

## DISCLOSURE DOCUMENT

*(As required under Regulation 22 of SEBI (Portfolio Managers) Regulations, 2020)*

- (i) The Disclosure Document (hereinafter referred to as 'the Document') has been filed with the Securities and Exchange Board of India (SEBI) along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- (ii) The purpose of the Document is to provide essential information about the Portfolio Management Services (PMS) in a manner to assist and enable the investors in making informed decision for engaging a Portfolio Manager.
- (iii) The Document gives the necessary information about the Portfolio Manager required by an investor before investing, and the investor may also be advised to retain the document for future reference.
- (iv) Details of the acting Principal Officer
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- (v) This Disclosure Document is dated **December 28, 2023**.

**Portfolio Management Services**  
**HSBC Asset Management (India) Private Limited**  
SEBI Registration No. INP000001322

**Investors should note that pursuant to Clause 2.3 of SEBI Master Circular for Portfolio Managers dated March 20, 2023, an option to invest directly i.e. without intermediation of persons engaged in distribution services, is available to the investors.**

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## 1. Disclaimer

- 1.1. This Disclosure Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

## 2. Definitions

2.1	Act	The Securities and Exchange Board of India Act, 1992 (15 of 1992).
2.2	Cash Account	the account in which the funds handed over by the client shall be held by the Portfolio Manager on behalf of the Client.
2.3	Chartered Accountant	a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.
2.4	Client	A body corporate, partnership firm, individual, HUF, association of person, body of individuals, trust, statutory authority, or any other person who enters into agreement with the Portfolio Manager for the management of his portfolio.
2.5	Custodian	A Custodian with whom the Portfolio Manager enters into an agreement for availing custodial Services, which for the time being is Axis Bank Ltd. and such other custodian (s) as may be appointed by Portfolio Manager from time to time in compliance of the provisions of SEBI (Portfolio Managers) Regulations, 2020.
2.6	Depository Account	One or more account or accounts opened, maintained and operated by the Portfolio Manager with any depository or depository participant registered under the SEBI (Depositories and Participants) Regulations, 1996 in accordance with the agreement entered into with the Client.
2.7	Discretionary Portfolio Manager	a Portfolio Manager who exercises or may, under a contract relating to portfolio management, exercises any degree of discretion as to the investments or management of the portfolio of securities or the funds of the client, as the case may be.
2.8	Foreign Account Tax Compliance Act (FATCA)	Foreign Account Tax Compliance Act that seeks to identify U.S. taxpayers having accounts at Foreign Financial Institutions (FFIs) and attempts to enforce reporting of those accounts through withholding.
2.9	Fund Manager	the individual(s) appointed by the Portfolio Manager who manages, advises or directs or undertakes on behalf of the client (whether as a Discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.
2.10	Funds	the moneys placed by the Client with the Portfolio Manager and any accretions thereto.
2.11	Non-Discretionary Portfolio Manager	a Portfolio Manager who manages the funds in accordance with the directions of the client in writing.
2.12	PMS	includes contract entered between the Portfolio Manager and the client

	Agreement	for the management of funds or securities of the client.
2.13	Portfolio	the total holdings of securities belonging to the client.
2.14	Portfolio Manager	HSBC Asset Management (India) Private Limited (AMIN), who has obtained certificate of registration from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, vide Registration no. INP000001322 and is deemed to be registered as such under SEBI (Portfolio Managers) Regulations, 2020.
2.15	Principal Officer	an employee of the portfolio manager who has been designated as such by the portfolio manager and is responsible for (i) the decisions made by the portfolio manager for the management or administration of portfolio of securities or the funds of the client, as the case may be; and (ii) all other operations of the portfolio manager.
2.16	Regulations	The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, and as may be amended by SEBI from time to time.
2.17	Related Party	<p>(i) a director, partner or his relative;</p> <p>(ii) a key managerial personnel or his relative;</p> <p>(iii) a firm, in which a director, partner, manager or his relative is a partner;</p> <p>(iv) a private company in which a director, partner or manager or his relative is a member or director;</p> <p>(v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;</p> <p>(vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;</p> <p>(vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:</p> <p>Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;</p> <p>(viii) any body corporate which is—</p> <p>(A) a holding, subsidiary or an associate company of the portfolio manager; or</p> <p>(B) a subsidiary of a holding company to which the portfolio manager is also a subsidiary;</p> <p>(C) an investing company or the venturer of the portfolio manager;</p> <p>Explanation—For the purpose of this clause, “investing company or the venturer of a portfolio manager” means a body corporate whose investment in the portfolio manager would result in the portfolio manager becoming an associate of the body corporate.</p> <p>(ix) a related party as defined under the applicable accounting standards;</p> <p>(x) such other person as may be specified by the Board: Provided that,</p> <p>(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or</p> <p>(b) any person or any entity, holding equity shares:</p> <p>(i) of twenty per cent or more; or</p> <p>(ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any</p>

		time, during the immediate preceding financial year; shall be deemed to be a related party;
2.18	SEBI / Board	The Securities and Exchange Board of India.
2.19	Securities	<p>'Securities' as per Securities Contracts (Regulation) Act, 1956 as amended from time to time and include:</p> <ul style="list-style-type: none"> <li>• shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate</li> <li>• derivatives (contracts which derive their value from the prices, or index of prices, of underlying securities)</li> <li>• units or any other instrument issued by any collective investment scheme to the investors in such schemes</li> <li>• security receipts as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002</li> <li>• units or any other such instrument issued to the investors under any mutual fund scheme</li> <li>• Government securities</li> <li>• such other instruments as may be declared by the Central Government to be securities</li> <li>• rights or interests in securities.</li> </ul>
2.20	Securities Lending Scheme	the securities lending and borrowing under the overall framework of Securities Lending Scheme, 1997 specified by the Board and amended from time to time.

Words and expressions used in this disclosure document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive. They have been included only for the purpose of clarity and shall in addition be interpreted according to their general meaning and usage and shall also carry meanings assigned to them in regulations governing Portfolio Management Services

### 3. Description

#### 3.1. History, Present Business and Background of the Portfolio Manager:

HSBC Asset Management (India) Private Limited (AMIN) is a private limited company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063. The paid-up equity share capital of the Portfolio Manager is Rs. 344.41 crores. HSBC Securities and Capital Markets (India) Private Limited holds 100% of the equity capital of the Portfolio Manager.

AMIN is registered with SEBI as Portfolio Manager under Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and has obtained a license from SEBI for offering Portfolio Management Services under Registration No. INP000001322 which is valid till cancellation and is deemed to be registered as such under SEBI (Portfolio Managers) Regulations, 2020.

AMIN has also been appointed as the Investment Manager of HSBC Mutual Fund vide Investment Management Agreement dated February 07, 2002, executed between the Trustees of HSBC Mutual Fund and AMIN. SEBI approved AMIN to act as the Investment Manager for the Schemes of HSBC Mutual Fund vide letter dated 27 May 2002.

There is no conflict between the two business lines, as AMIN has segregated its front and back office personnel, systems, securities/bank accounts etc. activity-wise ensuring that there is no access to confidential information between its various activities and all customers are treated fairly. As on November 30, 2023, AMIN had assets of ~ INR 1,04,374.34 crores under management in its Mutual Fund business with offices in 65 cities across India.

### **3.2. Promoters of the Portfolio Manager, directors and their background**

#### **3.2.1. Promoter**

##### **“HSBC Securities and Capital Markets (India) Private Limited (HSCI)”**

HSCI is a member of the HSBC Group, one of the world’s largest banking and financial services organizations. HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of ~US\$3 trillion, HSBC is one of the world’s largest banking and financial services organisations. HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of BSE Limited and National Stock Exchange of India Limited (capital and derivative market segments) and is a registered Research Analyst Entity and a category I Merchant Banker and underwriter with the Securities and Exchange Board of India.

**Equities:** HSCI is primarily an institutional stockbroker, with a client base spanning foreign institutional investors, Indian financial institutions, mutual funds and select retail clients. The business is backed by comprehensive research covering more than 100 of India’s largest, actively traded securities across industry groups.

**Global Investment Banking:** HSCI provides public and private sector corporates and government clients with strategic and financial advice in the areas of mergers and acquisitions, primary and secondary market funding, privatizations, structured financial solutions and project export finance.

HSCI holds 100% of the paid up equity share capital of the AMIN.

### 3.2.2. Board of Directors

**(i) Dr. Indu Shahani**  
Independent Director

Dr. Shahani is President Indian School of Design & Innovation (ISDI), and Founding Dean of the Indian School of Management & Entrepreneurship (ISME). She is the former Sheriff of Mumbai and Principal of H. R. College of Commerce & Economics, Mumbai. Recognised as an international academician, Dr. Shahani has been the Vice-President, International Baccalaureate Organisation – IBO, being the first Indian on the Board of Governors. Dr. Shahani has earned Doctorate in Commerce from University of Mumbai. Dr. Shahani has received many awards, prominent among them are the ‘Woman of the Decade Award’ by ASSOCHAM, ‘Citizen of Mumbai Award’ by Rotary Club of Bombay and ‘Excellence in Education Award’ by the FICCI FLO.

**(ii) Mr. Kailash Kulkarni**  
Director and Chief Executive Officer  
HSBC Asset Management (India) Private Limited

Mr. Kulkarni is B.A degree and MDBA from Institute of Management Development & Research, Pune. He has 31 years of work experience, most of which includes heading sales functions of businesses across BFSI. Previously, He was the Head of Sales at Kotak Mahindra Asset Management. At MetLife India Insurance, He was involved in setting up and expanding the agency network. In his journey in the BFSI space began with growing the third-party distribution network first for JM Financial and subsequently for ICICI Bank.

He has also worked in Eicher Motors in distribution, sales and marketing functions. He was a member of the SEBI Mutual Fund Advisory Committee and was on the board of Association of Mutual Funds of India (AMFI). I also headed the Financial Literacy Committee for AMFI, in the past.

**(iii) Mr. Kapil Seth**  
Independent Director

Mr. Seth has more than 20 years’ experience across Retail Bank, Corporate and Institutional Banking, Securities Market and Securities Market Transaction Banking including custodian and fund valuation responsibilities.

**(iv) Ms. Roopa Varma**  
Associate Director

Ms. Roopa Varma has more than 30 years of experience in various areas like customer services, banking, operations, business transformation etc. Ms. Varma is an employee of HSBC Bank, India.

### **3.3. Group companies/ firms of the Portfolio Manager in India on turnover basis**

- a) The Hong Kong and Shanghai Banking Corporation Limited
- b) HSBC Electronic Data Processing India Private Limited
- c) HSBC Professional Services (India) Private Limited
- d) HSBC Securities and Capital Markets (India) Private Limited
- e) HSBC Software Development (India) Private Limited
- f) HSBC InvestDirect (India) Private Limited
- g) HSBC InvestDirect Financial Services (India) Limited
- h) HSBC InvestDirect Sales & Marketing (India) Limited
- i) HSBC Agency (India) Private Limited
- j) Canara HSBC Life Insurance Company Limited

*(The above are the Group companies in India based on turnover, however they are not listed as per turnover)*

### **3.4. Details of the services being offered: Discretionary/ Non- discretionary/ Advisory.**

The Portfolio Manager offers Discretionary, Non-discretionary and Advisory services as per individual client agreement.

## **4. Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority.**

### **4.1. All cases of penalties imposed by the SEBI or directions issued by SEBI under the Act or Rules or Regulations made thereunder. The nature of the penalty/direction. Penalties imposed for any economic offence and/ or for violation of any securities laws.**

No penalties have been imposed on the Portfolio Manager by SEBI and no directions have been issued by SEBI under the Act or Rules or Regulations made thereunder. There are no penalties imposed on the Portfolio Manager for any economic offence and/ or for violation of any securities laws.

### **4.2. Any pending material litigation/ legal proceedings against the Portfolio Manager/ key personnel with separate disclosure regarding pending criminal cases, if any.**

There are no material litigations including criminal cases/ legal proceedings against the Portfolio Manager/ Key personnel.

### **4.3. Any deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency.**

There has been no deficiency in the systems and operations of the Portfolio Manager observed by SEBI or any regulatory agency.

### **4.4. Any enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under the Act or Rules or Regulations made thereunder.**



- a) SEBI issued a Show Cause notice dated August 7, 2009 to the Trustees of the Mutual Fund, Mutual Fund, AMC & CEO pertaining to the changes made in the Scheme Information Document of HSBC Gilt Fund via an Addendum. SEBI stated in the said Show Cause notice that the change made to the name, benchmark index and duration of the Scheme would be construed as a change in the fundamental attribute of the Scheme and hence the applicable provisions of the SEBI (Mutual Funds) Regulations, 1996 with respect to the same should have been complied with. The AMC has on behalf of the Trustees of the Mutual Fund, the Mutual Fund and CEO filed its response with relevant supporting documents with SEBI. Subsequently, the personal hearing took place before the Whole Time Member, SEBI. After considering the submissions made by the AMC, Whole Time Member, SEBI vide its order dated April 23, 2010 disposed-off the show cause notice dated August 7, 2009 and warned the Board Trustees of the Mutual Fund, the Mutual Fund, AMC and its CEO that they should strictly comply with the law governing the conduct and business of mutual fund in securities market.

Against the SEBI Order dated April 23, 2010, two appeals were filed with the Securities Appellate Tribunal (SAT) by certain aggrieved investors of HSBC Gilt Fund.

SAT issued Order dated May 03, 2011 and July 5, 2012 to the Mutual Fund, Trustees of the Mutual Fund, AMC and CEO of the AMC pertaining to the change effected in modified duration in HSBC Gilt Fund during January 2009. SAT held that the changes brought about in the scheme altered the fundamental attributes of the same affecting the interest of unitholders. SAT therefore directed the AMC and related parties to comply with regulation 18(15A) of the SEBI Regulations and provide an exit option to the appellants of the case. An appeal was filed by the AMC against these Orders before the Supreme Court and the same admitted before the Supreme Court, however the Supreme Court has vide Order dated January 15, 2014 dismissed the said appeal. The AMC has complied with the directions under SAT and Supreme Court Order.

**Garnishee Notice from Income Tax Authorities:**

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF. Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores. Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT. The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue. The Department has filed rectification applications under section 254(2) of the Income Tax Act with ITAT against the favourable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue

contentions/ appeal. The Department has also filed appeal against the favourable order passed by ITAT before Hon'ble High Court.

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department. An appeal filed by Revenue in the High court against the aforesaid order of February 2017 is yet to be heard.

- b) SEBI had initiated an enquiry against HSBC Securities and Capital Markets (India) Private Limited ("HSCI") and accordingly issued a Show Cause Notice dated 30 July 2008 calling upon HSCI to show cause as to why further action should not be taken against HSCI for the violations alleged to have been committed by HSCI under Regulations 25 and 38 of the SEBI (Intermediaries) Regulations, 2008. HSCI had filed a detailed response in this regard on 10 September 2008 and had sought a personal hearing in the matter. Accordingly, submissions were made by HSCI's counsel at the hearing held on 6 October 2008. Pursuant to the said hearing, SEBI has vide its letter dated March 4, 2009, informed HSCI of the enquiry officer's recommendation i.e. the matter is not a fit case to levy any penalty.
- c) An enquiry was held under the SEBI (Procedure for Holding Enquiry by the Enquiry Officer and Imposing Penalty) Regulations, 2002 in the matter of a voluntary open offer by Mr. V.K. Modi, Dr. B.K. Modi, Mod Fashions and Securities Private Limited and Modikem Limited in concert with Witta International Inc. and Sidh International Limited (collectively the Acquirers) to the shareholders of Modi Rubber Limited. Subsequent to the enquiry officer's recommendations of a major penalty a show cause notice dated 1 August 2003 was issued requiring HSCI to show cause as to why HSCI's certificate of registration should not be suspended for 6 months. HSCI submitted its reply and sought a personal hearing, wherein submissions were made by HSCI's counsel at the hearing held on 9 October 2003. SEBI vide its order dated 9 December 2003, confirmed that HSCI had not acted negligently warranting imposition of a penalty.
- d) SEBI had initiated an enquiry against HSBC Securities and Capital Markets (India) Limited ("HSCI") under the SEBI (Procedure for Holding Enquiry by the Enquiry Officer and Imposing Penalty) Regulations, 2002 in the matter of the Open Offer made by Global Green Company Limited to the shareholders of Saptarishi Agro Industries Limited in September 2000 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Subsequent to the enquiry officer's recommendations of a minor penalty i.e. HSCI be censured, a show cause notice has been issued by SEBI requiring HSCI to show cause as to why the said penalty should not be imposed. SEBI had subsequently vide its order dated 7th March 2007 imposed a minor penalty of censure on the certificate of registration of HSCI. Thereafter, HSCI had appealed against the said order before the Securities Appellate Tribunal, Mumbai on 23rd April 2007 wherein SAT upheld the Order passed by SEBI.
- e) A Show cause Notice was issued to HSCI vide a letter dated 9 June 2000 in the matter of the rights issue of Siemens Limited in which HSCI was acting as the Lead Manager requiring HSCI to show cause as to why action should not be taken against HSCI for non-disclosure in the offer document of certain litigation against Siemens Limited involving ex-employees. Subsequently SEBI vide its letter dated 26 September 2000 advised HSCI to be cautious in future assignments.
- f) HSCI was appointed as a manager to the open offer made by India Star (Mauritius) Limited ("India Star") to the shareholders of Garware Offshore Services Limited which was

completed in 2008. An individual shareholder had filed a complaint with SEBI in January 2012 against India Star alleging inadequate disclosures with regard to (i) the ultimate shareholders of India Star and (ii) one of the directors who had certain criminal charges pending against him. SEBI had dismissed the complaint stating that the disclosures made during the open offer were in terms of the SEBI Takeover Regulations. Thereafter the complainant filed an appeal before the Securities Appellate Tribunal in November 2012 where HSCI was also inducted as a party. SAT passed an order dated September 3, 2013 directing SEBI to reconsider the complaint but did not express any opinion on the merits of the case. SEBI have passed an order dated November 21, 2014 reprimanding India Star and HSCI for non-disclosures with regard to the ultimate shareholders of India Star. The non-disclosures of litigation against one of the directors have been held to be not required as per the Takeover Regulations.

- g) SEBI has issued a letter to HSCI dated April 11, 2017 in connection with inspection of books and records of its Merchant Banking activities conducted in January 2016. In terms of letter, SEBI has issued an administrative warning in regard to record keeping of one transaction. Further, it also informed HSCI of initiation of adjudication proceedings under SEBI Act, 1992, in connection with one of the open offer transaction managed by them. HSCI is awaiting further details from SEBI.
- h) SEBI vide its letter dated July 21, 2022 has warned HSCI along with other Book Running Lead Managers (BRLMs) for non-disclosure of certain facts in DRHP of one of the proposed IPO. It was noted that the DRHP fails to disclose the presence of a probable cause of investigation/examination w.r.t certain promoters of the issuer company.
- i) The AMC acquired the entire share capital of L&T Investment Management Limited ("L&T AMC"), the asset management company of erstwhile L&T Mutual Fund, on 25 November 2022 ("LTMF Acquisition"). SEBI had issued a show cause notice dated 14 June 2022 to L&T AMC and certain employees of L&T AMC alleging certain deficiencies and non-compliances with respect to certain provisions of SEBI (Mutual Funds) Regulations, 1996 in relation to the thematic inspection of inter-scheme transfers of the L&T AMC in the period from 01 April 2017 to 30 June 2018. After the LTMF Acquisition, these employees of L&T AMC have joined the AMC as its key personnel. L&T AMC and the said employees have settled the matter under the SEBI (Settlement Proceedings) Regulations, 2018.
- j) SEBI has issued a Show Cause Notice dated August 04, 2023 to the AMC & members of Trustees as on that date (hereinafter referred to as "Said Trustees"), alleging violation of Regulation 18(9) of Regulations by the Said Trustees & violation of Clause 5 of the Fifth schedule of Mutual Fund Regulations and Clause 1.3.1 (c) of the SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/683 dated December 10, 2021 by the AMC. The AMC & the Said Trustees are in process of submitting response to SEBI, and/or settle the matter with SEBI.
- k) The AMC had acquired the entire share capital of L&T Investment Management Limited ("L&T AMC"), the asset management company of erstwhile L&T Mutual Fund, on 25 November 2022 and L&T AMC was subsequently merged into the AMC. Pursuant to the SEBI Inspection of L&T AMC for the period April 01, 2019 to March 31, 2021, SEBI had issued Show Cause Notice (SCN) dated March 20, 2023 & Supplementary SCN dated June 16, 2023 alleging L&T AMC of not complying with SEBI circular No. MFD/CIR/6/73/2000 dated July 27, 2000, Regulation 25(2) and Clause 9 of Fifth Schedule-Part A of SEBI (Mutual Funds)

Regulations, 1996. Adjudicating Officer (AO) of SEBI vide its order dated August 23, 2023, had disposed of the said SCNs without imposing any penalty. Subsequently, SEBI issued a SCN dated November 06, 2023 under Section 15-I(3) of SEBI Act, 1992 calling upon the AMC to show cause as to why the AO order dated August 23, 2023 should not be revised under Section 15-I(3) of SEBI Act, 1992.

Other than as disclosed above, there are no enquiries/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employees, under the Act or Rules or Regulations made thereunder.

The above information has been disclosed in good faith as per the information available to the Portfolio Manager.

## **5. Services Offered**

The Portfolio Manager offers the following three types of services:

- 5.1. **Discretionary** – the portfolio account of the client is managed at the full discretion and liberty of the Portfolio Manager. For such the investment objective is to seek capital appreciation over the long term.

**Currently Portfolio Manager offers following Investment Approaches under its discretionary services:**

### **1. HSBC India Next Portfolio**

**Strategy:** Equity

#### **Investment objective:**

HSBC India Next Portfolio aims to generate returns and provide long term capital appreciation by investing in equity and equity related securities across market cap of businesses benefitting from transformation in Indian economy.

#### **Description of types of securities:**

- (1) Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares.
- (2) Derivative instruments as may be permitted by SEBI/ RBI.
- (3) Units of liquid funds/overnight funds of HSBC Mutual Fund.
- (4) Cash and cash equivalents
- (5) Any other instruments as may be permitted by RBI/ SEBI/ such other Regulatory Authorities from time to time

#### **Basis of selection of types of securities:**

The investment approach is to create long term wealth for investors by participating in companies from sectors that are likely to be beneficiaries of transformation in the Indian economy including themes such as, digitization, consumption, GLOCAL i.e. Global companies working in local markets, etc. The portfolio manager intends to do the same by buying equities of these businesses and hence, equity and equity related securities are chosen for investment. The portfolio manager may, from time to time, invest un-deployed funds in

units of liquid funds/overnight funds of HSBC Mutual Fund including cash and cash equivalents for cash management purposes.

**Allocation of portfolio across types of securities:**

Instruments	Indicative Allocation (% of assets)	
	Minimum	Maximum
Equity and equity related securities	95%	100%
Units of liquid funds/overnight funds of HSBC Mutual Fund including cash and cash equivalents *	0%	5%

\*For cash management and pending deployment in the portfolio

**Benchmark Index for comparison of performance:**

- **Regulatory Benchmark/ Strategy Benchmark:** S&P BSE 500 TRI
- **Secondary Benchmark:** BSE 200 Index

**Rationale for selection of benchmark:**

**Regulatory Benchmark/ Strategy Benchmark:** Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate relative performance of the portfolio. This is decided by APMI as per market-cap based methodology for equity strategy.

**Secondary Benchmark:** The portfolio is also being benchmarked against the BSE200 index since its composition is in line with the objective of the investment approach. The index is broad based and is also suited for comparing the performance of the portfolio.

**Indicative tenure or investment horizon:** Medium to Long Term (3 years+)

**Risk associated with investment approach:**

Deployment of monies under the investment strategy will be oriented towards equity and equity related securities of companies belonging to themes/sectors that are likely to be beneficiaries of transformation in the Indian economy including themes such as digitization, consumption, GLOCAL i.e. Global companies working in local markets, etc. and hence will be affected by risks associated with these industries as well as any factors that affect the broader macro-economic environment such as interest rate changes, liquidity, cross border fund flows, statutory/regulatory changes etc.

Since the portfolio is expected to be concentrated with exposure to select themes/sectors, it may perform differently from the broader stock markets/benchmark, but may still be impacted by broad market movements. It is likely that the portfolio may also experience period of volatile performance and liquidity challenges in view of the limited number of stocks invested in by the fund manager.

**Other salient features if any:** None.

**Investment Strategy:**

The portfolio strategy endeavors to capitalize on long term wealth creation opportunity by investing in select high growth potential businesses from sectors that are likely to be beneficiaries of transformation in the Indian economy including themes such as digitization,

consumption, GLOCAL i.e. Global companies working in local markets, etc. The portfolio would be market cap agnostic and would focus on select themes with potential to deliver alpha over medium to long term. The Portfolio Manager may also participate in the Securities Lending Scheme.

However, it is expressly clarified that clients are not being offered any guaranteed / assured returns and that the Portfolio Manager only endeavors to meet the investment objective.

## 2. HSBC Cash Management Portfolio

**Strategy:** Debt

**Investment Objective:**

HSBC Cash Management Portfolio aims to predominantly make investments in Overnight funds of HSBC Mutual Fund and/or cash to generate reasonable returns commensurate with low risk while providing a high level of liquidity.

**Description of types of securities:** Units of overnight funds of HSBC Mutual Fund and Cash.

**Basis of selection of types of securities:** The investment approach is to invest client's money in units of overnight funds of HSBC Mutual Fund and/or keep in cash to generate reasonable returns till such time the money is invested in one of the other investment approaches of HSBC Asset Management (India) Private Limited.

**Allocation of portfolio across types of securities:**

Instruments	Indicative Allocation (% of assets)
Units of overnight funds of HSBC Mutual Fund and/or Cash	100%

**Benchmark Index for comparison of performance:**

- **Regulatory Benchmark/ Strategy Benchmark:** CRISIL Composite Bond Fund Index
- **Secondary Benchmark:** CRISIL Overnight Index

**Rationale for selection of benchmark:**

**Regulatory Benchmark/ Strategy Benchmark:** Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate relative performance of the portfolio. This is decided by APMI as per current size of the Debt Assets Under Management (AUM) in the PMS Industry, the future that is envisaged & the current space which the industry participants are exploring for debt strategy.

**Secondary Benchmark:** The portfolio is also being benchmarked against the CRISIL Overnight Index since the investment will be predominantly in units of overnight fund of HSBC Mutual Fund. Hence, the index is also suited for comparison purposes.

**Indicative tenure or investment horizon:** Short Term.

**Risk associated with the investment approach:**

The portfolio will invest in overnight funds of HSBC Mutual Fund. Hence, scheme specific risk factors applicable to such underlying scheme will be applicable to the portfolio. Few of them are as follows:

- The fund may invest into money market securities which are subject to interest rate risk, credit risk, liquidity risk, etc.
- The fund may have a limited number of investment options – TREPs and / or debt & money market instruments having maturity of 1 business day. There may be a likelihood that monies of the fund may remain un-deployed due to unavailability of investment opportunities.

**Other salient features if any:** None.

**Investment Strategy:** The portfolio strategy endeavors to generate reasonable returns within short term by investing into overnight funds of HSBC Mutual Fund. However, it is expressly clarified that clients are not being offered any guaranteed / assured returns and that the Portfolio Manager only endeavors to meet the investment objective.

### **3. HSBC Aspire Portfolio**

**Strategy:** Equity

**Investment objective:**

HSBC Aspire Portfolio aims to generate long-term capital growth from an actively managed portfolio of equity and equity related securities predominantly from the mid and small cap companies. However, the investment approach would also have the flexibility to invest in companies across the entire market capitalization spectrum. There can be no assurance or guarantee that the objective of the investment approach would be achieved.

**Description of types of securities:**

- (1) Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares.
- (2) Derivative instruments as may be permitted by SEBI/ RBI.
- (3) Units of liquid funds/ overnight funds of HSBC Mutual Fund.
- (4) Cash and cash equivalents
- (5) Any other instruments as may be permitted by RBI/ SEBI/ such other Regulatory Authorities from time to time.

**Basis of selection of types of securities:**

The investment approach seeks to invest in mid cap and small cap companies with a flexibility to invest in companies across the entire market capitalization spectrum, if required. The portfolio manager intends to do the same by buying equities of these companies and hence, equity and equity related securities are chosen for investment. The portfolio manager will focus on companies which have potential to deliver high growth.



**Allocation of portfolio across types of securities:**

The investment approach has the mandate to predominantly invest in Equity and Equity related instruments of mid cap and small cap companies. However, the investment approach has the flexibility to invest in companies across the entire market capitalization spectrum.

**Benchmark Index for comparison of performance:**

- **Regulatory Benchmark/ Strategy Benchmark:** S&P BSE 500 TRI
- **Secondary Benchmark:** Nifty MidSmall 400 Index

**Rationale for selection of benchmark:**

**Regulatory Benchmark/ Strategy Benchmark:** Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate relative performance of the portfolio. This is decided by APMI as per market-cap based methodology for equity strategy.

**Secondary Benchmark:** The portfolio is also being benchmarked against the Nifty MidSmall 400 Index since its composition is in line with the objective of the investment approach. The index comprises of mid and small cap companies and is also suited for comparing the performance of the portfolio.

**Investor Profile:** The investment approach is suitable for investors who are looking for long term wealth creation by investing in equities.

**Indicative Tenure or Investment Horizon:** Medium to Long Term (5 years+)

**Risk associated with investment approach:**

Deployment of monies under the investment approach will be oriented towards equity and equity related securities of companies belonging to mid cap and small cap. Stocks of these companies usually have lower trading volumes on the exchanges, which may result into higher impact costs and longer execution time compared to large cap stocks. These companies tend to be less researched compared to large cap stocks and this may result into longer waiting period for the stock to reach their potential intrinsic value. A lot of smaller companies can be highly volatile and hence tend to have large up and down movements which may result in periods where the investor may see drawdowns. Further, small cap companies have higher opportunities of growth but these come with higher amount of risk as well and therefore, are suitable only for those investors who have higher risk appetite. It is likely that the portfolio may also experience period of volatile performance and liquidity challenges in view of its exposure towards mid and small cap companies. These companies will also be affected by the broader macro-economic environment such as interest rate changes, liquidity, cross border fund flows, statutory/ regulatory changes etc.

**Investment Strategy:**

The investment approach seeks to predominantly invest in Equity and Equity related instruments of mid cap and small cap companies. However, the investment approach has the flexibility to invest in companies across the entire market capitalization spectrum. The portfolio manager intends to do the same by buying equities of these companies and hence, equity and equity related securities are chosen for investment.



The portfolio manager also reserves the right to invest in liquid and overnight schemes of HSBC Mutual Fund including cash & cash equivalents.

The portfolio manager may invest in derivatives, or any other instrument as may be permitted by SEBI/ RBI/ such other Regulatory Authority from time to time as may be decided by the portfolio manager. The portfolio manager may also participate in the Securities Lending Scheme.

However, it is expressly clarified that clients are not being offered any guaranteed / assured returns and that the portfolio manager only endeavours to meet the investment objective.

The investment approach would adopt the list of large cap, mid cap & small cap companies prepared by AMFI. Presently large cap companies comprise of companies from 1st to 100th companies in terms of full market capitalization, mid cap companies will comprise of companies from 101st to 250th companies in terms of full market capitalization and small cap companies from 251st companies in terms of full market capitalization.

Note: In accordance with the Clause 4.5 of SEBI Master Circular for Portfolio Managers dated March 20, 2023 pertaining to Performance Benchmarking, the above changes incorporated are effective from April 01, 2023.

**Other salient features if any:** None

**Direct on-boarding of clients by Portfolio Managers**

Portfolio Managers provides an option to the clients to be on-boarded directly, without intermediation of persons engaged in distribution services.

**5.2. Non-Discretionary –**

**Under this category of service, the portfolio, which the Portfolio Manager manages is in accordance with the directions and permission of the client.** The investment decisions of the portfolio manager are guided by the instructions received from the client under an agreement executed between the portfolio manager and client. The deployment of funds is at the sole discretion of the client and is to be exercised by the portfolio manager in a manner strictly complies with the client's instructions. The decision of the client in deployment of funds and handling of portfolio is absolute and final.

**5.3. Advisory – the client is advised on buy/ sell decision within the overall risk profile without any back-office responsibility for trade execution, custody or accounting functions.**

**5.4 Types of Securities in which the Portfolio Manager generally invests**

- (a) Equity and equity related securities
- (b) Units of Mutual Funds;
- (c) Bank Deposits;

However, in addition to the above and subject to SEBI Regulations, the Funds can also be invested in such securities, capital and money market instruments or in fixed income securities or variable securities of any description, by whatever name called including:

- (a) Convertible Stock and Preference Shares of Indian Companies;
  - (b) Derivative Instruments as may be permitted by SEBI / RBI;
  - (c) Debentures (Convertible and Non-convertible), Bonds and Secured Premium Notes, Swaps, Futures and Options, Securitised Debt, Structured Products, Pass Through Certificates and Instruments which are quasi-debt instruments, Tax-exempt Bonds of Indian Companies and Corporations;
  - (d) Government and Trustee Securities;
  - (e) Treasury Bills;
  - (f) Commercial Papers, Certificates of Deposit and other similar Money Market instruments;
  - (g) Tradable or any other warrants;
  - (h) Such other instrument(s) offered in private placements, arrangements, treaties, contracts or agreements for facilitating acquisition and/or disposing of investments as the case may be;
  - (i) Any other eligible mode of investment within the meaning of the Regulations issued by SEBI and amended thereto from time to time.
- 5.5 The policies for investments in associates/ group companies of the Portfolio Manager and the maximum percentage of such investments therein would be subject to the applicable laws/ regulations/ guidelines.

AMIN currently does not intend to invest in any of its associate or group companies.

## **6. Risk factors**

### **General Risk Factors**

- 6.1. Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the Portfolio will be achieved.
- 6.2. Past performance of the Portfolio Manager does not indicate its future performance.
- 6.3. Investments made by the Portfolio Manager are subject to risks arising from the investment approach, investment objective, investment strategy, asset allocation and non- diversification.
- 6.4. Investments in Securities are subject to market and other risks and there can be no guarantee in any of the investment approaches mentioned in this Disclosure Document against loss resulting from investing in such investment approaches of the Portfolio Manager. The various factors which may impact the value of the Portfolios' investments include, but are not limited to, fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.

- 6.5. Investment decisions although taken in best interest of the investors by the Portfolio Manager may not always be profitable.
- 6.6. The tax benefits described in this Disclosure Document are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only. The investors should be aware that the relevant fiscal rules or their interpretation may change, such changes may also be retrospective. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Portfolio will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor.
- 6.7. Prospective investors should review/ study this Disclosure Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/ investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale or conversion into money) of Portfolio and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their portfolio, acquisition, holding, capitalisation, disposal (sale, transfer or conversion into money) of portfolio within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift portfolio of securities are subject, and also to determine possible legal, tax, financial or other consequences of subscribing/ gifting, purchasing or holding portfolio of securities before making an investment.
- 6.8. Investments are subject to certain risks viz. limited liquidity in the market, settlement risk, interest rate risk, counterparty risk, credit risk, impeding readjustment of portfolio composition, highly volatile stock markets in India etc. Such loss could arise due to factors which by way of illustration, include, default or non-performance of a third party, company's refusal to register a security due to legal stay or otherwise, disputes raised by third parties. Mis-judgment by the Portfolio Manager or his incapacitation due to any reason however remote is also a risk. Thus, the investment in Indian capital markets involves above average risk for investors compared with other types of investment opportunities. Investments will be of a longer duration compared to trading in securities. There is a possibility of the value of investment and the income there from falling as well as rising depending upon the market situation. There is also a risk of total loss of value of an asset and possibilities of recovery of loss in investments only through a legal process.
- 6.9. The investments made are subject to external risks such as war, natural calamities, policy changes of local / international markets which affects stock and bond markets.
- 6.10. Any policy change / technology change / obsolescence of technology would affect the investments made in a particular industry.
- 6.11. The Client has perused and understood the disclosures made by the Portfolio Manager in the Disclosure Document before entering into this Agreement.
- 6.12. Clients are not being offered any guarantee / assured returns.

- 6.13. Performance of the Portfolios may be impacted as a result of specific investment restrictions provided by the client.
- 6.14. Credit Risk: Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., issuer unwilling/unable to make timely principal and interest payments on the security). Consequently, corporate debentures are sold at a yield above those offered on Government Securities, which are sovereign obligations. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for the investor to be compensated for the increased risk. The least risk perception is in case of government securities.
- 6.15. Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- 6.16. Portfolios using derivative products (such as futures and options) are exposed to risks different from those associated with stocks and bonds. Such products are highly leveraged instruments. Small price movements in the underlying securities may have a large impact on the value of the derivative instrument. Some of the other risks relate to mis-pricing or improper valuation of derivatives, lack of liquidity and the inability to correlate the positions with underlying assets, rates and indices. Derivative products if used for hedging may not be a perfect hedge against the underlying.
- 6.17. Market Risk: Market risk refers to uncertainty in price movement of securities held by the portfolio. Equity instruments by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. As with all debt securities, changes in interest rates may affect the valuation of the portfolio as the prices of securities increase as interest rates decline and decrease as interest rates rise. Prices of long duration securities are generally more sensitive to interest rate changes than those of the short duration securities. Performance of the portfolio shall be significantly impacted by the movement in prices of the securities held.
- 6.18. Liquidity Risk: Liquidity or marketability refers to the ease with which a security can be transacted at or near its fair market value. Liquidity risk refers to inability of the fund manager to liquidate securities held by the portfolio at fair market value due to lack of market participants in that instrument. In such situations the portfolio may have to absorb impact cost due to spread between bid and ask prices of the securities. Liquidity risk may impact the performance of the portfolio adversely.
- 6.19. Details of transactions, of purchase and sale of securities by portfolio manager and its employees directly involved in investment operations, having conflict of interest with the transactions in any of the clients' portfolio:

None. As on the date of this Document, there were no transactions, of purchase and sale of securities by the Portfolio Manager and its employees directly involved in investment operations, which were having conflict of interest with the transactions in any of the clients' portfolio during the last three years.

- 6.20. Disclosure of conflict of interest related to services offered by Group companies of the portfolio manager:

**The Hong Kong and Shanghai Banking Corporation Limited**

The Portfolio Manager has appointed the Axis Bank as Fund Accountant and Custodian for their PMS product.

**HSBC Mutual Fund**

The Portfolio Manager may invest client's money in liquid funds/overnight funds of HSBC Mutual Fund for cash management purposes.

## 7. Client Representation

### 7.1.

Category of clients	No. of clients	Funds managed (Rs. cr)	Discretionary/ Non-Discretionary (if available)
<b>Associates/ Group companies</b>			
As at 31 March 2019	NIL	NA	NA
As at 31 March 2020	Nil	NA	NA
As at 31 March 2021	Nil	NA	NA
As at 31 March 2022	Nil	NA	NA
As at 31 March 2023	Nil	NA	NA
As at 30 November 2023	Nil	NA	NA
<b>Others</b>			
As at 31 March 2019	1	162,957	Discretionary
As at 31 March 2020	Nil	Nil	NA
As at 31 March 2021	45	27.23	Discretionary
As at 31 March 2022	244	170.46	Discretionary
As at 31 March 2023	383	237.19	Discretionary
As at 30 November 2023	509	329.83	Discretionary

- 7.2 Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India: Please refer Annexure I.

## 8. The Financial Performance of the Portfolio Manager (based on audited financial statements)

(all amounts in lakhs unless stated otherwise)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	186	61
Trade receivables	5,960	2,339
Investments	28,103	18,559
Other financial assets	158	76
Subtotal	34,407	21,035
<b>Non-Financial Assets</b>		
Current tax assets (Net)	1,510	1,100
Deferred tax assets (Net)	-	748
Property, plant and equipment	1,848	144
Right of use assets	300	-
Goodwill	108,074	-
Other Intangible assets	308,346	14
Other non-financial assets	4,481	420
Subtotal	424,559	2,426
<b>TOTAL ASSETS</b>	<b>458,966</b>	<b>23,461</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Payables		
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	137	6
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,678	934
Lease liabilities	315	-
Other financial liabilities	9150	355
Subtotal	12,280	1,295
<b>Non-Financial Liabilities</b>		
Current tax liabilities (Net)	515	519
Deferred tax liabilities (Net)	77,835	-
Provisions	1,434	524
Other non-financial liabilities	1,639	824
Subtotal	81,423	1,867
<b>EQUITY</b>		
Equity share capital	34,441	6,159
Other equity	330,822	14,140
Subtotal	365,263	20,299
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>458,966</b>	<b>23,461</b>

(all amounts in lakhs unless stated otherwise)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue From Operations</b>		
Fees and commission Income	21,066	10,490
Net gain on fair value changes	672	778
Revenue from Operations	21,738	11,268
Other Income	317	595
<b>TOTAL INCOME</b>	<b>22,055</b>	<b>11,863</b>
<b>Expenses</b>		
Finance Cost	15	-
Employee Benefits Expense	8,590	4,525
Depreciation and amortization expense	269	67
Other expenses	9,333	3,322
<b>TOTAL EXPENSES</b>	<b>18,207</b>	<b>7,914</b>
Profit Before Tax	3,848	3,949
Tax expense:		
(a) Current tax	1,451	1,109
(b) Deferred tax	1,015	55
	2,466	1,164
<b>PROFIT FOR THE YEAR</b>	<b>1,382</b>	<b>2,785</b>
<b>Other Comprehensive Income</b>		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined employee benefit plans	(18)	(13)
Income tax relating to items that will not be reclassified to profit or loss	5	2
Other Comprehensive Income	(13)	(11)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,369</b>	<b>2,774</b>
Earnings per equity share (Nominal value of Rs.10/- per share)		
Basic & Diluted (in INR)	0.86	4.52

## 9. Portfolio Management Performance

Portfolio Management performance of the Portfolio Manager for the last three years, and in case of discretionary Portfolio Manager, disclosure of performance indicators calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.

Description		FY 23-24	FY 22-23	FY 21-22	FY 20-21
		01/04/2023-30/11/2023	01/04/2022 – 31/03/2023	01/04/2021-31/03/2022	18/02/2021*-31/03/2021
<b>Portfolios</b>	HSBC India Next Portfolio	27.15%	-0.59%	20.92%	-0.24%
<b>Regulatory/Strategy Benchmark</b>	S&P BSE 500 TRI	24.16%	<u>-0.91%</u>	22.26%	-2.02%
<b>Secondary Benchmark</b>	BSE 200 Index	20.52%	-2.00%	19.87%	-2.58%

\*Inception date

Description		FY 23-24	FY 22-23	FY 21-22
		01/04/2023 - 30/11/2023	01/04/2022 – 31/03/2023	04/01/2022* - 31/03/2022
<b>Portfolios</b>	HSBC Cash Management Portfolio	4.30%	5.13%	0.71%
<b>Regulatory/Strategy Benchmark</b>	CRISIL Composite Bond Fund Index	4.43%	3.80%	0.51%
<b>Secondary Benchmark</b>	CRISIL Overnight Index	4.50%	5.53%	0.83%

\*Inception date

Description		FY 23-24
		21/09/2023*-30/11/2023
<b>Portfolios</b>	HSBC Aspire Portfolio	3.13%
<b>Regulatory/Strategy Benchmark</b>	S&P BSE 500 TRI	3.05%
<b>Secondary Benchmark</b>	NIFTYMIDSM400	6.72%

\*Inception date

**Past performance may or may not be sustained in future.** Time weighted - Daily valuation method is used for rate of return calculation. Returns up to 1 year are absolute & over 1 year



are Compounded Annualized. The performance disclosed above is based on all clients' portfolios under the investment approach, existing as on the performance calculation date, using Time Weighted Rate of Return (TWRR) of each client. All cash holdings and investments in liquid funds are also considered for calculation of performance and the performance data is net of all fees and all expenses (including taxes). Since inception date stated above is the date on which the first client investment was made under the investment approach. Please note that the actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client investment restrictions, if any, etc. These factors may have an impact on client's portfolio performance and hence may vary significantly from the performance disclosed above. Neither the Portfolio Manager, nor its directors or employees shall in any way liable for any variation noticed in the returns of individual client portfolios. The performance related information provided herein is not verified by SEBI.

**Note:** Performance of the benchmark is as per the applicable benchmark till March 31, 2023. However, benchmark performance effective from 1st April 2023 will be as per the Regulatory/ Strategy Benchmark and Secondary Benchmark.

**10. Audit Observations of the preceding 3 years: None**

**11. Nature of expenses:** The following are the general costs and expenses to be borne by the client availing the services of the Portfolio Manager. However, the exact quantum and nature of expenses relating to each of the following services is annexed to the Portfolio Management Agreement in respect of each of the services provided.

**11.1.1 Portfolio Management Fees**

The Portfolio Management Fees relate to the Portfolio Management Services offered to the Clients under discretionary management in equity strategies. The fee may be a fixed fee or performance based fee or a combination of both, as agreed by the client in the PMS Agreement.

**11.1.2 Depository / Custodian fee comprise of**

charges relating to custody and transfer of shares, bonds and units, opening and operation of demat account, dematerialization and rematerialization, and / or any other charges in respect of the investment etc.

**11.1.3 Registration and transfer agents' fees comprise of**

fees payable for the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and courier charges

**11.1.4 Brokerage, transaction costs and other services comprise of**

These costs related to charges payable to the broker for execution of transactions on stock exchanges or otherwise on purchase and sale of shares, bonds, debentures, units or any other instruments. This will include charges like stamp duty, transaction cost and statutory levies such as goods and service tax, securities transaction tax, turnover fees and such other levies as may be imposed upon from time to time.

**11.1.5 Fees and charges in respect of investment in mutual funds comprise of**

the annual recurring expenses and the exit loads, if any, charged by the schemes of mutual funds, where investments are made. In case of investments of client's money in liquid funds/ overnight funds of HSBC Mutual Fund for cash management purposes, the client shall bear the recurring expenses charged by such mutual fund schemes. In such cases, the Portfolio Manager shall not charge the portfolio management fees on such portion of the client's portfolio which are invested in the liquid funds of HSBC Mutual Fund.

11.1.6 Certification charges or professional charges comprise of the charges payable to outsourced professional services like accounting, taxation and any legal services, etc.

**11.1.7 Securities lending and borrowing charges comprise of**

the charges pertaining to the lending of securities, costs of borrowings and costs associated with transfer of securities connected with the lending and borrowing transfer operations.

11.1.8 Any other incidental and ancillary charges comprise of all incidental and ancillary expenses not recovered above but incurred by the Portfolio Manager on behalf of the client shall be charged to the Client. The Portfolio Manager shall deduct directly from the cash account of the client all the fees/costs as specified above and shall send a statement to the client for the same.

The nature/quantum of fees charged to clients (approx.) is provided below.

**Portfolio Management Fees**

Sr.no.	Nature of Fee	Range
1	Annual recurring fee	Upto 2% of Daily Average AUM
2	Variable Fee	10% of annualized performance above a pre-determined hurdle rate can be charged by the portfolio manager as performance fee depending on the fees structure opted by the client.
3	Upfront Fee	Nil
4	Exit Fee	Nil

**Summary of Other Fees charged**

Sr.no.	Nature of Expenses	Range
1	Account setup fees (Franking and Notarization of Agreement)	Rs. 1500 to Rs. 2500
2	Depository / Custodian and Fund Accounting Fee	
	i) Custodian and Fund Accounting fee	0.02% to 0.30% of Average AUM
	ii) Transaction and Other Charges	
	a) IPO/ Rights /Buy Back/ Open Offer /Mutual funds applications or off-market deal	INR 100 per instruction (NSDL/CDSL charges at actuals*)

	b) NRI PIS service charges	PIS Issuance Charges - Rs.1000/- PIS AMC - Rs.1500/- PIS Reporting Charges - Rs.150/- Non PIS reporting Charges - Rs.200/- Reporting charges will be levied per trade date - separate for purchase date
	c) Depository charges other than transaction charges (For e.g. Conversion of Physical to Demat and vice-versa, AMC*, Pledge, etc.)	At Actuals
	*Present NSDL Charges AMC is Rs. 500/- P.A. for Corporate client & Transaction charge of Rs. 5.00 per debit transaction	
3	Brokerage, Transaction costs and Other services	0.02% - 0.12% of Total Transaction Value
4	CA Certification Charges for NRI Client	At Actuals
5	Any Other Incidental and Ancillary Charges	At Actuals
6	Annual Audit certification	At Actuals
7	Registration and transfer agents' fees	At Actuals
8	Securities lending and borrowing charges	At Actuals

\* The above fees structure is based on the latest fees structure offered by portfolio manager and excludes Good and Services Tax (GST) which will be charged at the prevailing rates.

The expenses mentioned above shall be subject to following limits in accordance with Clause 6.1.3 of SEBI Master Circular for Portfolio Managers dated March 20, 2023:

- No upfront fee shall be charged by the portfolio managers, either directly or indirectly, to the clients;
- Brokerage at actual shall be charged to the clients as expense;
- Operating expenses excluding brokerage, over and above the fees charged for portfolio management services, shall not exceed 0.50% per annum of the client's average daily Asset Under Management (AUM);
- Charges for all transactions in a financial year (Broking, Demat, Custody etc.) through associates shall be capped at 20% by value per associate (including self) per service. Any charges to self/associate shall not be at rates more than that paid to non-associates providing the same services.

## **12. Taxation - Discloses the implications of investments in securities and the tax provisions on Income/ Loss or Tax Deduction at Source on various investors.**

### **12.1.1 Tax implications for the Resident clients**

#### **Dividend**

As per the Finance Act 2020, with effect from 1 April 2020 tax on distributed income/dividend on mutual fund units/shares has been abolished and dividend income has been made taxable in the hands of investors.

As per provision of ITA, Mutual Fund and domestic companies would be under an obligation to withhold tax @10% on dividend distributed to resident investors.

### **Short Term Capital Gain**

In terms of Section 2(42A) of the ITA, a capital asset being shares or units of equity oriented funds will be considered as a short term capital asset if it is held by an assessee for a period of not more than 12 months. Capital gain arising on the transfer of a short-term capital asset is termed as a short term capital gain.

In terms of Section 111A of the ITA, the, short term capital gains, arising on sale of equity shares in a Company or units of an equity oriented fund, are taxed at a rate of 15% plus applicable surcharge and cess.

ITA provides that short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre where STT is not chargeable and consideration is paid or payable in foreign currency, will also be taxed at the rate of 15% (plus applicable surcharge and cess).

In terms of section 50AA of the ITA, with effect from 1 April 2023, capital gains arising on transfer, redemption or maturity of units of a specified mutual fund acquired on or after 1 April 2023 is taxable as short-term capital gains irrespective of the period of holding.

Specified mutual fund means a mutual fund where not more than 35% of its total proceeds are invested in the equity shares of domestic companies.

Short term capital gains (other than covered by section 111A) would be liable to tax at the rates prescribed as per slabs in the schedule to the Finance Act for the relevant year.

### **Long Term Capital Gain**

In terms of section 2(29A) of the ITA, long term capital asset means a capital asset which is not a short term capital asset. The capital gain arising on transfer of a long-term capital asset is termed as a long term capital gain.

Section 112A of the ITA, with effect from 1 April 2018 provides that long term capital gain exceeding one lakh arising on transfer of equity shares or units of equity oriented mutual fund shall be liable to tax at the rate of 10% plus applicable surcharge and cess.

In terms of section 112 of the ITA, long term capital gains arising on transfer of capital assets is chargeable to tax at the rate of 20% with indexation benefits. In case of long term capital gains arising from transfer of securities (other than a unit) listed on recognized stock exchange is chargeable to tax at the rate of 20% (with indexation) or at the rate of 10% (without indexation), whichever is more beneficial to the assessee (plus applicable surcharge and cess). In case of long term capital gains arising from transfer of units of mutual funds listed on recognized stock exchange in India which is not covered by section 112A, tax is chargeable at the rate of 20% (plus applicable surcharge and cess) with indexation benefits.

Further, for the purpose of calculation of long term capital gains (with indexation), the base year for indexation has been shifted from 1981 to 2001. In other words, if an asset is acquired prior to 01 April 2001, the fair market value as on 01 April 2001 will have to be considered as the cost of

acquisition and the indexed cost of acquisition will have to be worked out accordingly with the cost of inflation for the year 2001

In case of an individual or HUF, being a resident of India, where the total income as reduced by such long term capital gains or short term capital gains is below the maximum amount which is not chargeable to income-tax then such long term capital gains or short term capital gains shall be reduced by such shortfall amount and only the remaining balance of such long term capital gains or short term capital gains shall be subject to tax at the applicable rate.

The STT paid is neither allowed as a deduction in computing the income chargeable under the head "capital gains" nor allowed as a deduction from the amount of income tax payable on capital gains. Hence, the STT paid on purchase/sale trade is reduced/added respectively from the settlement amount for the purpose of the ITA.

### **12.1.2 Tax implications for the Non-Resident clients**

#### **DTAA applicability**

In case of foreign investors, the taxation of income will be governed by the provisions of the ITA read with the provisions of the applicable treaty i.e. double tax avoidance agreement, if any. As per Section 90(2) of the ITA, the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the treaty. Accordingly, tax is required to be withheld before remitting fund outside India.

In terms of section 90(4) as amended by the Finance Act, 2013, the benefit of a double tax avoidance agreement would not be available to a non-resident assessee unless a certificate of his/her/it being a resident of the other country is obtained from the Government of that country. Hence a tax residency certificate certifying the residence of the assessee would be required to be furnished if the benefit of a treaty is sought to be claimed by a non-resident assessee. Further, in terms of section 90(5) of the ITA the assessee is also required to furnish documents and information as prescribed in Form No. 10F and other prescribed documents/information.

#### **Dividend**

As per Finance Bill 2020, with effect from 1 April 2020 the income/dividend distributed by mutual fund/companies will not be liable to tax on distributed income. Income distributed by mutual fund or companies shall be liable to withholding as per the applicable rates, surcharges and cess.

#### **Short Term Capital Gain**

In terms of Section 111A of the ITA, the, short term capital gains, arising on transaction of sale of equity shares in a Company or units of an equity oriented fund which are chargeable to securities transaction cost, are taxed at a rate of 15% plus applicable surcharge and cess.

ITA further provides that the short term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre where STT is not chargeable and the consideration is paid or payable in foreign currency, will also to be taxed at a rate of 15% (plus applicable surcharge and cess).

In terms of section 50AA of the ITA, with effect from 1 April 2023, capital gains arising on transfer, redemption or maturity of units of a specified mutual fund acquired on or after 1 April 2023 is taxable as short-term capital gains irrespective of the period of holding.

Specified mutual fund means a mutual fund where not more than 35% of its total proceeds are invested in the equity shares of domestic companies.

Short term capital gains (other than covered by section 111A) would be liable to tax at the rates prescribed in the schedule to the Finance Act for the relevant year.

### **Long Term Capital Gain**

Exemption available under section 10(38) of the ITA, the long term capital gains arising on sale of equity shares in a company or a unit of equity oriented mutual fund, the aforesaid transaction being chargeable to STT has been withdrawn.

Section 112A of the ITA, with effect from 1 April 2018 provides that long term capital gain exceeding one lakh arising on transfer of equity shares or units of equity oriented mutual fund shall be liable to tax at the rate of 10% plus applicable surcharge and cess.

In terms of Section 112 of the ITA, long term capital gains arising on sale of listed securities (other than units) not covered under Section 112A of the ITA are subject to tax at the rate of 20% (plus applicable surcharge and cess) with indexation benefits/ after adjustment of foreign exchange rate fluctuation as the case may be or at the rate of 10% (plus applicable surcharge and cess) without indexation benefit whichever is more beneficial to the assessee. However, long term capital gains arising from the transfer of unlisted securities or shares of a company not being a company in which the public are substantially interested are subject to tax at the rate of 10% (plus applicable surcharge and cess) without indexation benefits and the adjustment in respect to foreign exchange rate fluctuations.

Further, for the purpose of calculation of long term capital gains (with indexation), the base year for indexation has been shifted from 1981 to 2001. In other words, if an asset is acquired prior to 01 April 2001, the fair market value as on 01 April 2001 will have to be considered as the cost of acquisition and the indexed cost of acquisition will have to be worked out accordingly with the cost of inflation for the year 2001.

In accordance to the proviso to section 48 of the ITA, the capital gains arising from the transfer of capital assets being shares in /debentures of an Indian company acquired in foreign currency, shall be computed by converting the cost of acquisition, the expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer of the capital asset into the same foreign currency as was initially utilized in the purchase of the shares/debentures and the capital gains so computed in such foreign currency shall thereafter be reconverted into Indian currency for the purpose of taxation.

In terms of Section 115G of the Income Tax Act, where the total income of a non-resident Indian consists only of investment income / long term capital gains and tax thereon has been deducted at source in accordance with the provisions of the ITA, the NRI is not required to file a return of income.

However, an assessee has an option not to be governed by the provisions of Chapter XII-A (comprising of sections 115C to 115-I) in view of section 115-I of the ITA.

Additionally, STT is payable in respect of purchase of listed securities and units of an equity oriented fund on recognized stock exchanges.

STT is not available as a deduction in computing capital gains. However, from the assessment year 2009-10, where income from taxable securities transactions referred to above is treated as business income, the person will be eligible for deduction u/s 36(1)(xv), for the amount of STT paid.

#### **12.1.3. Capital loss can be set off against any capital gains as follows:**

Long-term capital loss of a tax year, which is chargeable to tax, cannot be set off against short-term capital gains arising in that year. On the other hand, short-term capital loss in a year can be set off against both short-term and chargeable long-term capital gains of the same year.

Unabsorbed short term and long-term capital loss of prior years' shall be separately carried forward. However, short-term capital loss shall be eligible for set off against the chargeable short or long term capital gains while the long term capitals loss brought forward for set off shall be eligible to be set off only against chargeable long term capital gains of the current year.

##### **12.1.4 Dividend stripping**

Losses arising from the sale/transfer (including redemption) of securities (including units) purchased up to 3 months prior to the record date (for entitlement of dividends) and sold within 9 months (in case of units) or 3 months (in case of any other securities) after such date, will be disallowed to the extent of income/dividend distribution (excluding redemptions) on such units (or other securities) claimed as tax exempt by the unitholder.

##### **12.1.5 Bonus stripping**

In case of units purchased within a period of 3 months prior to the record date (for entitlement of bonus) and sold/ transferred (including redeemed) within 9 months after such date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

12.1.6 Any income received by the Trustees is exempt from income tax u/s 10(25) of the IT Act in case the fund is a recognised provident fund within the meaning of the Income tax Act, 1961 (ITA).

12.1.7 Tax implication on other asset classes would be as per the relevant provision of the income tax law.

#### **12.1.8 Tax Rates, surcharge and cess:**

**12.1.9 Investors will be liable to pay tax, surcharge and cess as applicable basis their residential status, nature of income, availability of Double Taxation Avoidance agreement etc.**

## **12.2 GOODS AND SERVICE TAX:**

Portfolio Management fee recovered from clients is liable to GST at applicable rate. (Currently 18%).

### 12.3 COMMODITY TRANSACTION TAX ('CTT')

CTT is would be levied on the value of taxable commodities transactions as follows:

Transaction	Rate	Payable by
Sale of commodity derivative (other than agricultural commodities) entered in a recognised association	0.01%	Seller

### 13. Accounting policies- Disclose the accounting policy followed by the Portfolio Manager while accounting for the portfolio investments of the clients.

#### 13.1 Basis of Accounting

Books and Records would be separately maintained in the name of the client to account for the assets and any additions, income, receipts and disbursements in connection therewith, as provided by the SEBI (Portfolio Managers) Regulations, 2020, as amended from time to time. Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles. As SEBI (Portfolio Managers) Regulations, 2020, do not explicitly lay down detailed accounting policies, such policies which are laid down under SEBI (Mutual Funds) Regulations would be followed, in so far as accounting and valuation for equities or equity related instruments are concerned.

#### 13.2 Maintenance of Client Account

13.2.1 In line with Clause 2.2 of SEBI Master Circular for Portfolio Managers dated March 20, 2023, the portfolio manager keeps the funds of all clients in a separate bank account maintained by the portfolio manager and the following conditions are adhered to:

- There is clear segregation of each client's fund through proper and clear maintenance of back office records;
- Portfolio Managers do not use the funds of one client for another client;
- Portfolio Managers also maintain an accounting system containing separate client-wise data for their funds and provide statement to clients for such accounts at least on monthly basis; and
- Portfolio Managers reconcile the client-wise funds with the funds in the aforesaid bank account on daily basis.

13.2.2 The Portfolio Manager also maintains a separate depository account of each client.

#### 13.3 Portfolio Valuation

13.3.1 Investments in Equity or Equity Related instruments and Debt Securities listed on a recognized stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). If on a particular valuation date, a security is not traded on NSE, the value at which it is traded on The Stock Exchange, Mumbai (BSE) is used or any recognized stock exchange. If a particular security is not listed on the NSE, then it is valued at the last quoted closing price on the BSE on the valuation date or on a recognized stock exchange as the case may be.

13.3.2 Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by HSBC Asset Management (India) Private Limited. Non-traded and thinly traded Fixed Income



Instruments, including those not traded within seven days prior to the valuation date will be valued at cost plus interest accrual till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument.

- 13.3.3 Equity securities awaiting listing are valued at fair value as determined in good faith by HSBC Asset Management (India) Private Limited. Fixed Income Instruments that are awaiting listing will be valued at cost plus interest accrual till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument.
- 13.3.4 Equity share warrants listed on a recognised stock exchange are valued at the last quoted closing price on NSE. If on a particular date the warrant is not traded on NSE the value at which it is traded on BSE is used. If no sale is reported at that time the last quoted closing price of the equity shares receivable by the Portfolio when the option is exercised less price per share payable upon exercise of the warrant and the last dividend if any paid by the issuer of the warrants on the shares of the issuer is used.
- 13.3.5 Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- 13.3.6 Investments in Mutual funds will be valued at the repurchase NAV declared for the relevant schemes on the date of the report or the most recent NAV will be reckoned.
- 13.3.7 In the Derivatives segment, the unrealized gains/losses for Futures and Options will be calculated by marking all the open positions to market.

#### **13.4 Securities Transaction**

Investment securities transactions are accounted for on a trade date basis. The cost of the investments acquired or purchased would include brokerage, stamp charges and any charges customarily included in the broker's contract note or levied by any statute except STT (Securities Transaction Tax). Similarly, in case of Sale Transaction, the above-mentioned charges will be deducted from the sale price. STT charged on purchase/sale of securities during the financial year is recognized as an expense. Realised Gains/Losses will be calculated by applying the First in/ First Out method.

#### **13.5 Income/expenses**

All investment incomes and expenses will be accounted on accrual basis. Dividend will be accrued on the ex-date of the securities and the same will be reflected in the clients' books on the ex-date. Similarly, bonus shares will be accrued on the ex-date of the securities and the same will be reflected in the clients' books on the ex-date. In the case of Fixed Income instruments, purchased/sold at Cum-interest rates, the interest component upto the date of purchase /sale will be taken to interest receivable/payable account and net of interest will be at the cost/sale for the purpose of calculating realized gains/losses.

## 14. Investors services

- 14.1 *Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints.*

**Pradeep Choutapelly**

Vice President and Head – PMS Operations  
HSBC Asset Management (India) Private Limited  
9-11 Floors, NESCO IT Park, Building No 3,  
Western Express Highway,  
Goregaon (East), Mumbai 400 063  
Tel.: + 91 22 6614 5000  
Email: [hsbcpms@hsbc.co.in](mailto:hsbcpms@hsbc.co.in)

- 14.2 *Grievance redressal and dispute settlement mechanism.*

The Portfolio Manager shall attend to and address any client query or concern as soon as possible to mutual satisfaction.

All disputes, differences, claims and questions whatsoever, which may arise either during the subsistence of this Agreement or afterwards between the parties hereto and/or their respective representatives touching these presents or any clause or anything contained herein or otherwise in any way relating to or arising from these presents or the interpretation of any provision contained in the Agreement shall be in the first place settled by mutual discussions between the parties, failing which, the same shall be referred to and settled by arbitration in accordance with and subject to the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force.

The arbitration shall be held in Mumbai and conducted in English language. The arbitral tribunal shall comprise a sole arbitrator, to be appointed by the Portfolio Manager. Each Party shall pay its own legal fees and expenses. The cost and expenses incurred in conducting the arbitration proceedings, including the cost and expenses of the sole arbitrator shall be borne equally by the Parties. The arbitrator's award shall be in writing. The arbitral award shall be final and binding on the Parties, and any judgement upon such award may be entered and enforced in any court of competent jurisdiction and the Parties agree to be bound thereby and to act accordingly.

The agreement with the client shall be governed by, construed and enforced in accordance with the laws of India. Any action or suit involving the agreement with a client or the performance of the agreement by the either party of its obligations will be conducted exclusively in courts located within the city of Mumbai in the State of Maharashtra.

## 15. Foreign Account Tax Compliance Act (FATCA)

India has executed an Inter-Governmental Agreement (IGA) with the U.S. and the Portfolio Manager intends to take any measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations. In order to comply with its FATCA obligations, the Portfolio Manager will be required to obtain certain information from its

Clients so as to ascertain their U.S. tax status. If the Client is a specified U.S. person, U.S. owned non-U.S. entity, non-participating FFI ("NPFFI") or does not provide the requisite documentation, the Portfolio Manager may need to report information on these Clients to the appropriate tax authority, as far as legally permitted. If Client or an intermediary through which it holds its interest in the Portfolio Manager either fails to provide the Portfolio Manager, its agents or authorised representatives with any correct, complete and accurate information that may be required for the Portfolio Manager to comply with FATCA or is a NPFFI, Portfolio Manager may be required to provide information about payment to NPFFI to upstream pay or to enable them to make the appropriate FATCA withholding on NPFFIs. Further, we may be compelled to sell its interest in the Portfolio or, in certain situations, the Client's interest in the Portfolio may be sold involuntarily. The Portfolio Manager may at its discretion enter into any supplemental agreement without the consent of Client to provide for any measures that the Portfolio Manager deems appropriate or necessary to comply with FATCA, subject to this being legally permitted under the IGA or the Indian laws and regulations. FATCA is globally applicable from July 1, 2014 and in order to comply with FATCA obligations, the Portfolio Manager will, seek additional information from Clients while accepting applications, in order to ascertain their U.S. Person status. The Portfolio Manager will not accept applications which are not accompanied with information / documentation required to establish the U.S. Person status of Client. Clients are therefore requested to ensure that the details provided under Section "Confirmation under Foreign Account Tax Compliance Act (FATCA) for determining US person status" of the application form are complete and accurate to avoid rejection of the application.

Clients should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In the event of any conflict or inconsistency between any of these Terms and Conditions and those in any other service, product, business relationship, account or agreement between Client and HSBC, these terms shall prevail, to the extent permissible by applicable local law. If all or any part of the provisions of these Terms and Conditions become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of these Terms and Conditions in that jurisdiction. These Terms and Conditions shall continue to apply notwithstanding the death, bankruptcy or incapacity of the Client, the closure of any Client account, the termination of HSBC's provision of the Services to the Client or the redemption of the Client's investment in the Portfolio.

## **16. Client Information and disclosure of client information to third parties**

The Portfolio Manager has the authority to share Clients' personal information with HSBC group companies and/or third parties, being:

- Registrar, Banks and/ or authorised external third parties who are involved in transaction processing, despatches, etc. of Clients' investment in any Portfolio; or
- Referrers/ Distributors through whom applications of Clients are received for the Portfolio; or
- Service providers who provide telecommunications, computer, information technology, information security, e-surveillance or other similar / related services in connection with the operation of the business.

Entities involved in data analysis, data management, data storage etc., for various purposes including but not limited to Management Information and Reporting, Audit, Investigations, Record Keeping etc. The Portfolio Manager can also share Clients' and their related parties' personal information with HSBC Group companies or any other Organisations / Authorities / Bodies for compliance with any group, legal or regulatory requirements, including, but not limited to, compliance with anti-money laundering, sanctions and / or any other financial crime control risk management requirements.

## **17. Nomination**

The Portfolio Manager will provide an option to the Clients to nominate the persons in whom all the investments, held by the Portfolio Manager in liquid funds and cash on behalf of the Client, shall vest in the event of his death. Where the Investments are held by more than one person jointly, all the joint Unitholders may together nominate a person by signing the nomination form indicating the name of the person in whom all the rights in the investments as mentioned above shall vest in the event of death of all the joint Unitholders. The nomination provided in the depository account shall prevail for the securities held in the depository account of the Client.

In case of multiple nominees, the 'Share/ Ratio' of nomination has to be clearly specified in the nomination form. If the 'Share/ Ratio' of nomination is not explicitly stated, then the nomination shall be treated at 'Equal Share/ Ratio'. The nomination can be made only by individuals singly or jointly. A Minor can be nominated and in that event, the name and address of the Guardian of the Minor Nominee shall be provided by the Client. Upon the demise of the Client, the investments would be transmitted in favour of the Nominee subject to the Nominee executing suitable documentation to the satisfaction of the Portfolio Manager.

## **18. SEBI Scores Platform**

SEBI has launched a centralized web based complaints redress system (SCORES), which enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. All the activities starting from lodging of a complaint till its disposal by SEBI would be carried online in an automated environment and the status of every complaint can be viewed online at any time. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form. However, such complaints would be scanned and uploaded in SCORES for processing. Investors who wish to lodge a complaint on SCORES are required to register themselves by filling the necessary details as required in the registration form available at <https://www.scores.gov.in> by clicking on "Register here". Post which investor can use login credentials for lodging complaint on SCORES ("Login for registered user" section). The complainant may use SCORES to submit the grievance directly to the Portfolio Manager for resolution. The Portfolio Manager is required to redress the grievance within 30 days, failing which the complaint shall be registered in SCORES. The investor may lodge a complaint on SCORES within three years from the date of cause of complaint, where (i) Investor has approached the Portfolio Manager for redressal of the complaint and, the Portfolio Manager rejected the complaint or, (ii) The complainant does not receive any communication from the Portfolio Manager or (iv) The complainant is not satisfied with the reply given to him or redressal action taken by the Portfolio Manager.

## 19. Introduction of Online Resolution of Disputes (ODR)

Pursuant to SEBI Circular no. SEBI/HO/OIAE/OIAE\_IAD-1/P/ CIR/2023/131 dated July 31, 2023, read with SEBI Circular no. SEBI/HO/OIAE/OIAE\_IAD-1/P/ CIR/2023/135 dated August 04, 2023, common Online Dispute Resolution ('ODR') Portal has been established in order to harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market.

Clients are requested to note that with effect from September 16, 2023, clients can register complaints/ disputes against all Market Participants for resolution on the Online Dispute Resolution ('ODR') Portal.

HSBC Asset Management (India) Private Limited (HSBC AMC) is under the ambit of specified intermediaries / regulated entity of the securities market, referred to as "Market Participant" for the purpose of the aforesaid circular. HSBC AMC has enrolled on the ODR Portal.

Clients are requested to note the following:

1. Disputes between clients or HSBC AMC (Portfolio Manager) arising out of latter's activities in the securities market, will be resolved in accordance with the aforesaid circular and by harnessing online conciliation and/or online arbitration as specified in the aforesaid circular. HSBC AMC or its clients (or holders on account of nominations or transmission being given effect to) may also refer any unresolved issue of any service requests / service-related complaints for due resolution by harnessing online conciliation and/or online arbitration as specified in the aforesaid circular.
2. A client should first take up his/her/their grievance with the HSBC AMC by lodging a complaint directly with HSBC AMC. If the grievance is not redressed satisfactorily, the client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. After exhausting these options for resolution of the grievance, if the client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal.
3. Alternatively, the client can initiate dispute resolution through the ODR Portal if the grievance lodged with HSBC AMC was not satisfactorily resolved or at any stage of the subsequent escalations mentioned in the paragraph 2 above (prior to or at the end of such escalation/s). HSBC AMC may also initiate dispute resolution through the ODR Portal after having given due notice of at least 15 calendar days to the client for resolution of the dispute which has not been satisfactorily resolved between them.
4. The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in terms of the paragraph 2 above or SCOREs guidelines as applicable or not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law. The dispute resolution through the ODR Portal can be initiated when within the applicable law of limitation (reckoned from the date when the issue arose/occurred that has resulted in the complaint/date of the last transaction or the date of disputed transaction, whichever is later).
5. The ODR Portal has necessary features and facilities to, inter alia, enroll the clients and HSBC AMC, to file the complaint/dispute and to upload any documents or papers pertaining thereto. The ODR Institution that receives the reference of the complaint/dispute shall

appoint a sole independent and neutral conciliator from its panel of conciliators. Clients are requested to refer to SEBI Circular no. SEBI/HO/OIAE/OIAE\_IAD-1/P/ CIR/2023/131 dated July 31, 2023 and SEBI Circular no. SEBI/HO/OIAE/OIAE\_IAD-1/P/ CIR/2023/135 dated August 04, 2023 for details on conciliation and arbitration proceedings. Clients are also requested to refer the said SEBI circular for details on fees for conciliation process/ arbitration process. The said circulars along with the link to ODR portal viz. <https://smartodr.in> are also made available on our website for your ready reference and complete understanding.


**20. The details of investment of client's funds by the portfolio manager in the securities of its related parties or associates:**

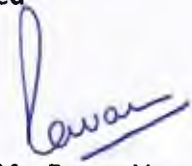
Sr. No.	Investment Approach, if any	Name of the associate/ related party	Investment amount (cost of investment) as on last day of the previous calendar Quarter September 30, 2023 (INR in crores)	Value of investment as on last day of the previous calendar Quarter September 30, 2023 (INR in crores)	Percentage of total AUM as on last day of the previous calendar Quarter September 30, 2023
<b>NIL</b>					

**21. Details of the diversification policy of the portfolio manager**

HINP portfolio strategy endeavours to invest in three broad themes namely Consumption, Glocal (global companies in local markets) & Digitization. Though it is concentrated portfolio of 20-25 stocks, diversification across these three themes that covers many sectors/industries, can help to mitigate the investment risk to a great extent. Also no single stock is having exposure more than 10% at the time of investment. This practice is being followed to reduce the volatility of the portfolio over time. The HINP portfolio is a multi-cap portfolio with investments spread across large cap, mid cap and small cap universe.

**For HSBC Asset Management (India) Private Limited**

  
**Mr. Kailash Kulkarni**  
 Director

  
**Ms. Roopa Varma**  
 Director

**Date: December 28, 2023**  
**Place: Mumbai**



**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2023 (Continued)**

(All amounts in lakhs of Indian Rupees unless otherwise stated)

**37 Related party disclosures**

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

**Names of related parties and nature of relationship**

- 1 Holding Company**  
 HSBC Securities and Capital Markets (India) Private Limited
- 2 Ultimate Holding Company**  
 HSBC Holdings PLC
- 3 Fellow subsidiaries**  
 The Hong Kong and Shanghai Banking Corporation Limited - India Branches  
 HSBC Global Asset Management (Hong Kong) Limited  
 HSBC Software Development (India) Private Limited  
 HSBC Electronic Data Processing (India) Private Limited  
 HSBC Global Asset Management Limited  
 The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong  
 HSBC Global Asset Management (Singapore) Limited  
 HSBC Group Management Services Limited  
 HSBC Global Services Limited  
 HSBC Global Services (Hong Kong) Limited  
 HSBC Electronic Data Processing (Philippines), Inc.  
 HSBC Global Services (UK) Limited
- 4 Subsidiary Company**  
 HSBC Consultancy Services (India) Limited (formerly known as L&T Investment Management Limited) (w.e.f. 25th Nov, 2022)
- 5 Key management personnel**  
 Mr. Ravi Menon (CEO & Director)  
 Mr. Dinesh Kumar Mittal (Director)  
 Dr. Indu Shahani (Director)  
 Mr. Kailash Kulkarni (CEO & Director) (w.e.f. 26th Nov, 2022)

**(i) Transactions during the year are as under:**

Particulars	with Holding Company	with Subsidiary Company	with fellow Subsidiaries	with Key Management Personnel
Advisory fees	-	-	4,013 (4,560)	-
Managerial Remuneration ^	-	-	-	465 (349)
Director's Sitting Fees	-	-	-	20 (7)
Professional Fees and Expenses	4 (7)	-	0 (2)	-
Equity Infusion	343,631	-	-	-
Support service charges	-	-	1,310 (682)	-
Telephone, communication and postage	-	-	(5)	-
Rent	-	-	578 (377)	-
Repairs and maintenance - Computers	20 (22)	-	469 (184)	-
Business Development Expenses	-	-	3	-
Bank and Guarantee charges	-	-	1 (1)	-
Staff Welfare	-	-	21	-
Investment in Subsidiary	-	10,384	-	-
Brokerage and incentives	-	-	220 (99)	-

Amounts in brackets represents amount relating to previous year

^ The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave encashment and incentives which are provided for group of employees on an overall basis.



## FORM C

Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020  
(Regulation 22)

HSBC Asset Management (India) Private Limited  
9-11 Floors, NESCO IT Park, Building No. 3,  
Western Express Highway,  
Goregaon (East), Mumbai – 400063.

Tel : +91 22 6614 5000  
Fax : +91 22 4914 6033  
Email : [hsbcperms@hsbc.co.in](mailto:hsbcperms@hsbc.co.in)

We confirm that:

- i) the Disclosure Document forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by SEBI from time to time;
- ii) the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us/ investment in the Portfolio Management Services;
- iii) the Disclosure Document has been duly certified on January 02, 2024 by Ms. Vidya Barje, Partner, M/s. M. P. Chitale & Co., Chartered Accountants, 1/11, 1st Floor, Prabhadevi Industrial Estate, Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai 400025. Tel: 43474301/02/03 bearing registration no. 104994 (enclosed is a copy of the chartered accountants' certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision).



 **Kailash Kulkarni**  
Principal Officer

**Date: January 04, 2024**

**Place: Mumbai**

Name and address of the acting Principal Officer:

Name : Kailash Kulkarni  
Address: HSBC Asset Management (India) Private Limited  
9-11 Floors, NESCO IT Park, Building No. 3,  
Western Express Highway, Goregaon (East), Mumbai - 400063.



# M. P. Chitale & Co.

## Chartered Accountants

1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025 • Tel.: 43474301-43474303

### **The Board of Directors.**

#### **HSBC Asset Management (India) Private Limited,**

9-11 Floors, NESCO IT Park, Building no. 3, Western

Express Highway, Goregaon (East), Mumbai – 400 063.

### **Certificate under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020**

1. We have been requested by management of HSBC Asset Management (India) Private Limited ('the Company'/'the Portfolio Manager') to certify the contents of Disclosure Document dated December 28, 2023, for portfolio management services of the Company which is prepared by the Company in accordance with the Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ('the SEBI Regulations') and Para 4.1 of the Master Circular for Portfolio Managers dated March 20, 2023 issued by SEBI. We understand that the Disclosure Document is required to be submitted to the Securities and Exchange Board of India ("the SEBI") and to the clients of the Company.

#### **Management's responsibility**

2. The management of the Company is responsible for the maintenance of the books of account and such other relevant records as prescribed by applicable laws, which includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation and presentation of Disclosure Document.
3. The preparation of Disclosure Document and compliance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 is the responsibility of the management of the Company.

#### **Auditor's responsibility**

4. We have not performed an audit, the objective of which would be expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such an opinion.

5. For the purpose of this certificate, we have planned and performed the following procedures to determine whether anything has come to our attention that causes us to believe that the aforementioned Disclosure Document is not in compliance with the SEBI Regulations.
- a) The list of persons classified as group companies and list of related parties of the company are as per audited financial statements available on the Company website;
  - b) The promoters and directors' qualifications, experience, ownership details are as confirmed by the Portfolio Manager and have been accepted without further verification;
  - c) We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to penalties or litigations against the Portfolio Manager, as mentioned in the Disclosure Document;
  - d) We have reviewed the figures for performance disclosed in the Disclosure Document on the basis of performance data spooled from Wealth Spectrum by the Company;
  - e) We have reviewed the list of related parties provided by the Portfolio Manager and there were nil transactions with the related parties during the quarter ended December 2023.
  - f) We have relied solely on representations provided by the management of the Company and not performed any procedures in relation to the investment objectives and policies / investment philosophy;
  - g) We have reviewed nature of fees and expenses as per the agreements and representations provided by the Company; and
  - h) We have verified the financial figures disclosed in the Disclosure Document with the audited financial statements for the respective years.

**Conclusion**

6. Based on the procedures performed as stated above, evidence obtained and information and explanations provided by the Company, nothing has come to our attention that causes us to believe that the Disclosure Document is not, in all material aspects, in compliance with the SEBI Regulations.

Based on our review of attached Disclosure Document, audited annual accounts of the Portfolio Manager and its other group companies and its other relevant records and information furnished by the Portfolio Manager along with representation provided, we certify that the disclosures made in the attached Disclosure Document for Portfolio

Management are true, fair and adequate to enable the investors to make a well informed decision.

7. This certificate is issued solely to comply with Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (as amended from time to time) and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document or made available to any other person or persons other than being part of Disclosure Document without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our certificate is shown or into whose hands it may come without our prior written consent.

**For M.P. Chitale & Co.**  
**Chartered Accountants**  
**Firm Reg. No. 101851W**

*V.V. Bajaj*

**Partner**  
**M. No. 104994**  
**Mumbai, January 02, 2024**  
**UDIN: 24104994BKABDZ2667**