773 |
| Disposals and transfers | - | (237) | - | (13) | - | (250) |
| Closing accumulated depreciation | - | 1,158 | 12 | 26 | 79 | 1,275 |
| Net carrying amount as at March 31, 2024 | 4 | 2,433 | 37 | 19 | 564 | 3,057 |

#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, 2024 | As at March 31, 2023 |
|---|---|---|
| Vehicles | 2,143 | 309 |
| Total | 2,143 | 309 |

| Lease liabilities | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Vehicles | 2,197 | 325 |
| Total | 2,197 | 325 |

Additions to the right to use assets during the year is Rs. 2,346 (March 31, 2023: 352)

**(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, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| Depreciation of right-of-use assets | 33 | 348 | 39 |
| Interest Expenses (included in Finance cost) | 30 | 82 | 16 |
| Expenses relating to short-term leases of office premises (included in Rent and utilities) | 34 | 569 | 576 |
| Total | | 999 | 631 |

The total cash outflow for leases for the year ended March 31, 2024 was Rs. 378 (March 31, 2023: Rs. 39).

(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, 2022 | 946 | 48,655 | 49,601 |
| Additions | 153 | - | 153 |
| Additions on account of business combination (refer note 47) | - | 308,200 | 308,200 |
| Adjustment | (92) | - | (92) |
| 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 |
| | | | |
| Gross carrying amount | | | |
| As at April 1, 2023 | 584 | 308,200 | 308,784 |
| Additions | 160 | - | 160 |
| Closing gross carrying amount | 744 | 308,200 | 308,944 |
| | | | |
| Accumulated amortisation | | | |
| Opening accumulated amortisation | 415 | - | 415 |
| Amortisation during the year | 101 | - | 101 |
| Closing accumulated amortisation | 516 | - | 516 |
| Net carrying amount as at March 31, 2024 | 228 | 308,200 | 308,428 |

** Also refer Note 47

## 13.1 Goodwill

| Particulars | Amount |
|---|---|
| Gross carrying amount | |
| As at March 31, 2022 | 16 |
| Additions (refer Note 47) | 107,703 |
| Disposals | - |
| As at March 31, 2023 | 107,719 |
| Adjustment | 371 |
| Additions | - |
| Disposals | - |
| As at March 31, 2024 | 108,090 |
| | |
| Amortisation | - |
| As at March 31, 2022 | - |
| Amortisation during the year | - |
| Disposals | - |
| As at March 31, 2023 | - |
| Amortisation during the year | - |
| Impairment loss | - |
| Disposals | - |
| As at March 31, 2024 | - |
| | |
| Net Block | |
| As at March 31, 2023 | 107,719 |
| As at March 31, 2024 | 108,090 |

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

**13.2 Intangible Assets under development**

As at March 31, 2023

(a) Aging of Intangible Assets under development:

| Particulars | Amounts in Intangible Assets under development for | | | | |
|---|---|---|---|---|---|
| | 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:

| Particulars | To be completed in | | | | |
|---|---|---|---|---|---|
| | 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 |

As at March 31, 2024

(a) Aging of Intangible Assets under development:

| Particulars | Amounts in Intangible Assets under development for | | | | |
|---|---|---|---|---|---|
| | Less than one year | 1 – 2 years | 2 – 3 years | More than 3 years | Total |
| (i) Projects in progress | - | - | - | 9 | 9 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| Total | - | - | - | 9 | 9 |

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

| Particulars | To be completed in | | | | |
|---|---|---|---|---|---|
| | Less than one year | 1 – 2 years | 2 – 3 years | More than 3 years | Total |
| (i) Projects in progress | 9 | - | - | - | 9 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| Total | 9 | - | - | - | 9 |

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

**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, 2024 | As at March 31, 2023 |
|---|---|---|
| Carrying value of CGU | 384,598 | 365,263 |
| Recoverable amount of CGU # | 532,030 | 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-24 | 31-Mar-23 | Approach to determining key assumption |
| Total expected cash-flows for 5 years (Undiscounted | 375,543 | 253,817 | Based on past performance, 5 years forecasts prepared by the management and management's expectations of market development. |
| Terminal Value at the end of 5th Year | 791,223 | 634,137 | Computed using Long-term growth rate on 5th year of expected cashflow. |
| Post-tax discount rate (%) | 15.10% | 14.62% | Reflects the market risk free rate and premium related to the specific risks. |
| Long-term growth rate (%) | 8% | 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, post-tax discount rate and long term growth rate**

The recoverable amount of the CGU is estimated to exceed the carrying amount of the CGU at March 31, 2024 by Rs.147,028 lakhs (at March 31, 2023 by Rs. 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-24 | | 31-Mar-23 | |
|---|---|---|---|---|
| | From | To | From | To |
| Discount Rate | 15.10% | 24.00% | 14.62% | 15.55% |
| Perpetual Growth Rate | 8.00% | 5.00% | 8.00% | 7.00% |
| Total expected cash-flows for 5 years (Undiscounted | # | # | 253,817 | 220,820 |

The projections cover a period of five years, as the Group 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 Group's five-year strategic plan.

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

**14 Other non-financial assets**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured, considered good :** | | |
| Balances with goods and service tax authorities | 429 | 464 |
| Prepaid expenses | 904 | 807 |
| Other receivables | 176 | 169 |
| Advance to suppliers | 66 | 23 |
| Other advances# | 956 | 87 |
| Balance with VAT authorities | 2,502 | 2,502 |
| Total | 5,033 | 4,052 |

# Other Advances from related parties as at March 31, 2024 Nil; (March 31, 2023. Rs. 1).

**15 Trade payables**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 222 | 137 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 9,432 | 4,903 |
| Total | 9,654 | 5,040 |

*Trade payables to related parties as at March 31, 2024: Rs. 4,204; (March 31, 2023: Rs.2,385).

**Aging of trade payables as at March 31, 2024:**

| 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 | 107 | - | 115 | - | - | - | 222 |
| – Others | 6,803 | 378 | 1,982 | 250 | 19 | - | 9,432 |
| Disputed Trade payables | | | | | | | |
| – Micro enterprises and small enterprises | - | - | - | - | - | - | - |
| – Others | - | - | - | - | - | - | - |
| Total | 6,910 | 378 | 2,097 | 250 | 19 | - | 9,654 |

**Aging 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 |

**(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, 2024 | As at March 31, 2023 |
|---|---|---|
| Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end: | | |
| - Principal amount | 60 | 137 |
| - 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, 2024 | As at March 31, 2023 |
|---|---|---|
| At amortised cost | | |
| Unsecured: | | |
| - Commercial paper | 99,550 | 38,133 |
| **Total (A)** | **99,550** | **38,133** |
| Debt securities in India | 99,550 | 38,133 |
| Debt securities outside India | - | - |
| **Total (B)** | 99,550 | **38,133** |

Terms of repayment schedule of debt securities:-

| Instrument with repayment terms | Maturity Date | March 31, 2024 | | |
|---|---|---|---|---|
| | | Interest Rate (% p.a) | Carrying amount | Face Value |
| **Commercial paper** | | | | |
| Repayable at Maturity | Less than 3 months | 8.41% to 9.00% | 63,602 | 64,500 |
| | 3 months to 6 months | 8.56% | 16,860 | 17,500 |
| | More than 6 months upto 12 months | 8.40% to 8.82% | 19,088 | 20,500 |
| Total | | | 99,550 | 102,500 |

| 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 |

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

**17 Borrowings (other than debt securities)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| At amortised cost | | |
| (a) Finance lease obligations - Secured | - | - |
| (b) Debt component of compound financial instruments - Unsecured (Refer Note (a) and (b) below) | 672 | 622 |
| (C ) Loan repayable on demand - Overdraft from Bank - Secured#* | - | 1,751 |
| (d) Bank Borrowings - Unsecured * | 12,003 | 10,500 |
| (e) Loans from Corporates * | 10,056 | - |
| **Total** | **22,731** | **12,873** |
| | | |
| Borrowings in India | 22,731 | 12,873 |
| Borrowings outside India | - | - |
| **Total** | 22,731 | 12,873 |

# Fully secured against fixed deposit (Note 4)

*Interest rate ranges 8.10 % p.a. to 8.50% p.a. for FY 2023-24 (5.5 % p.a. to 8.85% p.a. for FY 2022-23)

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)**

The Company has no default in compliance with the requirements of Companies Act, 2013. However, 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. 1.15 lakh for each charge, amounting to Rs. 4.6 lakh. The Company had filed the Order of condonation with the MCA for the said satisfaction and the same was reflected on MCA. The are no charges against the Company as on 31 March 2024.

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

**(a) Debt component of compound financial instruments**

During the previous year, (vide the NCLT Order dated February 24, 2023), HSCI had issued 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 - March 13, 2021 (which was also the date of redemption of earlier issued preference shares). Accordingly the earliest date of redemption is March 12, 2031.

**(b)** Also, HSCI has disclosed 9% redeemable preference shares of Rs. 2,500 (previous year Rs. 2,500) in the standalone financial statements under Other equity as Equity component of compound financial instruments of Rs. 1,409 (previous year Rs. 1,409 (net of deferred tax liability of Rs. 473)) and Borrowings (other than debt securities) as Debt component of compound financial instruments of Rs. 672 (previous year Rs. 622) as at March 31, 2024 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) could 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 years presented.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Cash and cash equivalents (net of earmarked balances) and bank overdrafts | 15,774 | 10,771 |
| Liquid investments | 31,005 | 22,983 |
| Bank balance other than cash and cash equivalents | 26 | 26 |
| Borrowings (other than debt securities) | (22,731) | (11,122) |
| Lease liabilities | (2,197) | (325) |
| Debt securities - commercial paper | (99,550) | (38,133) |
| Net debt | (77,673) | (15,800) |

(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, 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) |
| | | | | | | | |
| Cash flows movement (net) | 5,003 | 24,050 | 378 | (11,559) | (55,587) | - | (37,715) |
| Interest expense | (1,126) | - | (82) | (66) | (5,830) | - | (7,104) |
| Interest paid | 1,126 | - | - | 16 | - | - | 1,142 |
| New Lease | | - | (2,346) | - | - | - | (2,346) |
| Transfer of lease | - | - | 178 | - | - | - | 178 |
| Other non-cash movements | | | | | | | |
| - Assets pledged, no longer liquid | - | (16,028) | - | - | - | - | (16,028) |
| Net debt as at March 31, 2024 | 15,774 | 31,005 | (2,197) | (22,731) | (99,550) | 26 | (77,673) |

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

**18 Other Financial Liabilities**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Employee benefits payable (including Restricted Share Plan) | 2,557 | 1,482 |
| Other payables | 105 | 103 |
| Unclaimed balances | 174 | - |
| Other Financial Liabilities | 22 | - |
| Margin deposit | 100 | - |
| Payable on Capital Reduction* | 26 | 26 |
| Total | 2,984 | 1,611 |

* Refer Note 23B(h)

* The movement in capital reduction as follows:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening balance | 26 | 30 |
| Amount paid during the year | - | (4) |
| Closing balance | 26 | 26 |

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

19 **Current tax liabilities (Net)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Provision for income tax [Net of advance tax as at March 31, 2024: Rs. 7,223 (March 31, 2023: Rs. 7,707)] | 2,355 | 1,201 |
| Total | 2,355 | 1,201 |

20 **Provisions**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for employee benefits** | | |
| - Leave absences* | 432 | 276 |
| - Gratuity (refer Note 36(b)) | 1,382 | 1,265 |
| **Provision for others** | | |
| Provision for VAT assessments # | 19 | 19 |
| **Total** | **1,833** | **1,560** |

*The entire amount of the provision of compensated absences Rs. 183 lakhs (March 31, 2023 - Rs. 163 lakhs) is due within 12 months, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

#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. 2 (March 31, 2023: 2) under protest.

The movement in provision for others is as follows:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening balance | 19 | 19 |
| Additions during the year | - | - |
| Amounts used | - | - |
| Unused amounts reversed | - | - |
| **Closing balance** | **19** | **19** |

21 **Other non-financial liabilities**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Statutory dues payable including provident fund and tax deducted at source | 5,278 | 2,456 |
| Deposit from customers | 3 | 3 |
| Unclaimed balances | - | 164 |
| Contingent provisions against undrawn assets | 1 | - |
| Others | 446 | - |
| **Total** | **5,728** | **2,623** |

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

22 Equity share capital

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Authorised shares * | | | | |
| Equity shares of Rs. 100 each | 464,500,000 | 464,500 | 464,500,000 | 464,500 |
| 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 | 166,028,980 | 166,029 | 184,323,905 | 184,324 |
| Subscribed & fully paid-up shares *** | | | | |
| Equity shares of Rs. 100 (Face Value) each | 166,028,980 | 166,029 | 166,028,980 | 166,029 |

***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).

****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.

During the year, the Company has cancelled 18,294,925 unsubscribed equity shares bearing face value of Rs. 100 that were issued to the existing shareholders of the Company.

*****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).

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

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| Outstanding at the beginning of the year | 184,323,905 | 184,324 | 47,011,394 | 47,011 |
| Shares issued during the year | - | - | 137,312,511 | 137,313 |
| Cancelled during the year | 18,294,925 | 18,295 | - | - |
| Outstanding at the end of the year | 166,028,980 | 166,029 | 184,323,905 | 184,324 |

Subscribed & fully paid-up shares

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| Outstanding at the beginning of the year | 166,028,980 | 166,029 | 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 | 166,028,980 | 166,029 |

**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, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of shares | % holding | Number of shares | % holding |
| HSBC Investment Bank Holdings B.V., the holding company and its nominees | 166,028,980 | 100% | 166,028,980 | 100% |

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

| Equity shareholders | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of shares | % holding | Number of shares | % holding |
| HSBC Investment Bank Holdings B.V., the holding company and its nominees | 166,028,980 | 100% | 166,028,980 | 100% |

**e) Details of shareholding of promoters:**

| Name of the promoter | As at March 31, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | 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% | - | 166,028,980 | 100% | - |

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

**23 Other equity**

**A Reseves and surplus**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Capital redemption reserve** | | |
| Opening balance | 2,275 | 2,275 |
| Add: Changes during the year | - | - |
| Closing balance | 2,275 | 2,275 |
| **Securities premium #** | | |
| Opening balance | 264,385 | 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 | 264,385 |
| **Statutory reserve** | | |
| Opening balance | 2,662 | 2,402 |
| Add: Changes during the year | 353 | 260 |
| Closing balance | 3,015 | 2,662 |
| **General reserve** | | |
| Opening balance | 722 | 722 |
| Add: Changes during the year | - | - |
| Closing balance | 722 | 722 |
| **Impairment reserve** | | |
| Opening balance | 247 | 184 |
| Add/(Less) : Changes during the year | 142 | 63 |
| **Closing balance** | 389 | 247 |
| **Retained earnings #** | | |
| Opening balance | 19,905 | (11,008) |
| Add: Offset with Securities premium # | - | 27,805 |
| Add: Net profit for the year | 24,576 | 3,420 |
| Add: Goodwill adjustment on account of change in investments | 371 | |
| *Items of other comprehensive income recognised directly in retained earnings* | | |
| (Less): Appropriation in statutory reserve | (353) | (260) |
| (Less): Appropriation in impairment reserve | (142) | (63) |
| (Less): Remeasurements of post-employment benefit obligation, net of tax | (34) | 11 |
| (Less):Adjustments | - | - |
| Closing balance | 44,323 | 19,905 |
| **Total reserves and surplus** | 315,110 | 290,196 |

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

On July 18, 2022, HSCI 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 previous 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, 2024 | As at March 31, 2023 |
|---|---|---|
| *Equity Instruments through Other Comprehensive Income* | | |
| Opening balance | (48) | (53) |
| Add/(Less): Changes during the year | - | 5 |
| (Less):Adjustments | - | - |
| **Closing balance** | (48) | (48) |
| *Equity component of compound financial instruments (Refer Note 17 (b))* | | |
| Opening balance | - | - |
| Add/(Less): Transfer to Retained Earnings | 1,409 | 1,409 |
| **Closing balance** | 1,409 | 1,409 |
| **Total other reserves** | 1,361 | 1,361 |

**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, 2023: 2,500,000) 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, 2024 | As at March 31, 2023 |
|---|---|---|
| **Equity attributable to minority and share in profits** | | |
| Opening balance | 32,747 | 31,363 |
| Add: Share of profits for the year | 1,469 | 1,120 |
| Add : Special Reserve | 292 | 215 |
| Add : Impairment Reserve | 118 | 52 |
| Add/(Less) : Share of other comprehensive income for the year | 1 | (3) |
| Closing balance | 34,627 | 32,747 |

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

**25** Revenue from contracts with customers

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Brokerage (goods and service tax (GST) and securities transaction tax) | 10,943 | 7,374 |
| Global Banking (Corporate finance and advisory fees) (net of GST)* | 6,363 | 5,240 |
| Service income (net)* | 7,451 | 5,415 |
| Total | 24,757 | 18,029 |

* Services are rendered at a point in time

**26** Fees and commission income

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Management fees from | | |
| i) Mutual fund operations (net of GST) | 40,870 | 16,629 |
| ii) Portfolio management service (net of GST) | 610 | 424 |
| iii) Advisory services | 4,469 | 4,013 |
| Trusteeship fee | 12 | - |
| **Total** | 45,961 | 21,066 |

**27** Interest income

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **On Financial Assets measured at Amortised Cost** | | |
| Interest on loans | 13,870 | 7,841 |
| Interest on deposits with banks | - | 202 |
| Prepayment Fees | 5 | - |
| Interest on bank deposits placed under lien | 437 | 337 |
| **Total** | **14,312** | 8,380 |

**28** Net gain on fair value changes

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Others | | |
| Net gain/(loss) on financial instrument at fair value through profit or loss | 6,349 | 1,955 |
| **Total (A)** | **6,349** | **1,955** |
| **Fair value changes:** | | |
| Realised | 495 | 2,203 |
| Unrealised | 5,854 | (248) |
| **Total (B)** | **6,349** | **1,955** |

**29** Other income

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Provision no longer required written back | 50 | - |
| Net gain on foreign exchange fluctuation | 119 | 288 |
| Profit on sale of property, plant and equipment (net) | 1 | 3 |
| Interest on income tax refund | 4,424 | 65 |
| Interest on deposits with banks | 819 | 2,854 |
| Dividend Income | - | 4 |
| Fair value of gain planned assets | 4 | 13 |
| Export credit scrip income | - | 158 |
| Miscellaneous income | 7 | 3 |
| Other Recovery | - | 8 |
| Total | 5,424 | 3,396 |

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

## 30 Finance costs

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| On financial liabilities measured at amortised cost: | | |
| Bank overdraft | 1,126 | 115 |
| Commercial Papers | 5,831 | 2,619 |
| Bank Charges | - | 2 |
| Borrowings from corporates | 144 | - |
| Borrowings (other than debt securities) | | |
| - Interest and finance charges on lease liabilites | 82 | 16 |
| - Others | 39 | 42 |
| - Debt component of compound financial instruments (Refer Note 17) | 50 | 5 |
| Total | 7,272 | 2,799 |

## 31 Employee benefits expenses

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Salaries and wages | 21,641 | 15,390 |
| Sub-total | 21,641 | 15,390 |
| Contribution to provident and other funds (Refer Note 36-a) | 844 | 597 |
| Gratuity (Refer Note 36-b) | 333 | 257 |
| Leave absences | 235 | 129 |
| Restricted share plan (Refer Note 46) | 510 | 471 |
| Staff welfare expenses | 557 | 239 |
| Total | 24,120 | 17,083 |

## 32 Impairment on financial instruments

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| On financial instruments measured at Amortised cost: | | |
| Loans | 7 | 3 |
| Gross deposits with stock exchange | 12 | - |
| Total | 19 | 3 |

## 33 Depreciation and amortization

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Depreciation on property, plant and equipment | 773 | 345 |
| Depreciation on right-of-use assets | 348 | 39 |
| Amortisation on other intangible assets | 101 | 44 |
| Depreciation on Investment Property | 2 | 1 |
| Total | 1,224 | 429 |

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

34 Other expenses

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Net Loss on fair value changes on derivative | - | 2,226 |
| Rent and utilities | 2,047 | 1,376 |
| Repairs and maintenance | | |
| -- Equipment | 4,182 | 2,566 |
| -- Others | 370 | 121 |
| Fees for advisory services | 467 | - |
| Insurance | 605 | 342 |
| Registration fees and stamp duty | 426 | 258 |
| Travel and conveyance | 680 | 378 |
| Auditors' remuneration [Refer Note (a) below] | 169 | 181 |
| Contribution for corporate social responsibility (CSR) [Refer Note (b) below] | 221 | 349 |
| Legal and professional fees | 2,428 | 2,605 |
| Global Recharge - Support service | 8,991 | 5,752 |
| Communication expenses | 2,046 | 1,530 |
| Transaction fees | 710 | 468 |
| Printing and Stationery | - | 1 |
| Advertisement and business promotion | 2,339 | 1,968 |
| Directors' sitting fees | 24 | 20 |
| License and fees | 13 | 9 |
| Stamping and Franking Charges | 25 | 7 |
| General office expenses | 231 | 103 |
| Brokerage and incentives | 352 | 220 |
| Compensation [refer Note (c) below] | 9 | 76 |
| Scheme related expenses | 3 | 1 |
| Rates and taxes | 699 | 330 |
| Support service charges | 3,228 | 1,833 |
| Recruitment cost | 66 | 6 |
| Loss on error trade (net) | 6 | 1 |
| Membership and subscription | 59 | 71 |
| Seminars and conferences | - | 37 |
| Settlement cost | 7 | 5 |
| Impairment loss allowance on trade recievables | 217 | 3 |
| GST expense | 24 | 50 |
| Business development | 9 | 21 |
| Relocation expenses | - | 21 |
| Donation | 10 | - |
| Storage Charges | 38 | - |
| Bank guarantee charges and others | 7 | 25 |
| Miscellaneous expenses | 84 | 79 |
| Total | 30,792 | 23,039 |

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

**(a) Break up of auditors' remuneration**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Statutory audit fees | 148 | 154 |
| Other services/certification | 20 | 25 |
| Out-of-pocket expenses | 1 | 2 |
| Total | 169 | 181 |

**(b) Contribution for corporate social responsibility (CSR)**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Amount required to be spent as per Section 135 of the Act | 221 | 349 |
| Amount spent during the year on | | |
| (i) Construction/acquisition of an asset | 40 | - |
| (ii) On the purposes other than (i) above | 181 | 349 |
| **Total** | **221** | 349 |

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Amount required to be spent by the company during the year | 221 | 349 |
| Amount of expenditure incurred | 221 | 349 |
| 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 & Municiapl Schools at Mumbai.

Solar energy-based solution in Municipal School at Mumbai. The activity is related to item no. iv of Schedule VII – ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

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

**(c) Compensation**

The Group incurred Rs. 9 for the year ended March 31, 2024 (Rs. 76 for FY 22-23) towards expense relating to short-term lease.

(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, 2024 and March 31, 2023 are:**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Income tax expense** | | |
| Current tax | 7,134 | 3,245 |
| Deferred Tax | 258 | 1,431 |
| Adjustment in respect of current income tax of prior years | (471) | (10) |
| Sub-total | 6,921 | 4,666 |
| Current Tax - Other comprehensive income | (9) | (5) |
| Deferred tax - Other comprehensive income | - | 3 |
| Sub-total | (9) | (2) |
| Total | 6,912 | 4,664 |

**(b) Reconciliation of the total tax charge**

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India 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, 2024 and March 31, 2023 is, as follows:

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Accounting profit before tax | 33,376 | 9,473 |
| Tax at India's statutory income tax rate | 8,400 | 2,480 |
| Tax effect of the amount which are not taxable in calculating taxable income: | | |
| Taxable income/(income not subject to tax) | - | (304) |
| 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 | 158 | 347 |
| Adjustment in respect of current income tax of prior years | (219) | (14) |
| Fair Value on MF Investments not considered | 38 | (43) |
| MAT Credit (Prior Period) | - | 825 |
| Expenses disallowed | 313 | 960 |
| Transferpricing adjustments in relation to Brokerage | 9 | 20 |
| Adjustment for Current Tax of prior periods | (240) | - |
| Change in accounting estimate on account of amalgamation | (761) | - |
| Change in tax rate on unrealised gain | (777) | - |
| Others | (9) | 106 |
| **Income tax expense at effective tax rate** | **6,912** | **4,664** |
| **Effective tax rate** | **20.71%** | **49.23%** |

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

**(c) Deferred tax assets/liabilities**

| Particulars | As at April 1, 2022 | (Charged)/ credited to profit and loss | Amounts recognised directly in Other Equity | On account of business combination | As at March 31, 2023 | (Charged)/ credited to profit and loss | As at March 31, 2024 |
|---|---|---|---|---|---|---|---|
| Deferred tax assets: | | | | | | | |
| Property, plant & equipment | 119 | 794 | - | - | 913 | (488) | 425 |
| Provsion for doubtful debts | 15 | - | - | - | 15 | 42 | 57 |
| Impairment allowance for financial assets | 2 | 1 | - | - | 2 | (2) | - |
| Provision for leave absences | 176 | 14 | - | - | 190 | (130) | 60 |
| Minimum Alternate Tax (MAT) Credit | 825 | (825) | - | - | - | - | - |
| Lease liability | 4 | 3 | - | - | 7 | 18 | 25 |
| Provision for bonus | 210 | 46 | - | - | 256 | 143 | 399 |
| On account of change in valuation of investments method from weighted average to FIFO | 36 | (32) | - | - | 4 | - | 4 |
| Other Provisions | 105 | (105) | - | - | - | 5 | 5 |
| Unrealised gain on mutual funds | - | 2 | - | - | 2 | (2) | - |
| Provision for gratuity | 198 | 11 | - | - | 209 | 182 | 391 |
| Customer claims liability | - | - | - | - | - | 5 | 5 |
| **Total deferred tax assets** | 1,690 | (91) | - | - | 1,598 | (227) | 1,371 |
| Deferred tax liabilities: | | | | | | | |
| Fair value of financial instruments | (657) | (585) | - | - | (1,242) | (403) | (1,645) |
| DTA no longer required on Fixed Assets & investments in Mutual Fund | - | (380) | - | - | (380) | 380 | - |
| Unrealised gain on mutual funds | (10) | 10 | - | - | - | (14) | (14) |
| Right-of-use assets | (4) | 2 | - | - | (2) | (9) | (11) |
| Compound financial instruments | - | (1) | (474) | - | (475) | 15 | (460) |
| Business combination | - | - | - | (77,568) | (77,568) | - | (77,568) |
| **Total deferred tax liabilities** | (671) | (955) | (474) | (77,568) | (79,667) | (31) | (79,698) |
| Net deferred tax asset/(liability) | 1,019 | (1,046) | (474) | (77,568) | (78,069) | (258) | (78,327) |

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

(d) Tax losses

| Particulars | Assessment Year | Expiry Assessment Year | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| Unused tax losses for which no deferred tax asset has been recognised | | | | |
| Business losses | 2021-22 | 2029-30 | 32 | 32 |
| Business losses | 2022-23 | 2030-31 | 32 | - |
| | | | 64 | 32 |
| Unabsorbed depreciation | 2009-10 to 2014-15 | Not applicable | 5,573 | 5,573 |
| Total unused tax losses | | | 5,637 | 5,605 |
| Potential tax benefit at March 31, 2024: 25.17%; March 31, 2023: 25.17% | | | 1,419 | 1,411 |

(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. 844 (March 31, 2023: Rs. 597).

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Amount recognised in the Consolidated Statement of Profit and Loss | | |
| i) Provident fund paid to the authorities | 775 | 536 |
| ii) Pension fund paid to the authorities | 18 | 16 |
| iii) National Pension Scheme | 49 | 43 |
| Others | 2 | 1 |
| **Total** | **844** | **597** |

**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, 2024 | | |
|---|---|---|---|
| **Particulars** | **Present value of obligation** | **Fair value of plan asset** | **Net amount** |
| **Opening balance** | **2,191** | **926** | **1,265** |
| Current service cost | 252 | - | **252** |
| Interest cost | 145 | 64 | **81** |
| Total amount **recognised** in Profit and Loss | **397** | 64 | 333 |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | 9 | **(9)** |
| (Gain)/loss from change in demographic assumptions | (13) | - | **(13)** |
| (Gain)/loss from change in financial assumptions | 11 | - | **11** |
| (Gain)/loss on account of experience changes | 53 | - | **53** |
| **Total amount recognised in Other Comprehensive Income** | **51** | **9** | **42** |
| Employer contributions | (122) | 25 | **(147)** |
| Benefit payments | (196) | (59) | **(137)** |
| Other | - | (25) | **25** |
| Past service cost - plan amendments | - | - | - |
| Liabilities assumed/asset acquired | - | - | - |
| Closing balance | 2,322 | 940 | 1,382 |

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

| Particulars | As at March 31, 2023 | | |
|---|---|---|---|
| | Present value of obligation | Fair value of plan asset | Net amount |
| **Opening balance** | **1,311** | 102 | **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 | - | 26 | (27) |
| Benefit payments | (157) | (21) | **(136)** |
| Past service cost - plan amendments | - | - | - |
| Liabilities assumed/asset acquired | 732 | 762 | (30) |
| Closing balance | 2,191 | 926 | 1,265 |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of plan liabilities | 1,875 | 1,701 |
| Fair value of plan assets | 940 | 926 |
| **Plan liabilities net of plan assets** | **935** | **775** |
| Unfunded liabilities | 447 | 490 |
| **Deficit before asset ceiling** | **1,382** | **1,265** |

**(ii) Consolidated Statement of Profit and Loss**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Employee benefit expense: | | |
| Current service cost | 252 | 182 |
| **Total** | **252** | **182** |
| Finance costs | 81 | 75 |
| **Net impact on the consolidated profit before tax** | **333** | **257** |
| Remeasurements of the net defined benefit liability: | | |
| Return on plan assets excluding amounts included in interest expense/income | (2) | (2) |
| Actuarial (gains)/losses arising from changes in financial assumption | 11 | (125) |
| Actuarial (gains)/losses arising from changes in demographic assumptions | (13) | 50 |
| Actuarial (gains)/losses arising from changes in actual return on plan assets less interest on plan asset | (7) | (31) |
| Actuarial (gains)/losses arising from changes in experience | 53 | 99 |
| **Net impact on the consolidated other comprehensive income before tax** | 42 | (9) |

**(iii) Defined benefit plan assets**

| Category of assets | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **HIDL, HIFSL and AMIN** | | |
| - Insurer managed funds | 100% | 100% |

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

**(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, 2024 | As at March 31, 2023 |
|---|---|---|
| Discount rate | 7.00% | 7.10% |
| 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, 2024 | As at March 31, 2023 |
|---|---|---|
| **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, 2024 and March 31, 2023 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.

**(vi) Sensitivity**

| As at March 31, 2024 | Change in assumption increase or decrease by | Impact on defined benefit obligation | |
|---|---|---|---|
| | | Increase | Decrease |
| Discount rate | 50bps | (56) | 60 |
| Salary escalation rate | 50bps | 3 | (1) |

| 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) |

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.

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

**(vii) Maturity**

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| 1st following year | 365 | 252 |
| 2nd following year | 357 | 280 |
| 3rd following year | 356 | 285 |
| 4th following year | 407 | 295 |
| 5th following year | 456 | 426 |
| Sum of year 6 and above | 1,892 | 1,963 |

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, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | 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 | - | - | 15,774 | - | - | 12,664 |
| Bank balance other than cash and cash equivalents above | - | - | 11,562 | - | - | 12,785 |
| Trade Receivables | - | - | 15,876 | - | - | 13,649 |
| Other Receivables | - | - | 387 | - | - | - |
| Loans | | | | | | |
| -Staff loans | - | - | - | - | - | 1 |
| -Loans against financial securities (LAS) | - | - | 181,822 | - | - | 114,712 |
| -Security deposits | - | - | - | - | - | 157 |
| Investments: | | | | | | |
| - Mutual fund units | 68,793 | - | - | 38,010 | - | - |
| - Equity instruments | 451 | 48 | - | 450 | 48 | - |
| - Alternate Investment funds | 635 | - | - | - | - | - |
| Other financial assets | - | - | 1,111 | - | - | 871 |
| Total fianancial assets | 69,879 | 48 | 226,532 | 38,460 | 48 | 154,839 |
| **Financial liabilities:** | | | | | | |
| Trade payables | - | - | 9,654 | - | - | 5,040 |
| Debt securities | - | - | 99,550 | - | - | 38,133 |
| Borrowings (other than debt securities) | - | - | 22,731 | - | - | 12,873 |
| Other financial liabilities | - | - | 2,984 | - | - | 1,611 |
| Lease liabilities | - | - | 2,197 | - | - | 325 |
| Total financial liabilities | - | - | 137,116 | - | - | 57,982 |

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

**37 Fair value measurement (continued)**

**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, 2024

| 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 | 67,343 | 1,450 | - | 68,793 |
| - Equity instruments | 7 | - | - | 451 | 451 |
| - Alternate Investment funds | 7 | 635 | - | - | 635 |
| Financial Investments at FVOCI | | | | | |
| - Equity instruments | 7 | 48 | - | - | 48 |
| Total financial assets | | 68,026 | 1,450 | 451 | 69,927 |

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 |

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.

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

**37 Fair value measurement (continued)**

**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 2024 and 31 March 2023:

| Particulars | Unlisted equity securities | Contingent consideration | Hedging derivatives | Indemnification asset | Total |
|---|---|---|---|---|---|
| As at 01 April, 2022 | 65 | - | - | - | 65 |
| Acquisitions | 343 | - | - | - | 343 |
| Gain/(Losses) recognised in P&L A/c | 42 | - | - | - | 42 |
| **As at 31 March, 2023** | 450 | - | - | - | **450** |
| Acquisitions | - | - | - | - | - |
| Gain/(Losses) recognised in P&L A/c | 1 | - | - | - | 1 |
| Gain/(Losses) recognised in OCI | - | - | - | - | - |
| **As at 31 March, 2024** | 451 | - | - | - | 451 |

**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.

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

**37** Fair value measurement (continued)

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-24 | 31-Mar-23 | | |
| **Unquoted Equity Shares** | | | | |
| AMC Repo Clearing Limited | 416 | 415 | Net assets value | Increase in net asset value by 1% would increase the value by INR 4.16 lakhs and decrease in 1% would decrease the value by INR 4.16 lakhs. |
| MF Utilities Private Limited | 35 | 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. |
| | 451 | 450 | | |

**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 2024 and March 2023.

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

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| **Financial assets** | | | | |
| Loans | | | | |
| - Loans against financial securities (LAS) | 181,822 | 182,087 | 114,711 | 116,445 |
| **Total financial assets** | **181,822** | **182,087** | **114,711** | **116,445** |
| Financial liabilities | | | | |
| Debt securities | 99,550 | 102,474 | 38,133 | 38,133 |
| Borrowings | 22,731 | 22,593 | 12,873 | 12,873 |
| Total financial liabilities | 122,281 | 125,067 | 51,006 | 51,006 |

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.

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

**(vi) Financial assets measured on a collective basis**

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

**(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, 2024 | | | Total |
|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | |
| Loan against financial securities (LAS) | **Performing** | | | | |
| | Minimum Default Risk | - | - | - | - |
| | Low Default Risk | 5,239 | - | - | 5,239 |
| | Satisfactory Default Risk | 169,113 | - | - | 169,113 |
| | Fair Default Risk | 7,488 | - | - | 7,488 |
| | Moderate Default Risk | - | - | - | - |
| | Significant Default Risk | - | - | - | - |
| | High Default Risk | - | - | - | - |
| | Special Management | - | - | - | - |
| | Default | - | - | - | - |
| | **Non- performing** | | | | |
| | Individually impaired | - | - | - | - |
| **Total** | Total | 181,840 | - | - | 181,840 |

| 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 |

(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 Company 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, 2024** | | | | |
| - Loan against financial securities (LAS) | 181,840 | (18) | 181,822 | 539,239 |
| Total | 181,840 | (18) | 181,822 | 539,239 |
| | | | | |
| **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 |

* Impairment allowance: 0.01% for March 31, 2024; 0.01% for March 31, 2023

# Fair value of collateral held includes collateral amount againt which no loan is outstanding as at March 31, 2024 and March 31, 2023.

(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 for the same portfolio as discussed below:

| Asset group | Particulars | Year ended March 31, 2024 | | | Total |
|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | |
| Loan against financial securities (LAS) | Opening balance | 114,723 | - | - | 114,723 |
| | Loans given | 178,499 | - | - | 178,499 |
| | Loans repaid (including partial repayments) | (111,382) | - | - | (111,382) |
| | Closing balance | 181,840 | - | - | 181,840 |

| 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 |

**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, 2024 | | | Total |
|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | |
| Loan against financial securities (LAS) | Opening balance | 11 | - | - | 11 |
| | On loans given | 18 | - | - | 18 |
| | On loans repaid (including partial repayments) | (11) | - | - | (11) |
| | Net remeasurement of loss allowance | - | - | - | - |
| | Closing balance | 18 | - | - | 18 |

| 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 |

**(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, 2024 was NIL (March 31, 2023 -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)**

**38.1.2 Credit risk - others**

The Group's financial assets subject to the expected credit loss model under Ind AS 109 are cash and cash equivalents, deposits with banks, trade receivables, security deposits, staff loans, outstanding receivables (other deposits, other advances).

Staff loans and receivables have been considered to enjoy 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 strong capacity to meet its obligations in the near term, and
iii) the company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfil its obligations.

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

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

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Cash and cash equivalents | 15,774 | 12,664 |
| Bank balance other than cash and cash equivalents above | 11,562 | 12,785 |
| Trade Receivables | 15,876 | 13,649 |
| Other Receivables | 387 | - |
| Security Deposits | - | 157 |
| Staff loans | - | 1 |
| Other financial assets | 1,111 | 871 |

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

**a. Credit quality analysis**

Loss allowance as at March 31, 2024 and March 31, 2023 was determined as follows:

| | Lifetime ECL (simplified approach) | | | | | | |
|---|---|---|---|---|---|---|---|
| As at 31 March 2024 | Not due | 0–30 days past due | 31–60 days past due | 61–90 days past due | 91–120 days past due | More than 120 days past due | Total |
| Gross carrying amount – trade receivables | 6,280 | 391 | 7,630 | 1,630 | 162 | 98 | 16,191 |
| Expected loss rate | | | | | | | 1.95% |
| Less: Impairment Loss Allowance | (55) | - | - | - | (162) | (98) | (315) |
| Carrying amount of trade receivables (net of impairment) | 6,225 | 391 | 7,630 | 1,630 | - | - | 15,876 |
| Gross carrying amount - Other advances | 1,111 | - | - | - | - | 11 | 1,122 |
| Expected loss rate | | | | | | | 0.98% |
| Less: Impairment Loss Allowance | - | - | - | - | - | (11) | (11) |
| Carrying amount of other advances (net of impairment) | 1,111 | - | - | - | - | - | 1,111 |

| | Lifetime ECL (simplified approach) | | | | | | |
|---|---|---|---|---|---|---|---|
| As at 31 March 2023 | Not due | 0–30 days past due | 31–60 days past due | 61–90 days past due | 91–120 days past due | More than 120 days past due | Total |
| Gross carrying amount – trade receivables | 7,002 | - | 5,222 | 1,425 | - | 148 | 13,797 |
| Expected loss rate | | | | | | | 1.08% |
| Less: Impairment Loss Allowance | - | - | - | - | - | (148) | (148) |
| Carrying amount of trade receivables (net of impairment) | 7,002 | - | 5,222 | 1,425 | - | - | 13,649 |
| Gross carrying amount - Other advances | 871 | - | - | - | - | 11 | 882 |
| Expected loss rate | | | | | | | 1.25% |
| Less: Impairment Loss Allowance | - | - | - | - | - | (11) | (11) |
| Carrying amount of other advances (net of impairment) | 871 | - | - | - | - | - | 871 |

**b. Amounts arising from ECL**

**i. Inputs, assumptions and techniques used for estimating impairment**

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Inputs considered in the ECL model:

The company categorizes Financial assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

The Company has used simplified approach to provide expected credit loss on trade receivables as prescribed by Ind AS 109 which permits use of lifetime expected credit loss provision for all trade receivables.

**Definition of default**

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the company operates and other macro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

ii. Impairment loss allowance

Reconciliation of loss allowance provision:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening balance of loss allowance | 159 | 156 |
| Increase in loss allowance recognised in the Standalone Statement of Profit and Loss during the year | 217 | - |
| Decrease in loss allowance recognised in the Standalone Statement of Profit and Loss during the year | (50) | 3 |
| Closing balance of loss allowance | 326 | 159 |

(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 Company's main interest rate risk arises from lending with variable rates, which expose the Company to fair value interest rate risk. During March 31, 2024 and March 31, 2023, the Company's lending portfolio at variable rate are mainly denominated in Indian rupees (Rs.).

**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, 2024 | As at March 31, 2023 |
|---|---|---|
| Variable rate loans* | 181,840 | 114,723 |
| Fixed rate loans | - | - |
| **Total** | **181,840** | **114,723** |

* 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, 2024 | 9.39% | 181,840 | 100% |
| As at March 31, 2023 | 8.67% | 114,723 | 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, 2024 | Year ended March 31, 2023 |
| Interest rates – increase by 60 (March 31, 2023: 60) basis points | 1,632 | 510 |
| Interest rates – decrease by 60 (March 31, 2023: 60) basis points | (1,632) | (510) |

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, 2024 | As at March 31, 2023 |
|---|---|---|
| 91 days T-bill - increase by 100 basis points | 3 | 2 |
| 91 days T-bill - decrease by 100 basis points | (3) | (2) |

**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, 2024 | Year ended March 31, 2023 |
| Interest rate – Increase 0.5% (2023 – 1%) | (205) | (4) |
| Interest rate – Decrease 0.5% (2023 – 1%) | 205 | 4 |

**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, 2024 | As at March 31, 2023 |
|---|---|---|
| Overdraft from bank | - | 1,751 |
| Working Capital Demand Loan | 12,003 | 10,500 |
| Loan from corporates | 10,056 | - |
| Variable rate borrowings | 22,059 | 12,251 |
| | | |
| Commercial papers | 99,550 | 38,133 |
| Fixed rate borrowings | 99,550 | 38,133 |
| | | |
| Total | 121,609 | 50,384 |

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

| As at March 31, 2024 | Weighted average interest rate | Balance | % of total loans |
|---|---|---|---|
| Borrowings (other than debt securities) | 8.07% | 22,059 | 18% |

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

**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, 2024 | Year ended March 31, 2023 |
| Interest rates – increase by 110 (March 31, 2023: 60) basis points | (333) | (55) |
| Interest rates – decrease by 110 (March 31, 2023: 60) basis points | 333 | 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 Company's equity and profit for the period. The analysis is based on the assumption that the equity index had changed by 10.9% (2023 -8.7% ) with all other variables held constant, and that all the Company's investments moved in line with the index.

| Particulars | Impact on profit after tax and equity | |
|---|---|---|
| | Year ended March 31, 2024 | Year ended March 31, 2023 |
| NSE Nifty 50 – increase 8.7% (2023 – 11%) | 829 | 440 |
| NSE Nifty 50 – decrease 8.7% (2023 – 11%) | (829) | (440) |

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, 2024 | | | |
| Rupee strengthens: USD: 1%, GBP: 4%, HKD : 2% | (16) | (32) | 4 |
| Rupee weakens: USD: (1%), GBP: (4%), HKD: 2% | 16 | 32 | (4) |
| Year ended March 31, 2023 | | | |
| Rupee strengthens: USD: 5%, GBP: 6%, | (42) | (36) | - |
| Rupee weakens: USD: (5%), GBP: (6%), | 42 | 36 | - |

(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, 2024**

| | | 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 | 9,654 | 7,327 | 2,316 | 8 | 3 | - | - | 9,654 |
| Debt securities | 99,550 | 64,500 | 17,500 | 20,500 | - | - | - | 102,500 |
| Lease Liabilities | 2,197 | 116 | 117 | 233 | 474 | 1,262 | - | 2 202 |
| Borrowings (other than debt securities) | 22,731 | 23,255 | 358 | 709 | 1,289 | - | 672 | 26,283 |
| Other financial liabilities | 2,984 | 809 | 506 | 1,669 | - | - | - | 2,984 |
| **Total financial liabilities** | **137,116** | **96,007** | **20,797** | **23,119** | **1,766** | **1,262** | **672** | **143,623** |

**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** | 533 | 1,922 | 295 | 151 | 622 | 57,956 |

(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, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 15,774 | - | 15,774 | 12,664 | - | 12,664 |
| Bank balance other than cash and cash equivalents above | 11,562 | - | 11,562 | 12,734 | 51 | 12,785 |
| **Receivables** | | | | | | |
| (i) Trade receivables | 15,876 | - | 15,876 | 12,572 | 1,077 | 13,649 |
| (i) Other Receivable | 387 | - | 387 | - | - | - |
| Loans | 135,364 | 46,458 | 181,822 | 61,339 | 53,531 | 114,870 |
| Investments | 54,465 | 15,462 | 69,927 | 23,250 | 15,258 | 38,508 |
| Other financial assets | 26 | 1,085 | 1,111 | 101 | 770 | 871 |
| **Non-financial assets** | | | | | | |
| Current tax assets (Net) | - | 19,230 | 19,230 | 970 | 14,744 | 15,714 |
| Investment Property | - | 35 | 35 | - | 37 | 37 |
| Property, plant and equipment | 6 | 3,051 | 3,057 | 11 | 2,090 | 2,101 |
| Right-of-use Assets | 17 | 2,126 | 2,143 | 5 | 304 | 309 |
| Goodwill | - | 108,090 | 108,090 | - | 107,719 | 107,719 |
| Other intangible assets | - | 308,428 | 308,428 | - | 308,369 | 308,369 |
| Intangible assets under development | 9 | - | 9 | 119 | - | 119 |
| Other non-financial assets | 2,535 | 2,498 | 5,033 | 1,528 | 2,529 | 4,057 |
| **Total assets** | 236,021 | 506,463 | 742,484 | 125,293 | 506,479 | 631,772 |
| **Financial liabilities** | | | | | | |
| Payables | | | | | | |
| Trade payables | | | | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 222 | - | 222 | 137 | - | 137 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 9,432 | - | 9,432 | 4,903 | - | 4,903 |
| Debt securities | 99,550 | - | 99,550 | 38,133 | - | 38,133 |
| Borrowings (other than debt securities) | 22,059 | 672 | 22,731 | 12,251 | 622 | 12,873 |
| Lease Liabilities | 463 | 1,734 | 2,197 | 59 | 266 | 325 |
| Other financial liabilities | 2,984 | - | 2,984 | 1,585 | - | 1,585 |
| **Non-financial liabilities** | | | | | | |
| Current tax liabilities (Net) | 2,355 | - | 2,355 | 1,201 | - | 1,201 |
| Provisions | 569 | 1,264 | 1,833 | 1,084 | 481 | 1,565 |
| Deferred tax liabilities (Net) | 11 | 78,316 | 78,327 | - | 78,069 | 78,069 |
| Other non-financial liabilities | 5,724 | 3 | 5,727 | 2,646 | 3 | 2,649 |
| **Total liabilities** | 143,370 | 81,989 | 225,358 | 61,999 | 79,441 | 141,440 |

(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, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Basic & Diluted earnings per share | | |
| Net profit after tax available for equity shareholders (A) (Rs. in lakhs) | 24,576 | 3,420 |
| Weighted average number of equity shares outstanding for basic and diluted EPS (B) | 166,028,980 | 105,378,922 |
| Basic and diluted earnings per share (A) / (B) (Rs.) | 14.80 | 3.25 |
| 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.
HSBC InvestDirect (India) Private Limited

**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
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) till October 16, 2023
HSBC Trustees (India) Private Limited (wef January 29, 2024)

**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
HSBC Bank Middle East 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) (HSCI)
Mr. Brij Bhushan (Director) (HSCI and HIDL)
Mr. Mudit Tayal (Director) (HSCI)
Mr. Amitabh Malhotra, (Director) (HSCI)
Ms. Anita Mishra, (Director) (HSCI)
Mr. Ravi Menon (CEO & Director) (AMIN) (resigned w.e.f. April 30, 2023)
Mr. Kailash Kulkarni (CEO & Director) (AMIN)
Mr. Dinesh Kumar Mittal (Non Executive Director) (AMIN) (resigned w.e.f September 29, 2023)
Dr. Indu Shahani (Non Executive Director) (AMIN)
Mr. Kapil Seth (Non Executive Director) (AMIN) (appointed w.e.f. September 20, 2023)
Mrs. Roopa Varma (Non Executive Director) (AMIN) (appointed w.e.f. September 20, 2023)
Mr. Berlin Varghese (Director) (HIDL) (appointed w.e.f. April 17, 2023)
Mrs. Roopa Varma (Director) (HIDL)
Ms. Payal Rajesh Advani (Non Executive Director) (HIFSL and HISL)
Mr. Berlin Varghese (Managing Director) (HIFSL) (appointed w.e.f. April 3, 2023)
Mr. Sanket Sanghavi (Non Executive Director) (HIFSL)
Mrs. Roopa Varma (Non Executive Chairperson) (HIFSL)
Mr. Brij Bhushan (Non Executive Director) (HIFSL, HISML and HISL)
Mrs. Roopa Varma (Non Executive Director) (HISML)
Mr. Berlin Varghese (Non Executive Chairperson) (HISML)
Mr. Berlin Varghese (Non Executive Chairperson) (HISL) (w.e.f May 15, 2023)
Mr. Vikas Kumar Khandelia (Non Executive Director) (HISL)

(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, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| **Revenue from operations** | | | | | | | | |
| Brokerage | - | - | 375 | 62 | - | - | - | - |
| Advisory fees | - | - | 5,828 | 5,231 | - | - | - | - |
| Service income | - | - | 7,451 | 5,415 | - | - | - | - |
| Interest Income | - | - | 563 | 2,860 | - | - | - | - |
| **Expenses** | | | | | | | | |
| Remuneration to Key Managerial Personnel | - | - | - | - | 1,370 | 1,203 | - | - |
| Directors sitting fees | - | - | - | - | 21 | 20 | - | - |
| Net Loss on fair value changes on derivative | - | - | - | 2,226 | - | - | - | - |
| Finance Cost | - | - | 16 | 23 | - | - | - | - |
| Rent | - | - | 1,576 | 1,294 | - | - | - | - |
| Global Recharge - Support service | - | - | 8,991 | 5,752 | - | - | - | - |
| Legal and professional fees | - | - | 955 | 436 | - | - | - | - |
| Market data cost | - | - | 52 | - | - | - | - | - |
| Support service charges | - | - | 1,797 | 1,310 | - | - | - | - |
| Bank and guarantee charges | - | - | 8 | 3 | - | - | - | - |
| Telephone, communication and postage | - | - | 5 | - | - | - | - | - |
| Repair and maintenance - computers | - | - | 2,295 | 1,345 | - | - | - | - |
| Miscellaneous expenses | - | - | 2 | 14 | - | - | - | - |
| Conveyance expense | - | - | - | 6 | - | - | - | - |
| Fees for advisory services | - | - | 467 | - | - | - | - | - |
| Insurance | - | - | 33 | - | - | - | - | - |
| Restricted share plan | 500 | 461 | - | - | - | - | - | - |
| Business Development Expenses | - | - | - | 3 | - | - | - | - |
| Staff Welfare | - | - | 4 | 21 | - | - | - | - |
| Brokerage and incentives | - | - | 350 | 220 | - | - | - | - |
| **Others** | | | | | | | | |
| Short-term employee benefits | - | - | - | - | 74 | 85 | - | - |
| Contribution to gratuity trust | - | - | - | - | - | - | 2 | 4 |
| Gratuity amount paid to employee received from Trust | - | - | - | - | - | - | 13 | 12 |
| Loans disbursed | - | - | - | 2,300 | - | - | - | - |
| Training expense | - | - | 1 | - | - | - | - | - |
| Repayment of borrowings | - | - | 200 | - | - | - | - | - |
| Proceeds from borrowings | - | - | 98 | 18 | - | - | - | - |
| Fixed Deposit Placement | - | - | 487 227 | 753,206 | - | - | - | - |
| Fixed Deposit Redemption | - | - | 484 227 | 750,105 | - | - | - | - |
| Refund of deposit for premises | - | - | 78 | - | - | - | - | - |

(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, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| **Assets** | | | | | | |
| Deposit for office premises | - | - | - | 110 | - | - |
| Balances in current accounts | - | - | 779 | 351 | - | - |
| Balances in bank deposits | - | - | 14,509 | 11,513 | - | - |
| Interest receivable | - | - | 77 | 3 | - | - |
| Trade receivable | - | - | 6,837 | 5,945 | - | - |
| Other receivables | - | - | 387 | - | - | - |
| Security deposit | - | - | - | 78 | - | - |
| Gratuity receivable | - | - | - | - | 70 | 77 |
| Other non financial Assets | - | - | - | 1 | - | - |
| **Liabilities** | | | | | | |
| Other financial liabilities | 961 | 461 | 2 | 10 | - | - |
| Trade payables | - | - | 4,203 | 2,385 | - | - |
| Gratuity payable | - | - | - | - | 15 | 25 |
| Payable to Ultimate Holding | 36 | - | - | - | - | - |

(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, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Broking Income | 12,603 | 7,944 |
| Global Banking Income | 6,412 | 5,246 |
| Research | 7,571 | 5,565 |
| Financing | 14,303 | 8,304 |
| Investment Management Fees | 50,636 | 21,738 |
| Unallocable | 5,278 | 4,029 |
| Total Segment Revenue | 96,803 | 52,826 |

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

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Segment revenue** | | |
| Broking | 12,603 | 7,944 |
| Global Banking | 6,412 | 5,246 |
| Research | 7,571 | 5,565 |
| Financing | 14,303 | 8,304 |
| Investment Management Fees | 50,636 | 21,738 |
| | | |
| **Segment expenses** | | |
| Broking | 13,744 | 8,534 |
| Global Banking | 7,753 | 4,948 |
| Research | 5,955 | 4,332 |
| Financing | 8,746 | 4,137 |
| Investment Management Fees | 27,400 | 18,192 |
| | | |
| Segment operating income | | |
| Broking | (1,141) | (590) |
| Global Banking | (1,341) | 298 |
| Research | 1,616 | 1,233 |
| Financing | 5,557 | 4,167 |
| Investment Management Fees | 23,236 | 3,546 |
| Unallocable expenses | (171) | 3,209 |
| **Operating income** | **28,098** | **5,444** |
| Other income | 5,278 | 4,029 |
| **Net profit before tax** | **33,376** | 9,473 |
| Provision for income tax | 6,663 | 3,235 |
| Deferred tax charge/(credit) | 258 | 1,431 |
| Net profit after tax | 26,455 | 4,807 |

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, 2024 | Year ended March 31, 2023 |
|---|---|---|
| India | 82,669 | 39,506 |
| UK | 7,451 | 5,415 |
| Other countries | 1,405 | 3,876 |
| **Total** | **91,525** | **48,797** |

**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**

During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from the bank on the basis of security of current assets. The Company is not required to file quarterly returns or statements with such bank.

**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**

A The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

(iii) The Group had 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).

In the previous financial year, the Group had further invested Rs. 343,631 in AMIN for acquiring the shares of LTIM by AMIN

(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 | Western Express Highway, Goregaon (East), |
| 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 |
| Address | Brindavan, Plot No 177, C.S.T. Road, |
| PAN | AABCC5819R |
| Relationship with HSCI | Subsidiary |

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

(iii) The Group had 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).

B On September 30, 2022, the Group 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) (Refer Note 19).

| | |
|---|---|
| (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 below: | |
| (a) Date of investment | January 29, 2024 |
| (b) Amount of investment | Rs. 10 |
| (c ) Complete details of (Intermediary) | |
| Name | HSBC Trustees (India) Private Limited |
| Address | 9-11 Floors, NESCO IT Park Building no. 3, |
| PAN | AAHCH1476M |
| Relationship with HSCI | Wholly owned Subsidiary |

For details of further investment of the previous year, refer point (A) above.

(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. 8,055 as at March 31, 2024 (March 31, 2023: Rs. 8,065) 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, 2024 | As at March 31, 2023 |
|---|---|---|
| **Commitments** | | |
| Sanctioned amount pending request for disbursal | 2,459 | 2,317 |
| **Claims not acknowledged as debts in respect of:** | | |
| Direct tax matters disputed by the Group | 8,569 | 62,005 |
| Indirect tax matters disputed by the Group | 4,131 | 3,963 |
| Bank Guarantees | - | 1,000 |
| **Total** | 15,159 | 69,285 |

During the year, the contingent liability for financial year April 1, 2008 to March 31, 2009 amounting to Rs. 53,668 has been reversed after giving effect of Income-tax Appellate Tribunal (ITAT) order received by HSCI during the year, order giving effect of which was received after the year end.

**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, 2014 to March 31, 2024.

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

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| | Number of shares | Number of shares |
| Opening balance | 199,499 | 190,732 |
| Granted/adjusted during the year | 119,997 | 91,800 |
| Exercised during the year | - | - |
| Released during the year | (4,100) | (5,965) |
| Forfeited/Lapsed/cancelled during the year | (82,047) | (77,068) |
| Closing balance | 233,349 | 199,499 |

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, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Restricted share plan | 510 | 471 |
| Total | 510 | 471 |

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

**47 Current year- Amalgmation of subsidiary**

**Scheme of Amalgmation of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment management Limited) into HSBC Asset Management (India) Private Limited (AMIN) and their respective Shareholders under Section 230 to 232 of the Companies Act, 2013 (the Scheme) –**

The National Company Law Tribunal vide order dated 13 October 2023 has sanctioned the Scheme of Amalgamation of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited) ("Transferor Company"), subsidiary of HSBC Asset Management (India) Private Limited into HSBC Asset Management (India) Private Limited ("Transferee Company" or "the Company"), and their respective shareholders under Section 230 to 232 of the Act. The Transferor Company was dissolved without winding-up and merger effected from 16 October 2023 upon filing of certified copy of NCLT Order dated 13 October 2023 in INC-28.

As per the para 5 3 of the Scheme approved by NCLT, on the date of last substantive approval (16 October 2023), the Company has recognized the assets and liabilities of the Transferor Company at their respective carrying values and inter-company balances are eliminated. Further, the carrying value of investment in the Transferor Company in the books of the Company is derecognized and the difference between the carrying value of Transferor Company's net assets acquired by the Company and carrying value of investments in Transferor Company has been recognized in the Statement of Profit and Loss for the year ended March 31, 2024.

Details are as follows –

| Particulars | Amount in Lakhs |
|---|---|
| **Carrying value of assets and liabilities of the Transferor Company** | |
| Cash and cash equivalents | 757 |
| Current tax assets (Net) | 969 |
| Receivables | 15 |
| Receivables from HSBC Asset Management (India) Private Limited* | 8,561 |
| Liabilities | (6) |
| Net assets acquired by the Company (a) | 10,296 |
| Derecognition of the carrying value of investment (b) | 10,384 |
| **Loss on amalgamation** | **88** |

* This has been eliminated against the payable to subsidiary in the books of the Company.

**Previous year- Business Combination**

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

On November 25, 2022, the Company acquired 100% shares of HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited ("LTIM")) post all necessary regulatory approvals were obtained. With this, the Company became 100% owner of LTIM. The acquisition was made to increase the Company'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 the Company 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 the Company 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 |

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

**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 | - |
| Current tax assets* | 1,684 |
| Trade payables | (1,812) |
| Deferred Tax Liability | 0 |
| **Net assets acquired excluding goodwill (C)** | **9,838** |
| Goodwill (A-C) | - |
| Total net assets acquired | 9,838 |
| Receivable by LTIM from the Company | 8,700 |
| Total purchase consideration | 18,538 |

*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.

**(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.

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

**48** Networth Compliance

**As at 31 March, 2024**

The net-worth of the Company as at March 31, 2024 is Rs. 44,357 lakhs. While computing the net-worth, the intangibles (Asset Management Rights (AMR) recognized as part of the business combination) have been netted off with the associated deferred tax liability (DTL) of Rs. 77,568 lacs. The Company had made a detailed written representation to SEBI, to take cognizance of the net-worth computation of the Company as per this approach including appropriate mitigation measures to be taken by the Company, if requested by SEBI, to meet the minimum net-worth requirements vide its letter dated September 20, 2023. SEBI had taken our submission on record vide its letter dated September 26, 2023.

This approach has been followed by the Company for computation of net-worth while making quarterly net-worth related submissions to SEBI and there have been no adverse comments from SEBI on these regulatory submissions. Further, based on the management assessment, the Company does not expect any adverse regulatory action in this regard.

As at 31 March, 2023

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.

As per the definition of networth under SEBI (MF) Regulations [Regulation 2(qb)], 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 taken by the 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

| 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 |

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

**(a) Subsidiaries**

The Group's subsidiaries at March 31, 2024, 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, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | |
| 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 Trustees (India) Private Limited (HTIP) (wef the date of incorporation, i.e. January 29, 2024) | India | 100.00% (100.00%) | 0.00% (0.00%) | 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) (till October 16, 2023) | India | 0.00% (0.00%) | 100.00% (100.00%) | 0.00% (0.00%) | 0.00% (0.00%) | Refer Note 1 |
| HSBC InvestDirect (India) Private 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 (HIDL) | | HSBC InvestDirect Financial Services (India) Limited (HIFSL) | | HSBC InvestDirect Sales & Marketing (India) Limited (HISML) | | HSBC InvestDirect Securities (India) Private Limited (HISL) | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| Financial assets | 54,371 | 53,336 | 193,339 | 119,022 | 225 | 219 | 791 | 760 |
| Financial liabilities | 176 | 42 | 140,261 | 69,033 | 5 | 3 | 229 | 199 |
| **Net financial assets (A)** | 54,195 | 53,294 | 53,078 | 49,989 | 220 | 216 | 562 | 561 |
| Non-financial assets | 889 | 896 | 1,802 | 1,637 | 123 | 123 | 669 | 876 |
| Non-financial liabilities | 37 | 88 | 95 | 69 | 19 | 19 | 2 | 165 |
| **Net non-financial assets (B)** | 852 | 808 | 1,707 | 1,568 | 104 | 104 | 667 | 711 |
| **Net assets (A+B)** | 55,047 | 54,102 | 54,785 | 51,558 | 324 | 320 | 1,229 | 1,272 |
| **Accumulated NCI** | 24,816 | 24,388 | 9,392 | 7,931 | 141 | 139 | 278 | 289 |

**49 Interests in other entities (Continued)**

| Summarised statement of profit and loss | HSBC InvestDirect (India) Private 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, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| Revenue | 1,489 | 1,222 | 14,249 | 8,196 | - | 7 | 19 | 18 |
| Profit / (loss) for the year | 945 | 710 | 3,229 | 2,378 | (8) | 7 | (44) | (30) |
| Other comprehensive income | (1) | -* | (2) | (10) | - | - | 0 | 6 |
| Total comprehensive income | 944 | 710 | 3,227 | 2,368 | (8) | 7 | (44) | (24) |
| Profit allocated to NCI | 425 | 321 | 1,459 | 1,065 | 2 | 3 | (9) | (5) |

* Amount less than the rounding off norms of the Company

| Summarised cash flows | HSBC InvestDirect (India) Private 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, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| Cash flows from operating activities | 1,137 | (1,612) | (58,494) | (24,247) | (5) | (4) | 159 | 83 |
| Cash flows from investing activities | (1,135) | 1,612 | (6,763) | 2,261 | 15 | 5 | 2 | 1 |
| Cash flows from financing activities | - | - | 67,087 | 21,899 | - | - | (157) | 2 |
| **Net increase/(decrease) in cash and cash equivalents** | **2** | - | **1,830** | (87) | 10 | 1 | **4** | **86** |

**50** Members at their Extraordinary General Meeting held on 8 May 2024, subject to approval of Government of India, Regional Director, Registrar of Companies, and such other appropriate statutory authorities/departments, had approved conversion from public company to private company of HISML as it is closely held by HSBC Group with less than 200 Members and the current operations does not mandate the Company to remain Public Limited.
HISML is in the process of executing and submitting necessary documents to the aforesaid authorities as required under the applicable Act and Rules.

**51 Audit Trail**

As per the definition of MCA, the Group has identified four applications which meet the definition of books of accounts. All these applications have a feature of recording audit trail (edit log) facility. This has operated throughout the year for all transactions recorded in these applications.
At a database level the audit trail does not contain the pre-modified values i.e old value and new value of the changes made to the masters/transactions. Access to inscope databases is controlled via privilege access management tool – "Total Privilege Access Management Tool" (TPAM) and access is granted on need basis only which is controlled through the access management process of the Group. All activities performed on databases are recorded through privilege session monitoring via IBM Guardium tool. In addition, while the backend update in this database is not frequent, the Guardium logs capture the details around user who got the access, the query executed by the user and date of execution. The Guardium logs are reviewed by a Central team and in case any discrepancies are noted then appropriate steps are initiated per the policy and process of the Group.
Based on the factors above, the Group has established and maintained an adequate internal control framework and based on its assessment, believes that there is no impact of this on the financial statements as on March 31, 2024.

| For Price Waterhouse Chartered Accountants LLP<br>Firm Registration No: 012754N/N500016 | For and on behalf of the Board of Directors of<br>HSBC Securities and Capital Markets (India) Private Limited | | |
|---|---|---|---|
| sd/-<br>Sharad Agarwal<br>Partner<br>Membership No: 118522 | sd/-<br>Brij Bhushan<br>Director<br>(DIN 09288911) | sd/-<br>Mudit Tayal<br>Director<br>(DIN 07769502) | sd/-<br>Saurabh Gupta<br>Company Secretary<br>Membership No 44440 |
| Mumbai<br>August 13, 2024 | Mumbai<br>August 13, 2024 | | |

HSBC Securities and Capital Markets (India) Private Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Continued)

(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, 2024 | 83% | 427,737 | 12% | 3,158 | 170% | (55) | 12% | 3,103 |
| March 31, 2023 | 84% | 414,139 | 17% | 821 | 221% | 30 | 18% | 851 |
| **Subsidiaries (group's share)** | | | | | | | | |
| HSBC Asset Management (India) Private Limited | | | | | | | | |
| March 31, 2024 | 7% | 34,639 | 73% | 19,398 | -77% | 25 | 74% | 19,423 |
| March 31, 2023 | 7% | 33,899 | 29% | 1,397 | -97% | (13) | 29% | 1,384 |
| HSBC Trustees (India) Private Limited | | | | | | | | |
| March 31, 2024 | 0% | 14 | 0% | 4 | 0% | - | 0% | 4 |
| March 31, 2023 | 0% | - | 0% | - | 0% | - | 0% | - |
| HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited) | | | | | | | | |
| March 31, 2024 | 0% | - | 0% | - | 0% | - | 0% | - |
| March 31, 2023 | -2% | (8,657) | -10% | (475) | 0% | - | -10% | (475) |
| HSBC InvestDirect (India) Private Limited | | | | | | | | |
| March 31, 2024 | -2% | (10,372) | -4% | (1,144) | 2% | (1) | -4% | (1,145) |
| March 31, 2023 | -2% | (10,942) | -15% | (733) | 3% | -* | 15% | (733) |
| HSBC InvestDirect Financial Services (India) Limited | | | | | | | | |
| March 31, 2024 | 6% | 29,317 | 7% | 1,768 | 9% | (3) | 7% | 1,765 |
| March 31, 2023 | 6% | 27,809 | 27% | 1,309 | -40% | (5) | 27% | 1,303 |
| HSBC InvestDirect Sales & Marketing (India) Limited | | | | | | | | |
| March 31, 2024 | 0% | 173 | 0% | (9) | 0% | - | 0% | (9) |
| March 31, 2023 | 0% | 171 | 0% | 4 | 0% | - | 0% | 4 |
| HSBC InvestDirect Securities (India) Private Limited | | | | | | | | |
| March 31, 2024 | 0% | 990 | 5% | 1,401 | -1% | -* | 5% | 1,401 |
| March 31, 2023 | 0% | 1,167 | 23% | 1,097 | 37% | 5 | 23% | 1,102 |
| **Non-controlling interests in all subsidiaries** | | | | | | | | |
| March 31, 2024 | 7% | 34,627 | 7% | 1,879 | -3% | 1 | 7% | 1,880 |
| March 31, 2023 | 7% | 32,747 | 29% | 1,387 | -23% | (3) | 29% | 1,384 |
| **Total** | | | | | | | | |
| March 31, 2024 | 100% | 517,125 | 100% | 26,455 | 100% | (33) | 100% | 26,422 |
| March 31, 2023 | 100% | 490,332 | 100% | 4,807 | 100% | 13 | 100% | 4,820 |

* Amount less than the rounding off norms of the Company