

## Directors' Report

The Members

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

The Directors of your Company submit their report along with the Audited Financial Statements for the Financial Year (FY) ended 31 March 2023.

#### 1) FINANCIAL HIGHLIGHTS

The consolidated financial performance of your Company along with its Subsidiaries and the standalone performance of your Company for FY 2022-23 are summarized below:

Particulars	Rs. lakhs			
	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Total Income	22,401	31,142	52,826	34,653
Total Expenses	20,819	18,908	43,353	28,325
Profit before tax	1,582	12,234	9,473	6,328
Less: Provision for Tax (including Current and Deferred tax)	739	587	4,666	1,621
Profit after tax	843	11,647	4,807	4,707

#### 2) DIVIDEND

The Board do not recommend any dividend for the FY 2022-23.

#### 3) SHARE CAPITAL

##### A) PREFERENCE SHARES

9% 25,00,000 Preference shares of INR 100 (One Hundred Only) each amounting to INR 250,000,000 (Twenty-Five Crores Only) of your Company were due for redemption on 12 March 2021, however due to accumulated losses the Company was not able to redeem the said preference shares. The Board of Directors and Members of the Company had approved the issue of Redeemable Preference Shares in lieu of the old Preference Shares subject to approval of Hon'ble National Companies Law Tribunal (NCLT), Mumbai Bench. On 24 February 2023 NCLT, Mumbai had passed the order in favor of the Company and allowed for reissuance of the said Preference Shares and accordingly the said 9% 25,00,000 Preference shares were deemed to be reissued with effect from 13 March 2021.

##### B) EQUITY SHARES

During FY 2022-23, the Company had offered 137,312,511 equity shares on private placement basis at the price of INR 295.50 [Rupees Two Hundred Ninety-Five and Fifty paise only] each consisting of face value of INR 100 [Rupees One Hundred Only] each and premium of INR 195.50 [Rupees One Hundred Ninety-Five and Fifty Paise Only] each in one or more tranches to HSBC Investment Bank Holdings BV (HIBV), existing shareholder of the Company. HIBV had subscribed to the offer by subscribing to 119,017,586 equity shares out of the total shares offered. The total paid up equity share capital of your Company was 166,028,980 equity shares as on 31 March 2023.

##### C) SECURITIES PREMIUM

Due to the aforesaid private placement of equity shares during the FY 2022-23, the balance of Securities Premium account was increased by INR 2,326,61,79,578.17 (Rupees Two Thousand Three Hundred Twenty-Six Crores Sixty One Lakh Seventy

Nine Thousand Five Hundred Seventy Eight and Seventeen Paise Only) during FY 2022-23.

**D) UTILIZATION OF SECURITIES PREMIUM ACCOUNT TO BE ADJUSTED AGAINST THE DEBIT BALANCE IN RETAINED EARNINGS**

During the financial year 2022-23, your Company had filed a petition before the NCLT, Mumbai Bench for utilization of an amount of INR 2,29,25,80,332 (Rupees Two Hundred and Twenty-Nine Crores Twenty-Five Lakhs Eighty Thousand Three Hundred and Thirty-Two Only) from the balance appearing in Securities Premium Account against the debit balance of Retained Earnings as on March 31, 2022 (“Capital Reduction”). On 14 December 2022, NCLT had passed the order in favor of your Company and the Securities Premium Account was reduced from INR 5,952,807,000 (Rupees Five Hundred and Ninety-Five Crores Twenty-Eight Lakhs Seven Thousand Only) and the retained earnings was 'nil'. The balance of securities premium account was increased to INR 2,292,580,332 (Rupees Two Hundred and Twenty-Nine Crores Twenty-Five Lakhs Eighty Thousand Three Hundred Thirty-Two Only) during the FY 2022-23. The balance of Securities Premium Account as on 31 March 2023 was INR 26,926,406,246.17 (Rupees Two Thousand Six Hundred Ninety-Two Crores Sixty-Four Lakhs Six Thousand Two Hundred Forty-Six and Seventeen Paise Only).

**4) APPROPRIATIONS**

Your Company does not propose to transfer any amount to reserves. An amount of INR 843 lakhs is proposed to be retained in the Profit and Loss.

**5) BUSINESS OPERATIONS**

**A) EQUITIES:**

For the FY 2022-23, your Company did not have any impact of Covid on the business and with the addition of new members in sales and sales-trading the business is gaining momentum. Your Company continues to execute the strategy in line with the HSBC Group and Markets & Securities Services (MSS) objectives to deliver strong business performance in India. The HSBC Group remains committed to investments in the sales trading platform which will help your Company to grow the trading volumes and revenues, thus capturing more market share. Given that business travel had resumed, your Company could do bespoke roadshows for key clients strengthening business relationship with them and showcase the strength of the HSBC Group across all verticals. Your Company continues to push the new and existing clients to improve ranks in the research advisory business and thus, grow the business of your Company.

**B) INVESTMENT BANKING:**

During the FY22-23, your Company successfully launched 2 transactions aggregating approximately US\$0.5bn across different product offerings including marquee QIP transaction for RHI Magnesita India Limited. The transaction, aggregating approximately US\$110mn marked the bank's first ever sole QIP mandate and the largest sole QIP transaction in India since Jun-15. HSBC provided a “One Stop solution” to the client across acquisition financing, investor engagement, transaction documentation and take out of bridge loans via equity fund raise. With the completion of this transaction in April 2023, HSBC continues its dominance in leading Indian QIPs,



where we have completed 11 transactions cumulatively aggregating over US\$7bn since 2020.

In addition, HSBC acted as the sole placement agent on the US\$380mn block trade by Synnex Group entities in Redington Limited and played pivotal role in “End to end seamless execution of the transaction on behalf of both the buyer and seller entities”. The transaction involved close collaboration across HSBC teams ECM India, ISV, GM, GPS, INM RM Team INM and GRB Team – Taiwan.

Across the two transactions your company remained a standout performer in terms of demand generation, bid procurement and seamless execution of the transactions. Worth highlighting that across these spectrums of deals, your company played a critical role in garnering investor demand from sovereign wealth funds, domestic institutions and global long only investors.

FY 2022–23 was a phenomenal year for the advisory business in India. The team successfully announced 3 transactions in the year and continued to support core clients across products and sectors. Your Company:

- Advised L&T on the sale of their controlling stake in L&T IDPL (US\$340mn transaction for a 100% stake sale) to Edelweiss (Sekura)
- Helped BrightNight, a US-headquartered renewables RTC platform raise US\$250mn from AC Energy to develop 1.2GW large scale hybrid RTC renewable power projects in India
- Acted as the sell-side advisor to Sembcorp for 100% sale of their India coal-fired energy generation business (US\$1.5bn transaction)

## 6) OUTLOOK – 2023-24

### A) EQUITIES:

In a challenging global macro environment, India stands out, offering a combination of strong Gross Domestic Product (GDP) growth and resilient earnings growth outlook. Also, with the interest rates peaking, your Company sees continued interest in equity capital markets for the FY 2023-24. Given the optimism around capital markets, your Company with investments in trading, sales and research will look to improve ranks across key clients and grow the business. This would lead to increase in the market share and growth in profitability of the Company.

### B) INVESTMENT BANKING:

For major part of the FY 2022-23, Initial Public Offering (IPO) markets remained muted with only select issues going through with the listing. IPO market volumes that stood at US\$7bn for FY 2022-23 saw a sizeable drop (down almost 50%) from FY 2021-22 deal volumes. QIP volumes in FY 2022-23 plunged to an 11 year low and stood at US\$0.9bn. However, recently, a recovery in the Indian markets was seen including the back to back listings of two of the largest IPOs (Mankind Pharma and Nexus REIT) post LIC IPO in August 2022. Robust investor response backed by strong inflows from FIIs & domestics are clear indicators that investor appetite remains intact for companies with strong fundamentals.

Your Company has a healthy pipeline of potential IPOs with DRHP filed with SEBI as well as active discussion with other clients on a number of secondary blocks and QIPs, which the Company plans to launch over next few months given the positive change in the market environment. Pipeline for new age companies would be delayed

in line with global trend, there may be increase in the fund raising of BFSI companies and stake monetization opportunity by Private Equity investors and Sponsors. Your Company is advising new economy companies for private placements which will help in diversifying the product offerings as well as creating pipeline for public capital raises in the future.

The advisory practice continues to see increased momentum in FY 2023-24 despite macro-economic uncertainties. In April 2023, Mubadala made a primary investment in Cube Highways Trust for a 6% stake (US\$630mn for 100% deal value). Your Company acted as the buy-side financial advisor to Mubadala on this deal. These transactions underline Your Company's strong advisory practice in India with unparalleled knowledge of sector dynamics and a strong track record with investors. Your Company has a healthy pipeline of ongoing transactions and active situations and expect our franchise to continue showcasing growth in the coming years.

#### 7) DIRECTORS AND KEY MANAGERIAL PERSONNEL

Anita Mishra was appointed as an Additional Director (Non-Executive) of your Company on 27 April 2022.

At the Annual General Meeting held on 28 September 2022, Members had appointed Anita Mishra as a Director (Non-Executive) of the Company.

#### 8) BOARD AND COMMITTEE MEETINGS

During the FY 2022-23, meetings of the Board of Directors of your Company were held on the following dates:

Date of Board Meeting	Director's present
01 June 2022	Mr. Amitabh Malhotra Mr. Brij Bhushan Mr. Mudit Tayal Mr. Yogesh Aggarwal
17 June 2022	Mr. Brij Bhushan Mr. Mudit Tayal
12 September 2022	Mr. Amitabh Malhotra Ms. Anita Mishra Mr. Brij Bhushan Mr. Mudit Tayal
13 September 2022	Mr. Amitabh Malhotra Ms. Anita Mishra Mr. Brij Bhushan Mr. Mudit Tayal Mr. Yogesh Aggarwal
25 November 2022	Mr. Amitabh Malhotra Mr. Brij Bhushan Mr. Mudit Tayal Mr. Yogesh Aggarwal

20 March 2023	Mr. Amitabh Malhotra Ms. Anita Mishra Mr. Brij Bhushan Mr. Mudit Tayal Mr. Yogesh Aggarwal
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#### 9) COMMITTEE OF DIRECTORS

No meeting of the Committee of Directors was held during the FY 2022-23.

#### 10) MEMBERS MEETING

During the FY 2022-23, Members meetings were held on the following dates:

S. No.	Date of General Meeting	Type of meeting
1	20 May 2022	Extra-ordinary General Meeting
2	10 June 2022	
3	20 June 2022	
4	14 September 2022	
5	28 September 2022	Annual General Meeting

#### 11) CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Committee of your Company consists of three Directors viz., Mr. Brij Bhushan, Chairman, Mr. Mudit Tayal, and Mr. Yogesh Aggarwal as its Members as on 31 March 2023.

During the FY 2022-23, your Company engaged Concern India Foundation as an Implementing Agency and had spent INR 10,000,000 (Rupees One Crore Only) towards the project titled "Solar Energy based solution at BEST Bus Depot at Bandra West, Mumbai and The National Association for the Blind (NAB) India". Your Company has framed its CSR Policy the details of which are given in **Annexure A**. Annual Report on CSR is attached as **Annexure B**.

During FY 2022-23, meeting of the Corporate Social Responsibility (CSR) Committee of was held on the following date:

Date	Members present
12 September 2022	Mr. Brij Bhushan Mr. Mudit Tayal

#### 12) SUBSIDIARIES

As on 31 March 2023, your Company has 3 direct subsidiaries and 2 indirect subsidiaries.

Pursuant to provisions of Section 129(3) of the Companies Act, 2013 a statement containing salient features of the financial statements of your Company's subsidiaries is attached to the Financial Statements.

**A) HSBC ASSET MANAGEMENT (INDIA) PRIVATE LIMITED (AMIN)**

Rs. lakhs

Particulars	Standalone	
	2022-23	2021-22
Total Income	22,055	11,863
Total Expense	18,207	7,914
Profit before tax	3,848	<b>3,949</b>
Less: Provision for Tax (including Current and Deferred tax)	2,466	<b>1,164</b>
Profit after tax	<b>1,382</b>	<b>2,785</b>

AMIN is an asset manager to HSBC Mutual Fund schemes. It also offers the Portfolio Management (PMS) services and Advisory services. The management of AMIN has not declared any dividend for the year.

**B) HSBC CONSULTANCY SERVICES (INDIA) LIMITED (FORMERLY KNOWN AS L&T INVESTMENT MANAGEMENT LIMITED)**

Rs. lakhs

Particulars	Standalone	
	2022-23	2021-22
Total Income	425	Not applicable
Total Expense	138	
Profit before tax	<b>287</b>	
Less: Provision for Tax (including Current and Deferred tax)	<b>392</b>	
Loss after tax	<b>(105)</b>	

**C) HSBC INVESTDIRECT (INDIA) LIMITED (HIDL)**

Rs lakhs

Particulars	Standalone	
	2022-23	2021-22
Total Income	1,222	1,486
Total Expense	266	257
Net profit after tax	955	<b>1,229</b>
Less: Provision for Tax (including Current and Deferred tax)	245	<b>(495)</b>
Profit after tax	710	<b>1,724</b>

HIDL is non-operative holding company. The management of HIDL has not declared any dividend for the year.

**D) HSBC INVESTDIRECT SECURITIES (INDIA) PRIVATE LIMITED (HISL)**

Rs. lakhs

Particulars	Standalone	
	2022-23	2021-22
Total Income	18	1
Total Expense	47	34
Loss before tax	(28)	(32)
Less: Provision for Tax (including Current and Deferred tax)	2	3

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Loss after tax	(30)	(35)
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HISL has discontinued its business operations in 2014. Accordingly, the financial statements of HISL have not been prepared under the going concern basis. Hence, all assets and liabilities have been classified on management's assessment and stated at their realisable values. The management of HISL has not declared any dividend for the year.

**E) HSBC INVESTDIRECT FINANCIAL SERVICES (INDIA) LIMITED (HIFSL)**

Rs. lakhs

Particulars	Standalone	
	2022-23	2021-22
Total Income	8,196	4,497
Total Expense	4,987	2,205
Profit before tax	3,209	2,292
Less: Provision for Tax (including Current and Deferred tax)	831	369
Profit after tax	2,378	1,923
Loan Book at year end 31 Mar	114,711	85,814

HIFSL is a Non-Banking Finance Company (NBFC) engaged in securities related financing. The management of HIFSL has not declared any dividend for the year.

**F) HSBC INVESTDIRECT SALES & MARKETING (INDIA) LIMITED (HISML)**

Rs. lakhs

Particulars	Standalone	
	2022-23	2021-22
Total Income	7	6
Total Expense	4	4
Profit before tax	3	2
Less: Provision for Tax (including Current and Deferred tax)	(4)	1
Profit after tax	7	1

HISML has discontinued its business operations in the earlier years and accordingly, the financial statements for FY ended 31 March 2023, have not been prepared under the going concern assumption and all assets and liabilities have been stated at their estimated realizable value. The management of HISML has not declared any dividend for the year.

Details of subsidiaries in Form AOC – 1, is attached as **Annexure C**.

**13) DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the Management, the Directors state that:

- i. that the applicable accounting standard have been followed in the preparation of the annual accounts and that there are no material departures;
- ii. that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31 March 2022 and of the profit of the Company for the year ended on that date;



- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv. that the annual accounts have been prepared on a 'going concern' basis; and
- v. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **14) LOANS, GUARANTEES OR INVESTMENTS**

During the FY 2022-23 there were no loans and guarantees provided by your Company. Details of investments are given in the notes to the Financial Statements.

#### **15) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188**

During FY 2022-23, there were no new contracts with the related parties entered by your Company.

#### **16) COMPLIANCE WITH SECRETARIAL STANDARDS**

Your Company has complied with all the applicable Secretarial Standards.

#### **17) ADEQUACY OF INTERNAL FINANCIAL CONTROL**

Your Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of the reliable financial disclosures. This framework provides adequate financial controls with reference to financial statements commensurate with the business and operations of the Company.

#### **18) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

No reporting in respect of conservation of energy and technology absorption is required for your Company's Stockbroking and Investment Banking business.

#### **19) RISK MANAGEMENT POLICY**

Your Company has adopted a risk management and internal control structure, referred to as the Three Lines of Defence (LOD) framework, to ensure it achieves its commercial objectives while meeting regulatory and legal requirements and its responsibilities to shareholders, customers and staff.

1st LOD: Comprises of predominately of management of businesses that owns the risks and is responsible for identifying, recording, reporting and managing them in line with risk appetite, and ensuring that the right controls and assessments are in place to mitigate them.

2nd LOD: Comprises of governance Functions, which inter alia includes Risk, Regulatory and Financial Crime Compliance, Human Resources and Finance, that review and challenge the First LOD's activities to help ensure that risk management decisions and actions are appropriate, within risk appetite and support the delivery of conduct outcomes.

3rd LOD: Global Internal Audit which provides independent assurance to management that our risk management, governance and internal control processes are designed and operating effectively.



Risk management is an integral part of the way the company does its business. Your Company adheres to the internal guidelines issued by the Group called as “Functional Instruction Manual”, Enterprise Risk Management Framework, Global best practice guidelines which comprehensively cover the risk management and control framework and are based on years of experience by HSBC Group across geographies. The risk management matters are reviewed on a monthly basis in a local Risk Management Meeting (RMM), chaired by Director Risk & Services, across all risk and control areas.

**20) DEPOSITS**

During FY 2022-23, your Company has not accepted any deposits from the public or employees.

**21) MATERIAL CHANGES AND COMMITMENT**

There were no material changes and commitments, affecting the financial position of your Company which has occurred after the expiry of the FY 2022-23 to the date of the Directors Report.

**22) CHANGE IN THE NATURE OF BUSINESS**

During the FY 2022-23, there has been no change in the nature of the business of your Company.

**23) SIGNIFICANT AND MATERIAL ORDERS**

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company’s operations in future.

**24) AUDITORS AND AUDITORS’ REPORT**

The Auditors, Price Waterhouse Chartered Accountants LLP (PWC) (Firm Registration No. F012754N/N500016), Mumbai, has been re-appointed as an Auditor, in Twenty Fifth Annual General Meeting held on 22 September 2020, for a period of five years i.e., till the conclusion of Annual General Meeting of the Company to be held in 2025.

**25) FRAUDS REPORTED BY AUDITORS**

The Auditors have not reported any offence of fraud which is being or has been committed in your Company by its officers or employees to the Board of Directors or an Audit Committee as required under section 143(12) of the Companies Act, 2013.

**26) COST RECORDS**

As your Company is not a manufacturing unit, it is not required to maintain cost records as required under Companies Act, 2013.

**27) CORPORATE PHILOSOPHY AND COMPLIANCE**

Your Company firmly believes that strong corporate governance and compliance practices are of paramount importance to maintain the trust and confidence of its stakeholders and the reputation of your Company. To ensure transparency, fairness and objectivity in the organization’s functioning and unquestioned integrity of all personnel involved, your Company has proactively adopted best practices with regard to corporate governance and compliance.

**28) INTERNAL COMPLAINTS COMMITTEE**

Your Company is committed to creating and maintaining an atmosphere in which employees can work together, without fear of sexual harassment, exploitation and

intimidation. Accordingly, your Company has in place a Policy for Prohibition, Prevention, & Redressal of Sexual Harassment of Women at the Workplace and an Internal Complaints Committee to redress complaints received regarding sexual harassment. During the FY 2022-23, no complaints were received.

### **29) INSOLVENCY AND BANKRUPTCY CODE ORDERS**

There was no application made or order passed against the Company under Insolvency and Bankruptcy Code, 2016 (31 of 2016).

### **30) VALUATION**

Your Company was not required to undertake any valuation of the Company for the FY 2022-23

### **31) VIGIL MECHANISM**

Your Company had voluntarily adopted a vigil mechanism for its Directors and employees to report their genuine concerns or grievances.

### **32) INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Your Company was not required to make any transfer of dividend or shares to IEPF for the FY 2022-23.

### **33) HUMAN RESOURCES**

Your Company recognises people as its most valuable asset and it has built an open and transparent culture to nurture this asset. Your Company had 97 permanent employees on the rolls of your Company as on 31 March 2023.

### **34) INTERNAL AUDIT**

As required under the Companies Act, 2013, every private limited company with outstanding loans or borrowings from banks or public financial institutions exceeding INR 1,000 million or more, at any point of time during the preceding financial year is required to appoint an internal auditor or a firm of internal auditors, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board.

The internal audit for the FY 2022-23 was conducted by the B. K. Khare & Company, Chartered Accountants, and the reports were placed before the Board of Directors of the Company.

### **35) CAUTIONARY STATEMENTS**

Certain statements in the Report describing your Company's objectives and predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact your Company's business as well as its ability to implement the strategy. Your Company does not undertake to update these statements.

### **36) ACKNOWLEDGEMENTS**

Your Company maintained cordial relationships with Regulatory Authorities, Banks, and customers during the year under review.



The Directors are grateful for the support extended by them and looking forward to receiving their continued support and encouragement.

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

**Sd/-**

**Brij Bhushan  
Whotetime Director  
DIN: 09288911**

**Sd/-**

**Mudit Tayal  
Wholetime Director  
DIN: 07769502**

**Place: Mumbai  
Date: 29 September 2023**

**HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED****CORPORATE SOCIAL RESPONSIBILITY POLICY****BACKGROUND**

On 27 February 2014 the Ministry of Corporate Affairs notified Section 135 and Schedule VII of the Companies Act 2013 (2013 Act) as well as the provisions of the Companies (Corporate Social Responsibility Policy - CSR) Rules, 2014, to come into effect from April 1, 2014.

With effect from April 1, 2014, any company, private limited or public limited, which either has a net worth of INR 500 crore or more; or a turnover of INR 1,000 crore or more; or net profit of INR 5 crore or more, during the immediately preceding financial year, needs to spend at least 2% of its average net profit (PBT) for the immediately preceding three financial years on corporate social responsibility programme/ projects.

CSR programme/ projects must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. As per the Rules an eligible company should formulate a CSR Policy and upload the same on the company's website.

To formulate and monitor the CSR policy of a company, a CSR Committee of the Company needs to be constituted. Section 135 of the 2013 Act requires the CSR Committee to consist of at least three directors, including an independent director.

This would mean **HSBC Securities and Capital Markets (India) Private Limited (HSCI)**, will, from 1 April 2014, be required to comply with the Rules.

**ORGANISATIONAL STRUCTURE**

The CSR Committee of HSBC Securities and Capital Markets (India) Private Limited, India will comprise of at least three members of Board. The Committee is to meet at once annually, or such intervals as may be necessary.

The Committee responsibilities are:

- To formulate and recommend the CSR policy to Board
- To recommend the amount of expenditure to be incurred
- To execute the CSR Policy recommending CSR programme/ projects and monitoring CSR spends
- To prepare a transparent monitoring mechanism
- To periodically monitor the implementation of the CSR policy

The Board of Directors is to decide and approve CSR programme/ projects as recommended by the CSR Committee.

**PURPOSE OF THE POLICY**

To demonstrate HSBC Securities and Capital Markets (India) Private Limited., India's commitment to corporate social responsibility by contributing to the economic and social development of the communities on which HSBC India's success depends and safeguarding



the environment. This Policy has been produced to ensure that in all matters related to Corporate Social Responsibility, HSCI operates on a consistent, compliant basis.

The Policy is applicable to all members of HSBC in India

### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

HSBC Securities and Capital Markets (India) Private Limited., India is committed to Corporate Social Responsibility (CSR) and demonstrates this by contributing to the economic and social development of the communities and safeguarding the environment. While these two components are universal and will be at the centre of most sustainability initiatives, there are various components which make up this huge canvas. HSCI's community investments (CI) are focused on two core themes:

1. Promoting Education
2. Environmental Sustainability

Within Promoting Education our focus is particularly on:

- Disadvantaged young people particularly at primary and secondary education levels
- Employment enhancing vocational skills
- Livelihoods enhancement projects
- Empowering women
- Language and cultural understanding

Within the Environmental Sustainability our focus is particularly on:

- Freshwater sustainability
- Access to safe water
- Water and sanitation
- Climate change
- Conservation of terrestrial biodiversity and habitats (e.g. forests) (ecological balance, protection of flora and fauna)

### **COMMUNITY INVESTMENT**

#### **Selection of Beneficiary Projects and Organisations**

The HIFSL Board of Directors (referred as Board hereafter) are responsible for the development and funding of programmes/projects - that support communities in which they operate; and are in adherence to the provisions of the Companies Act, 2013 (2013 Act) and the CSR Rules there under.

HIFSL will undertake such CSR programmes/projects as approved by the Board and as recommended by the CSR Committee. The Board should approve the following:

- 1) Annual budget for CSR programme/ projects
- 2) List of CSR activities, modalities of execution and implementation schedules
- 3) Monitoring process of such CSR programme/ projects



The Board will ensure that any unspent/unutilised CSR budget of a particular year will not form part of the business profit of the organisation.

The Board will ensure programme/project selection is made after a sensible assessment of the prospective beneficiaries' standing, that potential risks have been identified and the relationship is aligned with HIFSL's CSR focus.

Community investments should bring a lasting benefit to local communities, motivate staff through opportunities for direct voluntary involvement and, focus primarily on promoting education or environmental sustainability.

While supporting Environmental Sustainability, environmental initiatives can be aligned to the HSBC Group's flagship programmes (e.g. The HSBC Water Programme).

The CSR Committee will adhere to the due diligence guidelines and undertake due diligence appropriate to the size and nature of the proposed relationship when electing to partner with an NGO. Due consideration will also be given to whether it is appropriate to formalise the prospective arrangement in documentation (i.e. Memorandum of Understanding).

All CSR projects should:

- Reflect the key themes of educational and environmental support
- Have clear objectives and measurable impact
- Bring a lasting benefit to the community
- Be capable of evidencing HSBC's commitment to the community
- Allow for staff engagement through volunteering where possible or appropriate

**Community Investments should normally avoid the following:**

- Sponsorship of individuals
- Organisations that serve a limited or restricted membership (e.g. clubs, unions, etc.)
- Sporting events or sports teams
- Organisations that primarily or largely exist to develop the furtherance of faith-based issues
- Payments of salaries. Where large, long-term community investments are made it is accepted that part of the support may cover the costs of staff, but this should not normally be the primary reason, nor form a major part of the community investment
- The construction of buildings
- The purchase of land or property
- Zoological parks should not normally receive funding for captive conservation projects. However, they may be considered where the activity undertaken is primarily educational in nature
- The endowment of university chairs or development programmes

**Governance of Community Investments and Disbursement of Funds**

HIFSL will establish appropriate, transparent mechanisms for the management of community investments. The following process will be followed for making a community investment:

- Check request for funding against HIFSL's focus area
- Conduct Due Diligence



- Request for Proposal
- Evaluate Proposal
- Maker–Checker process
- Submit Recommendations to the Board for approval
- On approval disburse the amount to the partner organisation
- Make field visits, if required

To ensure that decisions over the disbursement of community investment funding are subject to appropriate management control, to facilitate consistency with the objectives of the business as a whole, compliance with appropriate tax and other legal and regulatory obligations, including the UK Bribery Act 2010, and ensure relevance to genuine community needs - all disbursements should be through members of the CSR Committee or such other person authorized by the Board, who have read and understood the policy.

### **Avoiding conflict of interest**

Potential conflict of interest that may arise when a member of the Board or the CSR Committee or CSR Function has a direct interest in a not-for-profit organisation in question, must be avoided. Such conflict of interest should be avoided by a declaration of interest by the concerned individual to the Board.

Where HSBC executives join the Board of a not-for-profit to improve the governance and oversight over its activities, they should absent themselves from any decision to fund the organisation.

Requests made by customers to provide fund support to not-for-profits should be refused. Similarly, community investments should not be made in order to maintain or enhance any customer relationship.

### **Monitoring & Reporting**

The CSR Committee is responsible to gather information on the social and environmental impact of programmes and projects undertaken. 'Output' and 'impact' measures will be monitored for all major programmes and projects. The CSR Committee will ensure that the nonprofit partners monitor and report on the outputs and impacts of their projects. Projects will be monitored through - half yearly progress report, annual report along with fund utilisation report (as per format approved by the Board) and field visits of programmes/projects.

The Board will ensure that all activities are reported at the end of each financial year (starting 2015) as required under provision of the 2013 Act.

### **HSBC Employee Engagement**

Engaging employees in community investment programmes is an opportunity to ensure that our investments are maximised, that HSBC staff are present to monitor progress, and to see that funds contributed are used for the purpose for which they have been given.

Each global business and function should offer a minimum of one-day paid employee volunteer leave per year and establish policies and programmes which guide and support employees wishing to contribute to projects in their local community.





**General**

In case of any doubt with regard to any provision of the CSR Policy and also in respect of matters not covered herein, a reference should be made to the Board. In all such matters, the interpretation and decision of the Board will be final.

Any or all provisions of the CSR Policy will be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.

The Board reserves the right to modify, cancel, add or amend the CSR Policy.

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

**Sd/-**

**Brij Bhushan  
Whotetime Director  
DIN: 09288911**

**Sd/-**

**Mudit Tayal  
Wholetime Director  
DIN: 07769502**

**Place: Mumbai  
Date: 29 September 2023**

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2022-23****1) Brief outline on CSR Policy of the Company.**

HSBC Securities and Capital Markets (India) Private Limited. (HSCI) is committed to Corporate Social Responsibility (CSR) and demonstrates this by contributing to the economic and social development of the communities and safeguarding the environment. While these two components are universal and will be at the center of most sustainability initiatives, there are various components which make up this huge canvas. The Company's community investments (CI) are focused on two core themes:

1. Promoting Education
2. Environmental Sustainability

Within Promoting Education focus is particularly on:

- Disadvantaged young people particularly at primary and secondary education levels
- Employment enhancing vocational skills
- Livelihoods enhancement projects
- Empowering women
- Language and cultural understanding

Within the Environmental Sustainability focus is particularly on:

- Freshwater sustainability
- Access to safe water
- Water and sanitation
- Climate change
- Conservation of terrestrial biodiversity and habitats (e.g. forests) (ecological balance, protection of flora and fauna)

**2) Composition of CSR Committee: -**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Brij Bhushan	Chairman of CSR / Wholetime Director	1	1
2	Mudit Tayal	Member / Wholetime Director	1	0
3	Yogesh Aggarwal	Member / Wholetime Director	1	1

**3) Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company –**

**4) Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable –**

- 5)**
- (a) Average net profit of the company as per section 135(5) - INR 496,852,000
  - (b) Two percent of average net profit of the company as per section 135(5) - INR 10,000,000
  - (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil
  - (d) Amount required to be set off for the financial year, if any - Nil
  - (e) Total CSR obligation for the financial year [(b)+(c)-(d)] - INR 10,000,000
- 6)**
- (a) Amount spent on CSR Projects (~~both Ongoing Project and~~ other than Ongoing Project) - INR 10,000,000
  - (b) Amount spent in Administrative Overheads - Nil
  - (c) Amount spent on Impact Assessment, if applicable - Nil
  - (d) Total amount spent for the Financial Year [(a)+(b)+(c)] - INR 10,000,000

(e) CSR amount spent or unspent for the Financial Year

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
INR 10,000,000					

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	10,000,000
(ii)	Total amount spent for the Financial Year	10,000,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

**7) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years – Nil**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to a fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any			Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Name of the Fund	Amount (in Rs).	Date of transfer.		
Nil									

8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:



Yes  No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Short particulars of the property or asset(s) [including complete address and location of the property]	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address

9) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not applicable

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

Sd/-

**Brij Bhushan**  
Whotetime Director and Chairman of CSR Committee  
DIN: 09288911

Place: Mumbai  
Date: 29 September 2023

**FORM NO. AOC – 1**

**Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. million)

1) Sl. No.	1	2	3	4	5	6
2) Name of the subsidiary	HSBC Asset Management (India) Private Limited (AMIN)	HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited)	HSBC InvestDirect (India) Private Limited (HIDL)	HSBC InvestDirect Financial Services (India) Limited (HIFSL)	HSBC InvestDirect Sales and Marketing (India) Limited (HISML)	HSBC InvestDirect Securities (India) Private Limited (HISL)
3) Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	Yes	NA	NA	NA	NA
4) Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	INR	INR

5) Share capital	34,441	22,062	7,095	14,628	10	17,451
6) Reserves & surplus	330,822	(11,774)	47,006	36,929	310	(16,177)
7) Total assets	458,156	10,294	54,232	120,659	342	1,636
8) Total Liabilities	92,893	6	130	69,102	22	363
9) Investments (Financial Assets)	28,103	-	34,613	171	-	48
10) Turnover	22,055	425	1,222	8,196	7	18
11) Profit before taxation	3,848	287	955	3,209	3	(28)
12) Provision for taxation	2,466	392	245	831	(4)	2
13) Profit after taxation	1,381	(105)	710	2,378	7	(30)
14) Proposed Dividend	-	-	-	-	-	-
15) % of shareholding (Direct + Indirect)	100.00%	100.00%	54.73%	54.73%	54.18%	78.82%

\* HIDL's Profit before taxation includes share of loss of Associate in HIDL.

**Notes:** The following information shall be furnished at the end of the statement:

- 1) Names of subsidiaries which are yet to commence operations - NA
- 2) Names of subsidiaries which have been liquidated or sold during the year. - NA





**Part "B": Associates and Joint Ventures – NOT APPLICABLE**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

<b>Name of Associates/Joint Ventures</b>	<b>Name 1</b>	<b>Name 2</b>	<b>Name 3</b>
<b>1) Latest audited Balance Sheet Date</b>			
<b>2) Shares of Associate/Joint Ventures held by the company on the year end</b>			
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding %			
<b>3) Description of how there is significant</b>			
<b>4) Reason why the associate/joint venture is not</b>			
<b>5) Networth attributable to Shareholding as per</b>			
<b>6) Profit / Loss for the year</b>			
i. Considered in Consolidation			
i. Not Considered in Consolidation			

1) Names of associates or joint ventures which are yet to commence operations. - NA

2) Names of associates or joint ventures which have been liquidated or sold during the year. - NA

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

**For and on behalf of the Board of Directors**

**Sd/-**  
**Brij Bhushan**  
**Whotetime Director**  
**DIN: 09288911**  
**Place: Mumbai Date: 29 September 2023**

**Sd/-**  
**Mudit Tayal**  
**Wholetime Director**  
**DIN: 07769502**

**Sd/-**  
**Saurabh Gupta**  
**Company Secretary**  
**Membership No. ACS 44440**