



**HSBC Asset Management (India) Private Limited**  
Annual Reports 2018 - 2019



**HSBC**  
Global Asset  
Management

## DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2019

### The Shareholders HSBC Asset Management (India) Private Limited

The Directors of HSBC Asset Management (India) Private Limited (the Company/AMIN) have pleasure in submitting their report along with the audited financials for the Financial Year ended March 31, 2019.

#### 1. FINANCIAL RESULTS

As mandated by the Ministry of Corporate Affairs, the Financial Statements for the year ended March 31, 2019 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31 March 2019.

The performance of the Company during the financial year 2018-19 is summarized below:

Particulars	(Rupees in Million)	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Total Income	931.867	996.791
Total Expenses	794.571	770.327
<b>Profit / (Loss) before Tax and exceptional Item</b>	<b>137.296</b>	<b>226.464</b>
Exceptional Items	-	-
<b>Profit / (Loss) before Tax</b>	<b>137.296</b>	<b>226.464</b>
Provision for Tax (including Current, Deferred and MAT)	94.072	80.614
<b>Profit/(Loss) After Tax</b>	<b>43.224</b>	<b>145.850</b>
Other Comprehensive Income (Net of Tax)	<b>(0.169)</b>	<b>(0.676)</b>
<b>Total Comprehensive Income for the year</b>	<b>43.055</b>	<b>145.174</b>

During the year under review, the Company made a net profit before Tax of Rs. 137.296 million as against net profit before Tax of Rs. 226.464 million during the previous year.

## 2. APPROPRIATIONS

The Company does not propose to transfer any amount to the General Reserves. An amount of Rs. 43.055 million is proposed to be retained in the Statement of Profit and Loss.

## 3. DIVIDEND

Considering the quantum of distributable surplus and contingent liabilities, the management of the Company does not intend to provide for dividend during the year.

## 4. OPERATIONS

### a) Mutual Fund

During the year, the following schemes were launched by HSBC Mutual Fund

#### Details of schemes launched

<b>Scheme Name</b>	<b>Date of Launch</b>	<b>Amount Collected in NFO (in INR Crs.)</b>
HSBC Equity Hybrid Fund	22-Oct-18	586.02
HSBC Large and Mid Cap Fund	28-Mar-19	641.91
HSBC Fixed Term Series 134	8-Jun-18	157.06
HSBC Fixed Term Series 135	10-Jul-18	167.45
HSBC Fixed Term Series 136	13-Aug-18	47.70
HSBC Fixed Term Series 137	18-Jan-19	58.74
HSBC Fixed Term Series 139	26-Feb-19	42.83

As on March 31, 2019, the Mutual Fund had asset under management of INR 10,266.54 crores under schemes of HSBC Mutual Fund and INR 21,548.08 crores under Mutual Fund advisory mandate as against the asset under management of INR 8,982.36 crores under schemes of HSBC Mutual Fund and INR 21,965.97 crores under Mutual Fund advisory mandate in the previous year.

### b) Portfolio Management Services (PMS)

The Company launched its Portfolio Management Services (PMS) offering on 27 March 2006. PMS offers segregated mandate and advisory solutions to a wide range of institutions including institutional investors (foreign and Indian), insurance companies, pension funds, large individual investors, welfare trusts, fund of funds among others. We undertake discretionary segregated mandates and advisory mandates for the above class of investors.

As on March 31, 2019, the PMS business had Assets under Management of INR 162,957.01 crores under discretionary mandate and INR 6,524.15 Crores under advisory mandate as against the Assets under Management of INR 142,229.80 crores under discretionary mandate and INR 6,184.86 Crores under advisory mandate in the previous year.

## 5. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMIN has Investor Service Centres in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMIN has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. AMIN has a single Toll Free number which can be dialled from anywhere in India. The call center service is being managed by the Registrar and Transfer Agents.

On the distribution front, the number of empanelled distributors was 460 as on March 31, 2018. During the year, the AMIN initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 42.

## 6. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed below as **Annexure A**.

## 7. BOARD MEETINGS

During the financial year 2018-19, four meetings of the Board of Directors of the Company were held on the following dates:

<b>Date of Board Meeting</b>	<b>Directors present</b>
April 24, 2018	Ms. Kishori Udeshi Mr. S. P. Mustafa Mr. Ravi Menon
July 16, 2018	Ms. Kishori Udeshi Mr. S. P. Mustafa Mr. Dinesh Mittal Mr. Ravi Menon
October 22, 2018	Ms. Kishori Udeshi Mr. S. P. Mustafa Mr. Dinesh Mittal Mr. Ravi Menon

Date of Board Meeting	Directors present
February 19, 2019	Ms. Kishori Udeshi Mr. S. P. Mustafa Mr. Dinesh Mittal Mr. Ravi Menon

## 8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company is committed to Corporate Social Responsibility (CSR) and demonstrates this by contributing to the economic and social development of the communities and safeguarding the environment. Your Company has taken dynamic CSR activities and touched hundreds lives. Efforts were made to ensure that benefits of the CSR activities reaches to the less privileged and marginalized sections of society, under the focus areas of education, Your Company during the financial year 2018-19 supported Kherwadi Social Welfare Association (KSWA) and spent Rs. 4,350,000 (2% of the average profits during FY 2015 -16, FY 2016-17 and 2017-18) towards CSR activities in order to comply with Section 135 of the Companies Act, 2013. The said amount is provided to KSWA for their project Yuva Parivartan (YP) towards skill development and training of disadvantaged youth (age group 18-35) ) in 8 locations of Maharashtra.

The CSR Committee comprises of Ms. Kishori Udeshi. Mr. S.P. Mustafa and Mr. Ravi Menon as its members as on 31 March 2019. During the financial year 2018-19, one meeting of the CSR Committee of the Company was held on February 19, 2019 and it was attended by all the members.

The Annual Report on CSR activities, as prescribed under Section 135 of the Act read with Rule 9 of the Companies (Accounts) Rules, 2014 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended to this Report as **Annexure B**.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of your Company confirm:

- i. that the applicable accounting standards have been followed in the preparation of the annual accounts and that there are no material departures;
- ii. that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at March 31, 2019 and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv. that the annual accounts have been prepared on a 'going concern' basis; and

- v. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

## **10. LOANS OR GUARANTEES**

The Company has not provided any loans or guarantees under the provisions of section 186 of the Companies Act, 2013.

## **11. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions that were entered during the financial year were on arm's length basis and were in ordinary course of business. Accordingly, the disclosure of related party transactions as required pursuant to provisions of Section 134(3)(h) of Companies Act 2013 in form AOC 2, prescribed in Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable.

## **12. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION, EXPORT & FOREIGN EARNING AND OUTGO**

As the Company is the Asset Management Company to HSBC Mutual Fund and provides portfolio management services, no reporting in respect of conservation of energy and technology absorption is required.

During the year, the Company incurred expenditure of 8.78 crores [Previous year 8.82 crores] in foreign exchange and earned 40.04 crores [Previous year 33.92 crores] in foreign exchange.

## **13. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is committed to creating and maintaining an atmosphere in which employees can work together, without fear of sexual harassment, exploitation and intimidation. Accordingly, your Company has in place a Policy for Prohibition, Prevention, & Redressal of Sexual Harassment of Women at the Workplace and an Internal Complaints Committee is set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received.

## **14. RISK MANAGEMENT FRAMEWORK**

HSBC Enterprise Risk Management Framework has five main components: Culture and Values, Risk Governance, Roles and Responsibilities, Processes and Tools, and Internal

Controls. Our values of being open, connected and dependable are the foundations of our risk culture and help us make the right decisions and take the appropriate risks.

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

1<sup>st</sup> Line: Comprises predominantly management of Businesses who are accountable and responsible for their day to day activities and processes, their management of risks arising and the controls to mitigate those risks.

2<sup>nd</sup> Line: Comprises predominantly the Governance Functions (e.g., Risk Teams, Regulatory Compliance and Financial Crime Compliance teams etc.) whose role is to ensure that the Group meets its risk management and internal control responsibilities in relation to the risks they are responsible for overseeing

3<sup>rd</sup> Line: is Global Internal Audit. Global Internal Audit provides independent assurance to the Group over the design and operation of HSBC's risk management, governance and internal control processes.

Risk management is an integral part of the way we do business. We have detailed risk management procedures to comply with local regulatory guidelines and internal group policies. The group has issued internal guidelines named as "Functional Instruction Manual" which are required to be complied comprehensively. These are global best practice guidelines for each functional/business area. These guidelines have been prepared based on years of experience and are in a number of cases more stringent than the local regulatory requirements.

An experienced Risk Management team monitors Investment, Liquidity and Counterparty Limits and any exceptions are deliberated in Risk Management Meeting (RMM) meetings that are held every Month. The scope and remit of the AMIN RMM extends to the entire business of AMIN and HSBC Mutual Fund including managed account portfolios and sub-advised accounts.

The AMIN RMM is responsible for setting, within the context of the Group direction, local regulations, the AMIN risk management strategy and appetite, policies and control standards for AMIN and to monitor their implementation. In this regard, the AMIN RMM will review the material risks affecting the AMIN business and is responsible for the oversight of the risk and internal control environment in AMIN.

Risk team also actively participates on various other Governance Forums like Front Office Management Committee, Local Product Committee etc. Head Risk also chairs the Valuation and Pricing Committee.

## **15. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Board of Directors of the Company comprises 50% directors who are not associate of or associated in any manner with, the Sponsor of HSBC Mutual Fund (HSBC Securities and Capital Markets (India) Private Limited) or any of its subsidiaries or the Trustees of HSBC Mutual Fund.

The list of directors of AMIN are as follows:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>DIN</b>
1.	Mr. S. P. Mustafa	00014427
2.	Ms. Kishori J Udeshi	01344073
3.	Mr. Dinesh Mittal	00040000
4.	Mr. Ravi Menon	00016302

## **16. PARTICULARS OF EMPLOYEES**

The information as required as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith.

## **17. DEPOSITS**

The Company has not accepted any deposits from the public or employees during the year under review.

## **18. SIGNIFICANT AND MATERIAL ORDERS**

During the period, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **19. AUDITORS**

M/s. Price Waterhouse LLP, Chartered Accountants (Firm Registration No. F012754N/N500016), Mumbai, had been appointed as Auditors of the Company at the Annual General Meeting (AGM) held on September 16, 2015, for a period of five years. The Auditors have confirmed that their appointment is in accordance with the Section 139 of the Companies Act, 2013 and the Rules made thereunder and that they are not disqualified in terms of section 141 of the Companies Act, 2013.



## **20. COST RECORDS**

As your Company is not a manufacturing company, the cost records are not required to be maintained by your Company pursuant to an order passed by the Central Government.

## **21. SECRETARIAL STANDARDS**

Your Company has complied with all the applicable Secretarial Standards.

## **22. CORPORATE PHILOSOPHY AND COMPLIANCE**

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

## **23. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of the reliable financial disclosures. This framework provides adequate financial controls with reference to financial statements commensurate with the business and operations of the Company. During the year, there was no adverse observations received from Statutory Auditors of the Company for inadequacy of such controls.

## **24. COMMENTS ON AUDITOR'S REPORT**

There are no qualifications, reservations or adverse remarks made by M/s. Price Waterhouse LLP, Chartered Accountants in their report.

## **25. MATERIAL CHANGES COMMITMENTS**

There have been no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year i.e. 31 March 2019 to which the Financial Statements relate and the date of the report.

## **26. ACKNOWLEDGEMENTS**

The Company maintained cordial relationships with Regulatory Authorities, Financial Institutions, Banks and investors during the year under review. The Directors are grateful for the support extended by them and look forward to receiving their continued support and encouragement.

The Directors wish to place on record their appreciation to the employees of the Company for their dedication and commitment.

By authority of the Board

Sd/-  
**Kishori Udeshi**  
Chairperson  
DIN – 01344073

Sd/-  
**Ravi Menon**  
Director & Chief Executive Officer  
DIN - 00016302

**Place: Mumbai**

**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended 31.03.2019**  
**[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the**  
**Companies (Management and Administration) Rules, 2014]**  
**FORM NO. MGT – 9**

<b>I. REGISTRATION AND OTHER DETAILS</b>		
i.	CIN	U74140MH2001PTC134220
ii.	Registration Date	December 12, 2001
iii.	Name of the Company	HSBC Asset Management (India) Private Limited
iv.	Category / Sub-Category of the Company	Company having Share Capital
v.	Address of the Registered Office and contact details	3rd Floor, Merchantile Bank Chamber, 16, Veer Nariman Road, Fort, Mumbai- 400001 Tel: +912266145000
vi.	Whether listed company	No
vii.	Name, address and contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited Address: 6-10 Haji Moosa Patrawala Industrial Estate, 20 Dr. E Moses Road, Mahalaxmi. Mumbai -400011

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

**All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:**

<b>Sr. No.</b>	<b>Name and Description of main Products / Services</b>	<b>NIC Code of the Product / Service</b>	<b>% to total turnover of the Company</b>
1.	Investment Management Services	Group 663	55.10%
2.	Advisory/Sub Advisory	Group 663	44.90%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	HSBC Securities and Capital Markets (India) Private Limited - 52/60, Mahatma Gandhi Road, Fort, Mumbai, Maharashtra, 400001	U67120MH1994PTC081575	Holding	100.00	2(46)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies	6,15,9	2	6,15,	100.0	6,15,9	2	6,15,	100.	-

Corporate	09,06		909,08	0	09,06		909,08	00	
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):</b>	6,15,909,06	2	6,15,909,08	100.00	6,15,909,06	2	6,15,909,08	100.00	-
<b>2) Foreign</b>									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	6,15,909,06	2	6,15,909,08	100.00	6,15,909,06	2	6,15,909,08	100.00	-
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):</b>	-	-	-	-	-	-	-	-	-
<b>2) Non-Institutions</b>									

<b>a) Bodies Corporate</b>									
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
(i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
<b>c) Others (specify)</b>									
i. Shares held by Pakistani citizens vested with the Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
ii. Other Foreign Nationals	-	-	-	-	-	-	-	-	-
iii. Foreign Bodies	-	-	-	-	-	-	-	-	-
iv. NRI / OCBs	-	-	-	-	-	-	-	-	-
v. Clearing Members / Clearing House	-	-	-	-	-	-	-	-	-
vi. Trusts	-	-	-	-	-	-	-	-	-
vii. Limited Liability Partnership	-	-	-	-	-	-	-	-	-
viii. Foreign Portfolio	-	-	-	-	-	-	-	-	-

Investor (Corporate)										
ix. Qualified Foreign Investor	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	6,15,9 09,06	2	6,15, 909, 08	100.0 0	6,15,9 09,06	2	6,15, 909, 08	100. 00	-	

**(ii) Shareholding of Promoters**

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Chang e during the year
	No. of Shares	% of total shares of the Comp any	% of Shares Pledged / encumb ered to total shares	No. of Shares	% of total shares of the Comp any	% of Shares Pledged / encumb ered to total shares	
HSBC Securities and Capital Markets (India) Private Limited	6,15,909,08	100.00	Nil	6,15,909,08	100.00	Nil	-

**(iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	No change during the year			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year			
At the end of the year	No change during the year			

**(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
NIL				

**(v) Shareholding of Directors and Key Managerial Personnel – Nil**

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal	2,133,820	-	-	2,133,820



	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Amount				
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	2,133,820	-	-	2,133,820
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	
Reduction	1,492,514	-	-	1,492,514
<b>Net Change</b>	1,492,514	-	-	1,492,514
Indebtedness at the end of the financial year				
i. Principal Amount	641,306	-	-	641,306
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	641,306			641,306

**Future interest payable over the lease period is not included in above presentation**

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Refer Annexure C**
- B. Remuneration to other Directors: Not Applicable**

Details of sitting fees paid to Directors are provided below

Sr. No.	Particulars	Name of Director			Total Amount
		Dinesh Kumar Mittal	S. P. Mustafa	Kishori Udeshi	
1	Fee for attending Board/ Committee Meetings	150,000	220,000	220,000	590,000
2	Commission	-	-		-
3	Others, please Specify	-	-		-
	<b>Total</b>	150,000	220,000	220,000	590,000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: Not Applicable**

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees Imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	Nil				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	Nil				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil				
Punishment					
Compounding					

Sd/-  
**Kishori Udeshi**  
 Chairperson  
 DIN – 01344073

Sd/-  
**Ravi Menon**  
 Director & Chief Executive Officer  
 DIN - 00016302

**Place: Mumbai**

**FORMAT OF THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN BOARD 'S REPORT**

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

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

1. Promoting Education
2. Environmental Sustainability

Within Promoting Education focus is particularly on:

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

Within the Environmental Sustainability focus is particularly on:

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

**2. The composition of the CSR Committee:**

- a) Kishori Udeshi (Independent Director)
- b) Ravi Menon (Director & Chief Executive Officer)
- c) S. P. Mustafa (Independent Director)

**3. Average net profit of the Company for last three financial years:**

Average net profit: Rs. 217,416,511

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The Company was required to spend Rs. 4,350,000 towards CSR.

**5. Details of CSR spend for the financial year:**

**a) Total amount spent for the financial year:**

Rs. 4,350,000

**b) Amount unspent, if any:**

Nil

**c) Manner in which the amount spent during the financial year is detailed below:**

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects was undertaken	Amount outlay (budget) project or programs wise (in INR)	Amounts spent in the projects or programs Subheads: 1) Direct expenditure on projects or programs 2) Overheads (in INR)	Cumulative expenditure upto the reporting period (in INR)	Amount spent: Direct or through implementing agency
1	Skill training to disadvantaged youth (age group 18-35) in 8 locations of Maharashtra.	Promoting Education	8 locations in Maharashtra (Mumbai, Thane, Palghar, Nashik, Pune, Nanded, Jalna, Chandrapur )	4,350,000	4,350,000	4,350,000	Through an Agency- Kherwadi Social Welfare Association (KSWA)

**6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board report.**

Not Applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

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

Sd/-

**Kishori Udeshi**

**Director & Chairperson CSR Committee**

DIN - 01344073

**HSBC Asset Management (India) Private Limited**  
**Balance Sheet as at March 31, 2019**

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

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	3	3,434	4,217	9,189
Receivables				
- Trade receivables	4	297,976	267,028	250,433
Loans	5	8,035	7,396	7,832
Investments	6	864,594	850,867	640,189
<b>Non-Financial Assets</b>				
Current tax assets (Net)	7	296,794	323,694	312,934
Deferred tax assets (Net)	8	149,699	154,970	191,685
Property, plant and equipment	9	4,091	10,537	21,939
Other Intangible assets	10	5,274	1,547	3,847
Other non-financial assets	11	49,569	48,010	44,839
<b>Total Assets</b>		<b>1,679,466</b>	<b>1,668,266</b>	<b>1,482,887</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial Liabilities</b>				
Payables				
Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	12	71,975	75,862	76,816
Borrowings	13	641	2,134	3,537
Other financial liabilities	14	36,868	39,074	46,713
<b>Non-Financial Liabilities</b>				
Current tax liabilities (Net)	15	17,278	2,174	2,174
Provisions	16	37,094	34,335	28,660
Other non-financial liabilities	17	30,828	72,960	28,434
<b>EQUITY</b>				
Equity share capital	18	615,909	615,909	615,909
Other equity	19	868,873	825,818	680,644
<b>Total Liabilities and Equity</b>		<b>1,679,466</b>	<b>1,668,266</b>	<b>1,482,887</b>

The above Balance sheet should be read in conjunction with the accompanying notes

This is the Balance sheet referred to in our report of even date

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

**For and on behalf of the Board of Directors of**  
HSBC Asset Management (India) Private Limited

**Vivek Prasad**  
Partner  
Membership No: 104941  
UDIN: 19104941AAAABM3326

**Kishori J Udeshi**  
Chairperson  
DIN No: 01344073

**Ravi Menon**  
Director &  
Chief Executive Officer  
DIN No: 00016302

**Sumesh Kumar**  
Company Secretary  
CS No: 17520

Place : Mumbai  
Date: July 15, 2019

Place : Mumbai  
Date: July 15, 2019

**HSBC Asset Management (India) Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2019**

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

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue From Operations</b>			
Fees and commission Income	20	845,296	942,722
Net gain on fair value changes	21	59,888	53,677
<b>Revenue from Operations</b>		<b>905,184</b>	<b>996,399</b>
Other Income	22	26,683	392
<b>Total Income</b>		<b>931,867</b>	<b>996,791</b>
<b>Expenses</b>			
Finance Cost		182	380
Employee Benefits Expense	23	439,197	430,311
Depreciation and amortization expense	24	8,908	16,852
Others expenses	25	346,284	322,784
<b>Total expenses</b>		<b>794,571</b>	<b>770,327</b>
Profit before tax		137,296	226,464
Tax expense:			
(a) Current tax	26.1	33,995	43,899
(b) Adjustment in respect of current income tax of prior years	26.1	54,807	
(c) Deferred tax	26.2	5,270	36,715
Profit for the year		<b>43,224</b>	<b>145,850</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined employee benefit plans	16	(215)	(859)
Income tax relating to items that will not be reclassified to profit or loss		46	183
<b>Other Comprehensive Income</b>		<b>(169)</b>	<b>(676)</b>
<b>Total Comprehensive Income for the year</b>		<b>43,055</b>	<b>145,174</b>
Earnings per equity share (Nominal value of Rs.10/- per share)			
Basic & Diluted (Rs.)		0.70	2.36

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes

This is the Statement of Profit and Loss referred to in our report of even date

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

**Vivek Prasad**  
Partner  
Membership No: 104941  
UDIN: 19104941AAAABM3326

Place : Mumbai  
Date: July 15, 2019

**For and on behalf of the Board of Directors of**  
HSBC Asset Management (India) Private Limited

**Kishori J Udeshi**  
Chairperson  
DIN No: 01344073

**Sumesh Kumar**  
Company Secretary  
CS No: 17520

Place : Mumbai  
Date: July 15, 2019

**Ravi Menon**  
Director &  
Chief Executive Officer  
DIN No: 00016302

**HSBC Asset Management (India) Private Limited**  
**Statement of Changes In Equity for the year ended March 31, 2019**

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

**a) Equity Share Capital**

<b>Particulars</b>	<b>Number of Shares</b>	<b>Amount</b>
As at April 1, 2017	61,590,908	615,909
Increase during the year	-	-
As at March 31, 2018	61,590,908	615,909
Increase during the year	-	-
As at March 31, 2019	61,590,908	615,909

**b) Other Equity**

<b>Particulars</b>	<b>Reserves and Surplus</b>			<b>Total</b>
	<b>Capital Redemption Reserve</b>	<b>Securities Premium</b>	<b>Retained Earnings</b>	
<b>Restated Balance as at April 1, 2017</b>	<b>90,000</b>	<b>15,743</b>	<b>574,901</b>	<b>680,644</b>
Profit for the year	-	-	145,850	145,850
Other Comprehensive Income	-	-	(676)	(676)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>145,174</b>	<b>145,174</b>
<b>Balance as at March 31, 2018</b>	<b>90,000</b>	<b>15,743</b>	<b>720,075</b>	<b>825,818</b>
Profit for the year	-	-	43,224	43,224
Other Comprehensive Income	-	-	(169)	(169)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>43,055</b>	<b>43,055</b>
<b>Balance as at March 31, 2019</b>	<b>90,000</b>	<b>15,743</b>	<b>763,130</b>	<b>868,873</b>

The above statement of Changes in Equity should be read in conjunction with the accompanying notes

This is the Statement of Changes in Equity referred to in our report of even date

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

**For and on behalf of the Board of Directors of**  
HSBC Asset Management (India) Private Limited

**Vivek Prasad**  
Partner  
Membership No: 104941  
UDIN: 19104941AAAABM3326

**Kishori J Udeshi**  
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Chief Executive Officer  
DIN No: 00016302

**Sumesh Kumar**  
Company Secretary  
CS No: 17520  
Place : Mumbai  
Date: July 15, 2019

Place : Mumbai  
Date: July 15, 2019



HSBC Asset Management (India) Private Limited  
Statement of Cash Flows for the year ended March 31, 2019

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

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A Cash flow from operating activities</b>			
Profit before income tax		137,296	226,464
Adjustments for:			
- (Profit) / Loss on sale of property, plant and equipments	25,22	52	(84)
- Finance Cost		182	380
- Depreciation and amortisation	24	8,908	16,852
- (Profit)/Loss on sale of investment (net)	21	(52,224)	(32,911)
- Remeasurement of defined benefit plans	16	(215)	(859)
- Unrealised gain on foreign currency transaction		-	(2,076)
- Net (Gain) / Loss on Fair Value Changes on FVTPL assets	21	(7,664)	(20,766)
Operating profit before working capital changes		86,335	187,000
<u>Adjustments for changes in working capital</u>			
(Increase) / decrease in loans	5	(640)	437
(Increase) / decrease in other non financial assets	11	(1,558)	(3,172)
(Increase) / decrease in trade receivables	4	(30,948)	(14,494)
Increase / (decrease) in trade payables	12	(3,887)	(974)
Increase / (decrease) in other financial liabilities	14	(2,206)	(7,644)
Increase / (decrease) in other non financial liabilities	17	(42,132)	44,526
Increase / (decrease) in Provisions	16	2,759	5,675
		(78,612)	24,354
Cash generated from operations		7,724	211,354
Payment of taxes (net)		46,750	54,475
<b>Net cash (used in) / generated from operating activities (A)</b>		<b>(39,026)</b>	<b>156,879</b>
<b>B Cash flow from investing activities</b>			
- Purchase of Investments		(760,623)	(737,300)
- Purchase of property, plant & equipment	9	(6,242)	(3,175)
- Proceeds from sale of investments		806,783	580,300
- Proceeds from sale of property, plant and equipments		-	107
- Dividend received			
<b>Net cash (used in) / generated from investing activities (B)</b>		<b>39,918</b>	<b>(160,068)</b>
<b>C Cash flow from financing activities</b>			
- Principal payment under finance leases		(1,493)	(1,403)
- Finance cost paid		(182)	(380)
<b>Net cash (used in) / generated from financing activities (C)</b>		<b>(1,675)</b>	<b>(1,783)</b>
Net change in cash and cash equivalents (A+B+C)		(783)	(4,972)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>4,217</b>	<b>9,189</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>3,434</b>	<b>4,217</b>

**HSBC Asset Management (India) Private Limited**  
**Statement of Cash Flows for the year ended March 31, 2019 (Continued)**

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

Particulars	Notes	March 31,2019	March 31,2018
<b>Components of cash and cash equivalents</b>			
Cash on hand		10	10
In Current account with banks	<b>3</b>	3,424	4,207
- In India with scheduled banks			
<b>Total cash and cash equivalents ( Note 3)</b>		<b>3,434</b>	<b>4,217</b>

Note : The above Statement of Cash Flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flows as prescribed under section 133 of the act.

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

This is the Statement of Cash flows referred to in our report of even date

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

**For and on behalf of the Board of Directors of**  
HSBC Asset Management (India) Private Limited

**Vivek Prasad**  
Partner  
Membership No: 104941  
UDIN: 19104941AAAABM3326

**Kishori J Udeshi**  
Chairperson  
DIN No: 01344073

**Ravi Menon**  
Director &  
Chief Executive Officer  
DIN No: 00016302

**Sumesh Kumar**  
Company Secretary  
CS No: 17520

Place : Mumbai  
Date: July 15, 2019

Place : Mumbai  
Date: July 15, 2019

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

*for the year ended 31 March 2019*

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

### Background

HSBC Asset Management (India) Private Limited ("the Company") was incorporated on December 12, 2001. The Company is a wholly owned subsidiary of HSBC Securities and Capital Markets (India) Private Limited. Its principal activity is to act as an Investment Manager to HSBC Mutual Fund ("the Fund"). The Company manages the Mutual Fund schemes launched by HSBC Mutual Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated February 7, 2002. The Company is also a SEBI registered Portfolio Manager. The Company has received a certificate from SEBI to act as Portfolio Manager. The said certificate is valid up to September 15, 2020 and to be renewed thereafter. It provides discretionary and advisory Portfolio Management Services (PMS) to its clients. The Company also provides sub-advisory non binding services to its group entities.

### Note 1 Summary of Significant accounting policies

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

#### 1. Basis of preparation

##### 1.1 Compliance with Ind AS

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

The financial statements up to the year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. Beginning April 1, 2018, the Company has for the first time adopted Ind AS with a transition date of April 1, 2017.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 36 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

##### 1.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities are measured at fair value.

##### 1.3 Standards issued but not yet adopted:

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease.

The Company is in the process of assessing the detailed impact of Ind AS 116.

There are no other standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in its financial statements.

### 2. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The power to assess the financial performance and position of the Company and make strategic decisions is vested in the Chief Executive Officer & Director who has been identified as the Chief Operating Decisions Maker. The company presently has a single reportable segment. Necessary disclosure with respect to single reporting segment has been provided in note 35.

### 3. Foreign currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

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

All foreign exchange gains and losses are presented in the Statement of Profit and Loss.

### 4. Revenue recognition

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

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

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

The Company applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

### *Management fees*

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

### *Other Management fees*

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

### *Advisory fees*

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

## 5. Income tax

### Current taxes

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

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

### Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

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

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

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

### 6. Leases

#### As a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases.

#### Finance Leases

The Company leases certain tangible assets and such leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in borrowings. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### 7. Impairment of assets

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

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

### 8. Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash in hand, balances and short term deposits with other banks and other short-term, highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 9. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 10. Investments and other financial assets

#### i. Classification

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

#### ii. Recognition

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

#### iii. Measurement

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

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

### *Debt instruments*

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the Statement of Profit and Loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss. Interest income from these financial assets is included using the effective interest rate method. Foreign exchange gains(losses) are presented in net gain on fair value changes and impairment expenses are presented as separate line item in Statement of Profit and Loss.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within Net gain/loss on fair value changes in the period in which it arises.

### *Equity instruments*

The Company measures all equity investments at fair value through profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net gain/loss on fair value changes in the Statement of Profit and Loss.

#### iv. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28(b) details how the Company determines whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

### v. Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset; or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### vi. Income recognition

#### *Interest income*

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### *Dividends*

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

### 11. Offsetting financial instruments

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

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

### 12. Financial liabilities

#### i. Classification as debt or equity

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

#### ii. Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### iii. Subsequent measurement:

Financial liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit and Loss over the period of the liabilities using the effective interest rate method.

#### iv. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of the existing liability are substantially modified, such as exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### 13. Property, plant and equipment

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

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

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

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

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

Nature of Property, Plant and Equipment	Management Estimate of Useful Life in months
Furniture and fixtures	60 Months
Computers	36 Months
Office Equipments	60 Months
Vehicles	Depreciated over lease tenure

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

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

### ***Transition to Ind AS***

On transition to Ind AS, the company has elected to continue with the carrying value of all of property, plant and equipments recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

## **14. Intangible assets**

### ***Computer software***

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

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

- it is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it.
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

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

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

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

### ***Amortisation methods and periods***

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

**Computer software     36 months**

### ***Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## **15. Trade and other payables**

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

## **16. Provisions, Contingent Liabilities and Contingent Assets**

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

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

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

### 17. Employee benefits

#### Short-term obligations

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

#### Post employment obligations

The Company operates the following post-employment schemes:

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

#### Defined benefit plans (Gratuity)

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

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

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

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

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

### Defined contribution plans

#### Provident fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Other Long term employee benefit obligations (Restricted Share plan/Share based payments)

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

#### Bonus

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

### 18. Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

### 19. Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

# HSBC Asset Management (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2019 (Continued)

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

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

### 20. New Fund Offer ('NFO') expenses

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

### 21. Brokerage expenses

Distribution cost in form of brokerage paid to distributors are are charged to Statement of Profit and Loss of the Company in the year in which these expenses are incurred. Clawback of such brokerages, if any, is netted off from such distribution costs.

### 22. Fund expenses

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

### 23. Rounding of amounts

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

## Note 2 Use of judgments, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain of the Company's accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and may have a material impact on the Company's financial condition, changes in financial condition or results of operations. Critical accounting estimates could also involve estimates where management could have reasonably used another estimate in the current accounting period. The critical policies that involves critical accounting estimates includes fair valuation of financial instruments, impairment of non-financial assets and deferred tax. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

HSBC Asset Management (India) Private Limited  
Notes to the financial statements for the year ended March 31, 2019 (Continued)

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

3 Cash and Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash on Hand	10	10	10
Balances with Banks in current account	3,424	4,207	9,179
<b>Total</b>	<b>3,434</b>	<b>4,217</b>	<b>9,189</b>

4 Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Receivable Considered good - Unsecured	297,976	267,028	250,433
<b>Gross</b>	<b>297,976</b>	<b>267,028</b>	<b>250,433</b>
Less: Impairment Loss Allowance	-	-	-
<b>Total</b>	<b>297,976</b>	<b>267,028</b>	<b>250,433</b>

5 Loans

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>At Amortised Cost</b>			
<b>(A) Loans</b>			
Security Deposit	7,450	6,820	6,889
Staff Loans	585	576	943
<b>Total - Gross</b>	<b>8,035</b>	<b>7,396</b>	<b>7,832</b>
Less: Impairment loss allowance	-	-	-
<b>Total - Net</b>	<b>8,035</b>	<b>7,396</b>	<b>7,832</b>
<b>(B) (i) Secured by tangible assets</b>	-	-	-
<b>(ii) Secured by intangible assets</b>	-	-	-
<b>(iii) Covered by Bank/Government Guarantees</b>	-	-	-
Unsecured	8,035	7,396	7,832
<b>Total Gross</b>	<b>8,035</b>	<b>7,396</b>	<b>7,832</b>
Less: Impairment loss allowance	-	-	-
<b>Total Net</b>	<b>8,035</b>	<b>7,396</b>	<b>7,832</b>
<b>(C) (I) Loans in India</b>			
(i) Public Sector	-	-	-
(ii) Others	8,035	7,396	7,832
<b>Total (C)(I)- Gross</b>	<b>8,035</b>	<b>7,396</b>	<b>7,832</b>
Less: Impairment loss allowance	-	-	-
<b>Total(C)(I) -Net</b>	<b>8,035</b>	<b>7,396</b>	<b>7,832</b>
<b>(C) (II) Loans outside India</b>	-	-	-
Less: Impairment loss allowance	-	-	-
<b>Total (C) (II)- Net</b>	-	-	-
<b>Total C(I) and C(II)</b>	<b>8,035</b>	<b>7,396</b>	<b>7,832</b>



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

6 Investments

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>At Fair Value through Profit or Loss</b>			
Mutual funds units	864,594	850,867	640,189
<b>Total Gross</b>	<b>864,594</b>	<b>850,867</b>	<b>640,189</b>
(i) Investments outside India	-	-	-
(ii) Investments in India	864,594	850,867	640,189
<b>Total</b>	<b>864,594</b>	<b>850,867</b>	<b>640,189</b>
Less : Allowance for Impairment	-	-	-
<b>Total Net</b>	<b>864,594</b>	<b>850,867</b>	<b>640,189</b>

7 Current tax assets (Net)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance Tax, Tax deducted at source, [Net of provision for tax of Rs. 626,489 (March 31, 2018 Rs. 632,070; April 01, 2017 Rs. 588,355)]	296,794	323,694	312,934
<b>Total</b>	<b>296,794</b>	<b>323,694</b>	<b>312,934</b>

8 Deferred tax assets (Net)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>Deferred Tax Assets</b>			
Brought forward losses	-	30,495	98,234
Minimum Alternate Tax (MAT) Credit	145,149	119,332	88,060
Finance lease rentals	114	227	214
Depreciation/Amortisation	1,801	955	-
Provision for employee benefits	10,320	9,998	9,475
Bonus payable	8,913	9,464	9,475
<b>Total deferred tax assets</b>	<b>166,297</b>	<b>170,471</b>	<b>205,458</b>
<b>Deferred Tax Liabilities</b>			
Depreciation or Amortisation	-	-	2,306
Fair value of financial instruments	16,598	15,501	11,467
<b>Total deferred tax liabilities</b>	<b>16,598</b>	<b>15,501</b>	<b>13,773</b>
<b>Net deferred tax assets</b>	<b>149,699</b>	<b>154,970</b>	<b>191,685</b>

Note: For movement in deferred tax, refer note no. 26.2

The Company has recognised deferred tax assets on carried forward tax losses and other items from April 1, 2017. The Company has incurred the losses in earlier financial years. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on approved business plans and budgets for the Company as per the relevant dates above. The company is expected to generate taxable income in future years.

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**11 Other non-financial assets**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance to suppliers	4,134	3,526	1,793
Goods and Service tax / Cenvat Credit	28,238	24,198	23,245
Prepayments	14,544	16,175	17,945
Other Receivables	2,653	4,111	1,856
<b>Total</b>	<b>49,569</b>	<b>48,010</b>	<b>44,839</b>

**12 Trade payables**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	71,975	75,862	76,816
<b>Total</b>	<b>71,975</b>	<b>75,862</b>	<b>76,816</b>

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

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:	-	-	-
- Principal amount	-	-	-
- Interest due thereon	-	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-	-
Amount of the payment made to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-	-

**13 Borrowings**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Obligations under Finance Leases (Secured by Motor Car)	641	2,134	3,537
<b>Total</b>	<b>641</b>	<b>2,134</b>	<b>3,537</b>

Borrowings in India	641	2,134	3,537
Borrowings outside India	-	-	-

Period	November'19
Terms of Repayment	Monthly Installment
Coupon/Interest Rate	14%

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

**(All amounts in thousands of Indian Rupees unless otherwise stated)**

The Company has entered into finance lease agreements for motor cars for use by some of its employees. The period of lease is between 3 to 5 years in all cases. These lease agreements are non-renewable and do not provide for escalation in rental values. The total future minimum lease payments at the balance sheet date, element of interest included in such payments, and present value of these minimum lease payments are as follows:

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at April 1, 2017</b>
Total future minimum lease payments	683	2,358	4,141
Future interest included above	42	224	604
<b>Present value of future minimum lease payments</b>	<b>641</b>	<b>2,134</b>	<b>3,537</b>

**14 Other Financial Liabilities**

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at April 1, 2017</b>
Employee benefits payable (including Restricted Share Plan)	36,868	39,074	46,713
<b>Total</b>	<b>36,868</b>	<b>39,074</b>	<b>46,713</b>

**15 Current tax liabilities (Net)**

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>	<b>As at April 1, 2017</b>
Provision for Income Tax [Net of advance tax and Tax deducted at source Rs.89,274 (March 31, 2018 Rs. 10,523; April 01, 2017 Rs.10,523 )]	17,278	2,174	2,174
<b>Total</b>	<b>17,278</b>	<b>2,174</b>	<b>2,174</b>

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**9 Property, Plant and Equipment**

Particulars	Computers	Furniture and Fixtures	Office Equipment	Vehicles*	Total
<b>Gross Block (At Cost)</b>					
Deemed cost as at April 1, 2017	17,461	419	1,170	2,889	21,939
Additions	2,251	124	800	-	3,175
Disposals	(7,939)	-	(267)	-	(8,206)
As at March 31, 2018	11,773	543	1,703	2,889	16,908
Additions	272	-	70	-	342
Disposals	-	-	-	(638)	(638)
As at March 31, 2019	12,045	543	1,773	2,251	16,612
<b>Depreciation</b>					
Depreciation charge during the year	12,553	126	339	1,534	14,552
Disposals	(7,915)	-	(266)	-	(8,181)
As at March 31, 2018	4,638	126	73	1,534	6,371
Depreciation charge during the year	5,096	142	427	1,070	6,735
Disposals	-	-	-	(585)	(585)
As at March 31, 2019	9,734	268	500	2,019	12,521
<b>Net Block</b>					
As at March 31, 2018	7,135	417	1,630	1,355	10,537
As at March 31, 2019	2,311	275	1,273	232	4,091

\* All vehicles of the Company have been taken on finance lease.

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**10 Other Intangible Assets**

Particulars	Computer Software
<b>Gross Block (At Cost)</b>	
Deemed cost as at April 1, 2017	3,847
Additions	-
Disposals	-
As at March 31, 2018	3,847
Additions	5,900
Disposals	-
As at March 31, 2019	9,747
<b>Amortisation</b>	
Amortisation during the year	2,300
Disposals	-
As at March 31, 2018	2,300
Amortisation during the year	2,173
Disposals	-
As at March 31, 2019	4,473
<b>Net Block</b>	
As at March 31, 2018	1,547
As at March 31, 2019	5,274

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

## 16 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>Provision for employee benefits</b>			
Provision for leave absences	6,289	5,812	4,795
Provision for Gratuity (refer note- (b) below)	30,805	28,523	23,865
<b>Total</b>	<b>37,094</b>	<b>34,335</b>	<b>28,660</b>

## a) Defined contribution plans

The company also has certain defined contribution plans. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 17,080 (31 March 2018 - Rs. 16,099).

## b) Defined benefit plans

## Gratuity

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service. In line with the payment of Gratuity act, 1972. The same is payable at the time of separation from the company or retirement, whichever is earlier. The benefit vest after 4 years and 190 days of continuous service. The plan is wholly unfunded.

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

Particulars	As at March 31, 2019		
	Present value of obligation	Fair value of plan asset	Net amount
<b>Opening Balance</b>	<b>28,523</b>	-	<b>28,523</b>
Current service cost	4,863	-	4,863
Interest cost	1,936	-	1,936
<b>Total amount recognised in Profit and Loss</b>	<b>6,799</b>	-	<b>6,799</b>
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	225	-	225
(Gain)/loss from change in financial assumptions	203	-	203
(Gain)/loss on account of experience changes	(213)	-	(213)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>215</b>	-	<b>215</b>
Employer Contributions	-	-	-
Benefit Payments	(4,732)	-	(4,732)
Liabilities assumed/Asset acquired	-	-	-
<b>Closing Balance</b>	<b>30,805</b>	-	<b>30,805</b>

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

Particulars	As at March 31, 2018		
	Present value of obligation	Fair value of plan asset	Net amount
<b>Opening Balance</b>	<b>23,865</b>	-	<b>23,865</b>
Current service cost	4,228	-	4,228
Interest cost	1,578	-	1,578
<b>Total amount recognised in Profit and Loss</b>	<b>5,806</b>	-	<b>5,806</b>
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	791	-	791
(Gain)/loss on account of experience changes	68	-	68
<b>Total amount recognised in Other Comprehensive Income</b>	<b>859</b>	-	<b>859</b>
Employer Contributions	-	-	-
Benefit Payments	(2,007)	-	(2,007)
Liabilities assumed/Asset acquired	-	-	-
<b>Closing Balance</b>	<b>28,523</b>	-	<b>28,523</b>

The net liability disclosed above relates to unfunded plans are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Present value of plan liabilities	30,805	28,523	23,865
Fair value of plan assets	-	-	-
<b>Plan liability net of plan assets</b>	<b>30,805</b>	<b>28,523</b>	<b>23,865</b>

(ii) Statement of Profit and Loss

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Employee benefit expense:</b>		
Current service cost	4,863	4,228
<b>Total</b>	<b>4,863</b>	<b>4,228</b>
Finance costs	1,936	1,578
<b>Net impact on the profit before tax</b>	<b>6,799</b>	<b>5,806</b>
<b>Remeasurements of the net defined benefit liability:</b>		
Actuarial gains/(losses) arising from Changes in financial assumption	203	791
Actuarial gains/(losses) arising from changes in demographic assumptions	225	-
Actuarial gains/(losses) arising from changes actual return on plan assets less interest on plan asset	-	-
Actuarial gains/(losses) arising from changes in experience	(213)	68
<b>Net impact on the other comprehensive income before tax</b>	<b>7,014</b>	<b>6,665</b>

(iii) Defined benefit plan assets

Category of assets	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Insurer managed funds	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(iv) Actuarial assumptions

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

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Discount rate	7.30%	7.40%	6.90%
Salary escalation rate*	7.00%	7.00%	6.00%

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

(v) Demographic assumptions

**Retirement Age:**

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

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
<b>Mortality rate</b>	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table
<b>Withdrawal rate</b>	11%	14%	13.5%

**Disability:**

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

(vi) Sensitivity

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50bps	(991)	1,052
Salary escalation rate	50bps	1,052	(1,000)

As at March 31, 2018	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50bps	(782)	825
Salary escalation rate	50bps	826	(791)

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

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

(vii) Maturity

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

Particulars	As at March 31, 2019	As at March 31, 2018
1st following year	3,154	3,880
2nd following year	3,637	4,222
3rd following year	5,959	4,679
4th following year	4,765	6,526
5th following year	5,261	5,621
Sum of year 6 and above	34,236	31,867

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



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

(viii) Risk Exposure

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

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

17 Other Non-Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Statutory dues payable	30,828	72,960	28,434
<b>Total</b>	<b>30,828</b>	<b>72,960</b>	<b>28,434</b>

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

## 18 Equity share capital

### Authorised equity share capital

Particulars	Number of Shares	Amount
As at 1 April 2017	62,000,000	620,000
Increase during the year	-	-
As at 31 March 2018	62,000,000	620,000
Increase during the year	-	-
As at 31 March 2019	62,000,000	620,000

### Issued, subscribed and paid-up capital

Particulars	Number of Shares	Amount
As at 1 April 2017	61,590,908	615,909
Increase during the year	-	-
As at 31 March 2018	61,590,908	615,909
Increase during the year	-	-
As at 31 March 2019	61,590,908	615,909

### Reconciliation of number of shares

Equity Shares:	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	61,590,908	615,909	61,590,908	615,909
Add/Less: Movement during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>61,590,908</b>	<b>615,909</b>	<b>61,590,908</b>	<b>615,909</b>

### Rights, Preferences and restrictions attached to the equity shares

The Company has a single class of equity shares having a par value of Rs. 10 per share.

Equity Shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### Shares held by Holding Company:

61,590,908 (previous year: 61,590,908) equity shares of Rs.10 each are held by HSBC Securities and Capital Market (India) Private Limited, the Holding Company and its nominees.

### Shareholders holding more than 5% of the aggregate shares in the company:

61,509,908 (March 31, 2018 61,509,908; April 1, 2017 61,509,908) equity shares of Rs.10 each are held by HSBC Securities and Capital Market (India) Private Limited, the Holding Company and its nominees. Percentage of holding- March 31, 2019: 100% ; March 31, 2018: 100% ; April 1, 2017: 100%

## 19 Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Securities Premium	15,743	15,743	15,743
Capital Redemption Reserve	90,000	90,000	90,000
Retained Earnings	763,130	720,075	574,901
<b>Total</b>	<b>868,873</b>	<b>825,818</b>	<b>680,644</b>

### Securities Premium

Particulars	March 31, 2019	March 31, 2018
Opening balance	15,743	15,743
Changes during the year	-	-
<b>Closing balance</b>	<b>15,743</b>	<b>15,743</b>

**HSBC Asset Management (India) Private Limited****Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**Capital Redemption Reserve**

Particulars	March 31, 2019	March 31, 2018
Opening balance	90,000	90,000
Changes during the year	-	-
Closing balance	<b>90,000</b>	<b>90,000</b>

**Retained Earnings**

Particulars	March 31, 2019	March 31, 2018
<b>Opening Balance</b>	<b>720,075</b>	<b>574,901</b>
Add: Profit for the year	43,224	145,850
Items of other comprehensive income recognised directly in Retained Earnings		
- Remeasurement of defined employee benefit plans, net of tax	(169)	(676)
<b>Closing Balance</b>	<b>763,130</b>	<b>720,075</b>

**Nature and Purpose of Reserves**Securities Premium:

Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption Reserve:

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

HSBC Asset Management (India) Private Limited  
Notes to the financial statements for the year ended March 31, 2019 (Continued)

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

20 Fees and commission Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Management fees from		
i) Mutual fund operations (net of Service Tax/GST)	465,673	532,060
ii) Portfolio Management Service (net of Service Tax / GST)	11,106	10,282
iii) Advisory Services	368,517	400,380
<b>Total</b>	<b>845,296</b>	<b>942,722</b>

21 Net gain on fair value changes

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Net gain/(loss) on financial instruments at FVTPL</b>		
On Mutual fund	59,888	53,677
Total (A)	59,888	53,677
<b>Fair value changes:</b>		
Realised	52,224	32,911
Unrealised	7,664	20,766
Total (B)	59,888	53,677
<b>Total</b>	<b>59,888</b>	<b>53,677</b>

22 Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit on sale of Property, Plant & Equipment (net)	-	84
Gain on account of Foreign Exchange fluctuations (net)	25,565	-
Miscellaneous	1,118	308
<b>Total</b>	<b>26,683</b>	<b>392</b>

23 Employee Benefits Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	405,098	401,502
Contribution to provident and other funds (refer 16-a)	17,080	16,099
Gratuity (refer 16-b)	6,799	5,806
Leave Absences	1,491	1,536
Share based payments (refer note- 32)	3,353	(455)
Staff welfare expenses	5,376	5,823
<b>Total</b>	<b>439,197</b>	<b>430,311</b>

24 Depreciation and amortization expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on property, plant and equipment	6,735	14,552
Amortisation on other intangible asset	2,173	2,300
<b>Total</b>	<b>8,908</b>	<b>16,852</b>

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

25 Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent & Utilities	50,472	48,607
Repairs and maintenance	57,066	35,984
Communication expenses	34,452	34,247
Director's Fees, allowances and expenses	590	520
Auditor's Fees [refer a) below]	2,484	1,582
Legal and Professional charges	7,672	10,421
Insurance	11,524	11,880
Travelling and conveyance expenses	9,295	10,578
Brokerage and incentives	4,914	6
Compensation [refer c) below]	104	82
Scheme related expenses	6,779	19,553
Rates and taxes	4,157	3,859
Corporate Social Responsibility (CSR) expenses [refer b) below]	4,350	3,742
Loss on sale of Property Plant & Equipment (net)	52	-
Support service charges	106,195	104,159
Business development	40,502	25,742
Loss on account of foreign exchange fluctuations (net)	-	3,048
Recruitment cost	316	3,965
Membership and subscription	959	918
Office administration	3,623	2,307
Guarantee Charges	778	1,584
<b>Total</b>	<b>346,284</b>	<b>322,784</b>

a) Break up of Auditor's Remuneration

Payment to Auditor:	For the year ended March 31, 2019	For the year ended March 31, 2018
- Statutory Audit	2,118	1,250
- Other Services	305	280
- Reimbursement of Expenses	61	52
<b>Total</b>	<b>2,484</b>	<b>1,582</b>

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period March 31, 2019 is Rs. 4,350 (Previous year Rs. 3,742). Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities comprise of following:

CSR Expenditure	For the year ended March 31, 2019	For the year ended March 31, 2018
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On the purposes other than (i) above	4,350	3,742
<b>Total</b>	<b>4,350</b>	<b>3,742</b>
Amount required to be spent as per Section 135 of the Act	4,350	3,742

c) Compensation

The Company incurred Rs. 104 (March 31, 2018 Rs. 82) towards compensation paid by the Company to investors / distributors on account of routine processing errors / delays.

HSBC Asset Management (India) Private Limited  
Notes to the financial statements for the year ended March 31, 2019 (Continued)

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

26.1 Income tax expense

Particulars	For the Year ended	
	March 31, 2019	March 31, 2018
<b>Income tax expense</b>		
Current tax on profits for the year	33,949	43,716
Less : MAT Credit Entitlement (Current Year) + prior period	(13,947)	(32,029)
MAT Credit (Prior Period)	(11,870)	758
Adjustment in respect of current income tax of prior years	54,807	0
<b>Total Current tax expense</b>	<b>62,939</b>	<b>12,444</b>
Deferred tax relating to origination and reversal of temporary differences	31,087	67,987
<b>Income tax expense</b>	<b>94,026</b>	<b>80,431</b>
Current Tax	62,939	12,444
Deferred Tax	31,087	67,987

Reconciliation of tax expense and the accounting profit multiplied by company's tax rate:

The tax charge shown in the Statement of Profit and Loss differs from the tax charge that would apply if all profits had been charged at corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by company's tax rate for the years ended 31 March 2019 and 31 March 2018 is as follows:

Particulars	For the Year ended	
	March 31, 2019	March 31, 2018
Accounting profit before tax	137,296	226,464
At statutory income tax rate of 21.55% (As at March 31, 2018 - 21.34%)	29,587	48,331
Adjustment in respect of current income tax of prior years	54,807	-
Fair Value on MF Investments not considered	-	(4,432)
One-fifth of the transition amount as per section 115JB (2c) of Income Tax Act 1961	4,408	-
Actuarial Gain	(46)	(183)
Net Deferred tax on temporary differences	31,087	67,987
MAT Credit (Current Year)	(13,947)	(32,029)
MAT Credit (Prior Period)	(11,870)	758
Income tax expense reported in the Statement of Profit and Loss	94,026	80,431

26.2 Deferred tax

Deferred tax assets

Particulars	As at April 1, 2017	Movement in Profit and Loss [(debit)/credit]	As at March 31, 2018	Movement in Profit and Loss [(debit)/credit]	As at March 31, 2019
Brought forward losses	98,234	67,739	30,495	30,495	-
MAT Credit	88,060	(31,272)	119,332	(25,817)	145,149
Finance lease obligation	214	(13)	227	113	114
Provision for employee benefits	9,475	(523)	9,998	(322)	10,320
Bonus payable	9,475	11	9,464	550	8,914
<b>Total</b>	<b>205,458</b>	<b>35,942</b>	<b>169,516</b>	<b>5,019</b>	<b>164,497</b>

Deferred tax liabilities

Fair value of financial instruments through P&L	(11,467)	4,034	(15,501)	1,097	(16,598)
Depreciation/Amortisation	(2,307)	(3,261)	954	(846)	1,800
<b>Total</b>	<b>(13,774)</b>	<b>773</b>	<b>(14,547)</b>	<b>251</b>	<b>(14,798)</b>

<b>Net Deferred Tax</b>	<b>191,684</b>	<b>36,715</b>	<b>154,969</b>	<b>5,270</b>	<b>149,699</b>
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27 Fair value measurement

a) Financial Instruments by Category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in sub-notes 8, 9,10 & 12 of note 1 to the financial statements.

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Fair value through Profit or Loss	Fair value through OCI	Amortised cost	Fair value through Profit or Loss	Fair value through OCI	Amortised cost	Fair value through Profit or Loss	Fair value through OCI	Amortised cost
<b>Financial Assets:</b>									
Cash and cash equivalents	-	-	3,434	-	-	4,217	-	-	9,189
Receivables	-	-	297,976	-	-	267,028	-	-	250,433
<b>Investments:</b>									
- Mutual fund units	864,594	-	-	850,867	-	-	640,189	-	-
<b>Loans</b>									
-Staff Loans	-	-	585	-	-	576	-	-	943
-Security Deposits	-	-	7,450	-	-	6,820	-	-	6,889
<b>Total Financial Assets</b>	<b>864,594</b>	<b>-</b>	<b>309,446</b>	<b>850,867</b>	<b>-</b>	<b>278,641</b>	<b>640,189</b>	<b>-</b>	<b>267,454</b>
<b>Financial Liabilities:</b>									
Trade Payables	-	-	71,975	-	-	75,862	-	-	76,816
Other financial liabilities	-	-	36,868	-	-	39,074	-	-	46,713
Borrowings	-	-	641	-	-	2,134	-	-	3,537
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>109,484</b>	<b>-</b>	<b>-</b>	<b>117,070</b>	<b>-</b>	<b>-</b>	<b>127,066</b>

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

b) Fair value hierarchy

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

As at March 31, 2019

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL					
- Mutual fund units	6	864,594	-	-	864,594
<b>Total financial assets</b>		<b>864,594</b>	-	-	<b>864,594</b>

As at March 31, 2018

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL					
- Mutual fund units	6	850,867	-	-	850,867
<b>Total financial assets</b>		<b>850,867</b>	-	-	<b>850,867</b>

As at April 1, 2017

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL					
- Mutual fund units	6	640,189	-	-	640,189
<b>Total financial assets</b>		<b>640,189</b>	-	-	<b>640,189</b>

- i) There are no transfers between levels 1, 2 and 3 during the year.
- ii) The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

**The hierarchies used are as follows:**

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

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. All the close-ended mutual funds which are thinly traded in the active market are included in the Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The instruments are valued based on quoted prices for the similar instruments but for which significant observable adjustments are required to reflect the difference between the instruments. There are lease borrowings which are fair valued items.

c) Valuation technique used to determine fair value

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



Specific valuation techniques used to value financial instruments include:

The fair value of the closed ended mutual fund units is determined using observable NAV at the reporting date as declared by the issuer. However, the company may perform an adjustment (e.g. liquidity valuation adjustment in case of thinly traded investment) to the NAV if they consider the same as significant in order to derive the fair value of the Level 2 classified investments.

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

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, trade and other receivables, trade and other payables, short term loans and bank deposits without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

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

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

## 28 Financial risk management

### Introduction

Risk management is an integral part of the business practices of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The financial instruments held by the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. In addition, the company is indirectly exposed to market risk through management fee income which is determined by the assets under management. The Company uses different methods such as sensitivity analysis to measure different types of risk to which it is exposed.

### a) Market risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

### i) Foreign exchange risk

The company is exposed to foreign exchange risk primarily through balances arising in the normal course of business that are denominated in a currency other than the Company's functional currency. The Sensitivity analysis of foreign currency receivables is depicted below

Particulars	Impact on profit after tax and equity	
	March 31, 2019	March 31, 2018
Rupees – Strengthen 3% (2018 – 3%)	(4,021)	(3,390)
Rupees – Weakens 3% (2018 – 3%)	4,021	3,390

### ii) Interest rate risk

Interest rate risk is the risk where the company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of a changes in market interest rates.

The Company does not have any variable rate borrowings. There are some investments in fixed rate debt securities measured at fair value through profit or loss.

The Company is exposed to interest rate risk from investments held in units of the funds it manages. These funds invests in equity and debt securities. In case of equity investments the units are fairly backed by equity price risk rather than credit risk. The exposure to interest rate risk in case of units backed by debt securities is measured using sensitivity analysis as follows:

Particulars	Impact on profit after tax and equity	
	March 31, 2019	March 31, 2018
Interest rate – Increase 0.5% (2018 – 0.5%)	(2,796)	(2,741)
Interest rate – Decrease 0.5% (2018 – 0.5%)	2,796	2,741

### iii) Price Risk

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

#### Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period. The analysis is based on the assumption that the equity index had changed by 5% (2018 - 6%) with all other variables held constant, and that all the Company's investments moved in line with the index.

Particulars	Impact on profit after tax and equity	
	March 31, 2019	March 31, 2018
NSE Nifty 50 – increase 5% (2018 – 6%)	2,686	3,291
NSE Nifty 50 – decrease 5% (2018 – 6%)	(2,686)	(3,291)

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

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**b) Credit Risk**

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

Credit risk is monitored on an ongoing basis by the Company in accordance with policies and procedures in place. The Company is exposed to credit risk from investments held in units of the funds it manages. These investments are measured at fair value through profit or loss. The company has no significant concentration of credit risk.

The Company's financial assets subject to the expected credit loss model under Ind AS 109 are cash and cash equivalents, deposits with banks, trade receivables, staff loans etc.

Staff loans and receivables have been considered to enjoy the low credit risk as they meet the following criteria:

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

The Company has placed security deposit with lessors for premises leased by the Company as at March 31, 2019 of Rs. 7,446 and March 31, 2018 of Rs. 6,666. The Company does not perceive any significant decline in credit risk of the lessors where the amount of security deposit is material and hence expected probability of default is considered as zero.

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

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

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Security Deposits	7,450	6,820	6,889
Staff loans	585	576	943
Receivables	297,976	267,028	250,433
Cash and cash equivalents	3,434	4,217	9,189

**c) Liquidity risk**

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

As at March 31, 2019	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Trade payables	13,952	55,565	2,458	-	-	71,975
Borrowings	329	74	238	-	-	641
Other financial liabilities	-	-	36,868	-	-	36,868
<b>Total</b>	<b>14,281</b>	<b>55,639</b>	<b>39,564</b>	<b>-</b>	<b>-</b>	<b>109,484</b>

As at March 31, 2018	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Trade payables	52,874	19,175	3,813	-	-	75,862
Borrowings	348	360	785	641	-	2,134
Other financial liabilities	-	-	39,074	-	-	39,074
<b>Total</b>	<b>53,222</b>	<b>19,535</b>	<b>43,672</b>	<b>641</b>	<b>-</b>	<b>117,070</b>

As at April 1, 2017	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Trade payables	76,816	-	-	-	-	76,816
Borrowings	356	368	679	2,134	-	3,537
Other financial liabilities	-	-	46,713	-	-	46,713
<b>Total</b>	<b>77,172</b>	<b>368</b>	<b>47,392</b>	<b>2,134</b>	<b>-</b>	<b>127,066</b>

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

**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

**(All amounts in thousands of Indian Rupees unless otherwise stated)**

**29 Capital Management**

**Risk management**

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

The management of the Company's capital position is undertaken by the management team of the Company. The management team ensures that the Company is adequately capitalised to meet economic and regulatory requirements. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements. The management monitors the return on capital as well as the level of dividends to the shareholders.

HSBC Asset Management (India) Private Limited

Notes to the financial statements for the year ended March 31, 2019 (Continued)

30 Maturity analysis of assets and liabilities

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

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

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>									
Cash and cash equivalents	3,434	-	3,434	4,217	-	4,217	9,189	-	9,189
Receivables									
(I) Trade receivables	297,976	-	297,976	267,028	-	267,028	250,433	-	250,433
Loans	8,035	-	8,035	7,396	-	7,396	7,832	-	7,832
Investments	742,781	121,813	864,594	718,327	132,540	850,867	519,054	121,135	640,189
<b>Non-financial assets</b>									
Current tax assets (Net)	-	296,794	296,794	-	323,694	323,694	-	312,934	312,934
Deferred tax assets (Net)	-	149,699	149,699	-	154,970	154,970	-	191,685	191,685
Property, plant and equipment	-	4,091	4,091	-	10,537	10,537	-	21,939	21,939
Other intangible assets	-	5,274	5,274	-	1,547	1,547	-	3,847	3,847
Other non-financial assets	48,655	914	49,569	-	48,010	48,010	-	44,839	44,839
<b>Total assets</b>	<b>1,100,881</b>	<b>578,585</b>	<b>1,679,466</b>	<b>996,968</b>	<b>671,298</b>	<b>1,668,266</b>	<b>786,508</b>	<b>696,379</b>	<b>1,482,887</b>
<b>Financial liabilities</b>									
Payables									
(I) Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	71,975	-	71,975	75,862	-	75,862	76,816	-	76,816
Borrowings	641	-	641	1,493	641	2,134	1,428	2,109	3,537
Other financial liabilities	36,868	-	36,868	39,074	-	39,074	46,713	-	46,713
<b>Non-financial Liabilities</b>									
Current tax liabilities (Net)	-	17,278	17,278	-	2,174	2,174	-	2,174	2,174
Provisions	37,094	-	37,094	34,335	-	34,335	28,660	-	28,660
Other non-financial liabilities	30,828	-	30,828	72,960	-	72,960	28,434	-	28,434
<b>Total liabilities</b>	<b>177,406</b>	<b>17,278</b>	<b>194,684</b>	<b>223,724</b>	<b>2,815</b>	<b>226,539</b>	<b>182,051</b>	<b>4,283</b>	<b>186,334</b>

**(All amounts in thousands of Indian Rupees unless otherwise stated)**

**31 Contingent Liabilities and Contingent Assets**

- a. Direct tax matters disputed by the Company are Rs. 58,243 (March 31, 2018 : Rs. 93,209) (April 1, 2017 : Rs. 93,209)
- b. Indirect tax matters disputed by the Company are Rs. 60,362 (March 31, 2018 : Rs. 54,641) (April 1, 2017 : Rs. 32,094)
- c. The Honourable Supreme Court has recently provided a judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the Management, the aforesaid matter is not likely to have a significant impact.

**HSBC Asset Management (India) Private Limited****Notes to the financial statements for the year ended March 31, 2019 (Continued)****32 Employee share based payments****a) HSBC Asset Management (India) Private Limited - Employee share based payment scheme (equity settled):**

Restricted share plan represents restricted stock award granted to select high potential employees. Shares are awarded through Restricted Shares of HSBC Holdings Plc. At the end of the vesting period the shares awarded will be transferred to the employee provided the employee continues to be in employment. These restricted shares have been awarded to the employees during every financial year ended except March 2009.

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
	Number of shares	Number of shares
Outstanding at the beginning of period	14,419	29,116
Granted	11,157	6,624
Exercised	(7,489)	(17,509)
Released	(214)	(182)
Forfeited	(1,267)	(3,630)
Transferred out	(2,239)	-
<b>Outstanding at the end of period</b>	<b>14,367</b>	<b>14,419</b>

**d) Expense arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	March 31, 2019	March 31, 2018
HSBC Asset Management (India) Private Limited - Employees share based payment scheme (equity settled)	3,353	(455)
<b>Total</b>	<b>3,353</b>	<b>(455)</b>

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**33 Earnings per equity share**

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

<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
Basic & Diluted earnings per share		
Net profit after tax available for equity shareholders	43,055	145,174
Weighted average number of equity shares outstanding for basic and diluted EPS (B)	61,591	61,591
Basic and Diluted earnings per share (A) / (B)	0.70	2.36
Nominal value per share	10	10



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

34 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 Invest Direct Securities (India) Limited.  
HSBC Bank Plc.  
HSBC Global Asset Management (Singapore) Limited

**4 Key management personnel**

Mr. Ravi Menon (CEO & Director)  
Mr. Dinesh Kumar Mittal (Director)  
Mr. Sayed Parvez Mustafa (Director)  
Mrs. Kishori Udeshi (Director)

(i) Transactions during the year are as under:

	with Holding Company	with Ultimate Holding Company	with fellow Subsidiaries	with Key Management Personnel
Advisory fees	-	-	368,517 (400,380)	- -
Managerial Remuneration	-	-	-	29,415 (28,289)
Director's Sitting Fees	-	-	-	590 (520)
Training	-	-	(200)	-
Support service charges	-	-	91,094 (80,378)	- -
Telephone, communication and postage	-	-	-	- (665)
Rent	-	-	42,814 (43,497)	- -
Repairs and maintenance - Computers	1,857 (1,698)	13,732 (6,181)	17,810 (10,463)	- -
Bank and Guarantee charges	-	-	1,352 (1,798)	- -
Refund of Deposit for premises	-	-	-	- (25)
Deposit paid for premises	-	-	785 (56)	- -

Amounts in brackets represents amount relating to previous year

HSBC Asset Management (India) Private Limited  
Notes to the financial statements for the year ended March 31, 2019 (Continued)

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

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

Particulars		with Holding Companies	with Ultimate Holding Company	with fellow Subsidiaries
<b>Assets</b>				
Advisory fees receivable				
	31-Mar-19	-	-	221,035
	31-Mar-18	-	-	191,234
	01-Apr-17	-	-	164,246
Deposit for premises				
	31-Mar-19	-	-	7,446
	31-Mar-18	-	-	6,666
	01-Apr-17	-	-	6,635
Balances with banks				
	31-Mar-19	-	-	2,938
	31-Mar-18	-	-	3,922
	01-Apr-17	-	-	7,602
<b>Liabilities</b>				
Trade Payables				
	31-Mar-19	-	13,092	31,538
	31-Mar-18	-	5,512	31,339
	01-Apr-17	1,258	10,748	29,235

**35 Segment information**

The Company is domiciled in India. The Company is engaged in business of providing asset management services, which is considered to be only reportable segment (in accordance with Ind AS 108).

**a) Segment revenue**

The Company operates as a single segment. The segment revenue is measured in the same way as in the Statement of Profit and Loss.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Segment revenue		
- India	905,184	996,399
- Outside India	-	-
<b>Total</b>	<b>905,184</b>	<b>996,399</b>

There are two customers contributing in excess of 10% of the total revenue for the company.

**b) Segment assets and segment liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Segment assets - India	1,679,466	1,668,266	1,482,887
Segment liabilities - India	194,684	226,539	186,334

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**36 First-time adoption of IND AS**

**Introduction**

The transition as at April 1, 2017 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**(a) Optional exemptions availed**

**(i) Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment (including capital work-in-progress) as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**(b) Ind AS mandatory exceptions**

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

**(i) Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP.

**(ii) De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**(iii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in mutual fund units) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

**1. Reconciliation of total equity as at March 31, 2018 and April 1, 2017**

	Notes to first time adoption	As at March 31, 2018	As at April 01, 2017
<b>Total equity (shareholder's funds) as per previous GAAP</b>		<b>1,339,460</b>	<b>1,147,066</b>
<b>Adjustments on account of:</b>			
Fair valuation of investment in mutual fund units	(i)	66,630	45,863
Deferred Tax impact on above	(ii)	(15,501)	(11,467)
Deferred taxes recognised on carried forward losses and other items	(ii)	51,138	115,091
<b>Total impact on networth</b>		<b>102,267</b>	<b>149,487</b>
<b>Total equity as per Ind AS</b>		<b>1,441,727</b>	<b>1,296,553</b>

**HSBC Asset Management (India) Private Limited**  
**Notes to the financial statements for the year ended March 31, 2019 (Continued)**

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

**2. Reconciliation of total comprehensive income for the period ended March 31, 2018**

	Notes to first time adoption	31-Mar-18
<b>Profit after tax as per previous GAAP</b>		<b>192,394</b>
Adjustments on account of:		
Fair Valuation of debts and equities securities	(i)	20,767
Re-measurement of defined employee benefits plan	(iii)	859
Deferred tax impact on above	(ii)	(5,229)
Deferred taxes recognised on carried forward losses and other items	(ii)	(62,941)
<b>Profit after tax as per Ind AS</b>		<b>145,850</b>
<b>Other comprehensive income</b>		
Re-measurement of defined employee benefits plan	(iii)	(676)
<b>Total comprehensive income as per Ind AS</b>		<b>145,174</b>

There is no change in the net cash flow from operating, investing or financing activities due to Ind AS adoption. Further, there is no change in the cash and cash equivalents for the purposes of statement of cash flows under previous GAAP and under Ind AS.

**3. Notes to first-time adoption:**

**(i) Change in fair valuation of investments**

Under previous GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS Financial assets other than amortized cost are subsequently measured at fair value.

Investments have been classified as fair value through profit or loss and changes in fair value are recognised in Statement of Profit and Loss.

**(ii) Tax adjustments**

Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS. Under earlier GAAP, deferred tax was not recognised due to lack of virtual certainty. However, as per Ind AS-12, due to reasonable certainty, deferred tax on variety of items have been created.

**(iii) Employee benefits**

Under previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods.

**Retained earnings**

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

**Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

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

**For and on behalf of the Board of Directors of**  
 HSBC Asset Management (India) Private Limited

**Vivek Prasad**  
 Partner  
 Membership No: 104941  
 UDIN: 19104941AAAABM3326

**Kishori J Udeshi**  
 Chairperson  
 DIN No: 01344073

**Ravi Menon**  
 Director &  
 Chief Executive Office  
 DIN No: 00016302

**Sumesh Kumar**  
 Company Secretary  
 CS No: 17520

Place : Mumbai  
 Date: July 15, 2019

Place : Mumbai  
 Date: July 15, 2019