



HSBC Asset Management (India) Private Limited
Annual Report 2019 - 2020



DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2020

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, 2020.

1. FINANCIAL RESULTS

The Financial Statements for the year ended March 31, 2020 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 2020.

The performance of the Company during the financial year 2019-20 is summarized below:

(Rupees in Million)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Total Income	966.025	931.867
Total Expenses	833.388	794.571
Profit / (Loss) before Tax and exceptional Item	132.637	137.296
Exceptional Items		-
Profit / (Loss) before Tax	132.637	137.296
Provision for Tax (including Current, Deferred and MAT)	45.790	94.072
Profit/(Loss) After Tax	86.847	43.224
Other Comprehensive Income (Net of Tax)	1.839	(0.169)
Total Comprehensive Income for the year	85.008	43.055

During the year under review, the Company made a net profit before Tax of Rs. 132.637 million as against net profit before Tax of Rs. 137.296 million during the previous year.

2. APPROPRIATIONS

The Company does not propose to transfer any amount to the General Reserves. An amount of Rs. 86.846 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

Scheme Name	Date of Launch	Amount Collected in NFO (in INR Crs.)
HSBC Fixed Term Series 140	26 Apr 19	38.50
HSBC Overnight Fund	22 May 19	947.46
HSBC Ultra Short Duration Fund	29 Jan 20	894.64

As on March 31, 2020, the Mutual Fund had asset under management of INR 8,800.36 crores under schemes of HSBC Mutual Fund and INR 16,491.42 crores under Mutual Fund advisory mandate, as against the 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 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.

As on March 31, 2020, the PMS business had INR 6,940.53 Crores under advisory mandate as against INR 6,524.15 Crores under advisory mandate in the previous year. As on March 31, 2020, there are no mandates under PMS discretionary business.

5. ABOUT COVID-19

In the last month of FY 2020, the COVID – 19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-down of most of the economic activity, barring some such as banks, securities market intermediaries, etc. Hence, the activities of our Company were exempt from the lock-down and therefore Company was operational. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees and on minimising disruption of services to all its customers. It has enabled work from home for all of its staff and there has been no material change in the controls or processes followed by the Company. As you are aware, the revenue of the Company depends on the AUM it manages and changes in economic and market conditions may have an impact on its operations. As the situation is evolving, the Company is closely monitoring material changes in markets and future economic conditions.

6. 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, 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 905 as on March 31, 2020. 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 45.

7. 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**.

8. BOARD MEETINGS

During the financial year 2019-2020, four meetings of the Board of Directors of the Company were held on the following dates:

Date of Board Meeting	Directors present
May 17, 2019	Ms. Kishori Udeshi [@] Mr. S. P. Mustafa [@] Mr. Ravi Menon Mr. Dinesh Mittal
July 15 2019	Ms. Kishori Udeshi [@] Mr. S. P. Mustafa [@] Mr. Dinesh Mittal Mr. Ravi Menon
October 22, 2019	Ms. Kishori Udeshi [@] Mr. S. P. Mustafa [@] Mr. Dinesh Mittal Mr. Ravi Menon Dr. Indu Shahani*
February 19, 2020	Dr. Indu Shahani* Mr. Dinesh Mittal Mr. Ravi Menon

* Appointed as Additional Director w.e.f. October 1, 2019

@ Ceased to be Director w.e.f. October 23, 2019

9. 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 2019-2020 supported Kherwadi Social Welfare Association (KSWA) and spent INR 34.80 lacs (2% of the average profits during FY 2016-17, 2017-18 and FY 2018 -19) 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 in 3 locations of Maharashtra.

Due to the change in composition of Board of Directors of the Company, the CSR Committee was re-constituted on October 22, 2019. Currently, the CSR Committee comprises of Dr. Indu Shahani, Mr. Dinesh Mittal Mr. Ravi Menon. During the financial year 2019-2020, one meeting of the CSR Committee of the Company was held on July 15, 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**.

10. 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 as at March 31, 2020 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.

11. LOANS OR GUARANTEES

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

12. 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.

13. 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 9.80 crores [Previous year 10.46 crores] in foreign exchange and earned 40.60 crores [Previous year 36.85 crores] in foreign exchange.

14. 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.

The following are disclosures for the year as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013:-

Number of complaints of sexual harassment received during the year	:	1
No. of Complaints disposed-off during the year	:	NIL; however the case was

		disposed-off as unsubstantiated, on 01 April 2020.
No. of cases pending more than ninety days	:	NIL
No. of workshop awareness programme against sexual harassment carried out	:	Online training module was made available for all employees, including new joiners. All relevant provisions under the Act were covered in this training.
Nature of action taken by Employer or District Officer	:	Recommendations, as per the Internal Complaint Committee report were carried out.

15. 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.

1st 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.

2nd 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

3rd 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 bi-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.

16. 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 minimum 50% directors who are not 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 as on March 31, 2020 is as follows:

Sr. No.	Name of the Director	DIN
1.	Dr. Indu Shahani	00112289
2.	Mr. Dinesh Mittal	00040000
3.	Mr. Ravi Menon	00016302

As per SEBI Circular dated November 30, 2017 read with Circular dated February 07, 2018 Independent directors of an asset management company shall hold office for a maximum of 2 terms with each term not exceeding a period of 5 consecutive years and this requirement was required to be complied with by November 29, 2019.

In view of the aforesaid, Ms. Kishori Udeshi [DIN – 01344073] and Mr. S.P. Mustafa [DIN – 00014427], ceased to be the Directors of the Company with effect from October 23, 2019. The Board places on record its sincere appreciation for commitment and valuable contribution provided by Ms. Udeshi and Mr. Mustafa during their tenure as Director of Company.

Further, during the period under review, Dr. Indu Shahani (DIN - 00112289) has been appointed as an Additional Director of Company effective from October 1, 2019, to hold office till the conclusion of the forthcoming Annual General Meeting of the Company. At the ensuing Annual General Meeting, the Board recommends the appointment of Dr. Shahani as Director of the Company.

17. 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.

18. DEPOSITS

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

19. 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.

20. AUDITORS

M/s. Price Waterhouse LLP, Chartered Accountants (Firm Registration No. F012754N/N500016) (PW), Mumbai, had been appointed as Auditors of the Company at the 13th Annual General Meeting (AGM) held on September 16, 2015, for a period of five years from conclusion of 13th AGM to the conclusion of 18th AGM.

Pursuant to section 139 and 141 of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules, 2014, PW can be appointed for 2 terms of five consecutive years. PW have confirmed that, if re-appointed, their appointment will be 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.

Accordingly, Directors recommend to reappoint PW as the Auditors of the Company for 2nd term of five consecutive years i.e. the term of 5 years commencing from conclusion of 18th AGM to 23rd AGM.

21. 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.

22. SECRETARIAL STANDARDS

Your Company has complied with all the applicable Secretarial Standards.

23. 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.

24. 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.

25. 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.

26. 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 2020 to which the Financial Statements relate and the date of the report.

27. 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

Dr. Indu Shahani
Director
DIN – 00112289

Ravi Menon
Director & Chief Executive Officer
DIN - 00016302

Place: Mumbai

EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2020
[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

I. REGISTRATION AND OTHER DETAILS		
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:

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Investment Management Services	Group 663	53.10%
2.	Advisory/Sub Advisory	Group 663	46.90%

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,	U67120MH1994PTC081575	Holding	100.00	2(46)

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
	400001				

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	
A. Promoters									
1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	6,15,909,06	2	6,15,909,08	100.00	6,15,909,06	2	6,15,909,08	100.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	6,15,909,06	2	6,15,909,08	100.00	6,15,909,06	2	6,15,909,08	100.00	-
2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	6,15,909,06	2	6,15,909,08	100.00	6,15,909,06	2	6,15,909,08	100.00	-
B. Public Shareholding									
1) Institutions									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-

g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	-	-	-	-	-	-	-	-	-
2) Non-Institutions									
a) Bodies Corporate									
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
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	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs &	-	-	-	-	-	-	-	-	-

ADRs										
Grand Total (A+B+C)	6,15,909,06	2	6,15,909,08	100.00	6,15,909,06	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			% Change during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered 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
Indebtedness at the beginning of the financial year				
i. Principal Amount	641,306	-	-	641,306
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	641,306	-	-	641,306
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	641,306	-	-	641,306
Net Change	641,306	-	-	641,306
Indebtedness at the end of the financial year				
i. Principal Amount	0	-	-	0
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	0	-	-	0

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	Dr. Indu Shahani	
1	Fee for attending Board/ Committee Meetings	200,000	170,000	170,000	100,000	640,000
2	Commission	-	-	-	-	-
3	Others, please Specify	-	-	-	-	-
	Total	200,000	170,000	170,000	100,000	640,000

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)
A. COMPANY					
Penalty	Nil				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment					
Compounding					

Dr. Indu Shahani
Director
DIN – 00112289

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) Ms. Kishori Udeshi (Independent Director) (till October 23, 2019)
- b) Mr. S. P. Mustafa (Independent Director) (till October 23, 2019)
- c) Dr. Indu Shahani (Independent Director) (with effect from October 23, 2019)
- d) Ravi Menon (Director & Chief Executive Officer)
- e) Dinesh Mittal (Independent Director) (with effect from October 23, 2019)

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

Average net profit: Rs. 17.40 Crores

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

The Company was required to spend Rs. 34.80 Lakhs towards CSR.

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

a) **Total amount spent for the financial year:** Rs. 34.80 Lakhs

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	Employability skills training.	Promoting Education	3 locations in Maharashtra (Gadchiroli, Palghar, Chandrapur)	3,480,000	3,480,000	3,480,000	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

Dr. Indu Shahani
Director
DIN – 00112289

Ravi Menon
Director & Chief Executive Officer
DIN - 00016302

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of HSBC Asset Management (India) Private Limited

Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of HSBC Asset Management (India) Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 34 to the financial statements, which explains the uncertainties and the management's assessment of the financial impact, due to the COVID-19 pandemic, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Other Information

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

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Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of HSBC Asset Management (India) Private Limited
Report on audit of the Financial Statements
Page 2 of 4

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of HSBC Asset Management (India) Private Limited
Report on audit of the Financial Statements
Page 3 of 4

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

12. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of HSBC Asset Management (India) Private Limited
Report on audit of the Financial Statements
Page 4 of 4

- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
 - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020; and
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
14. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

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

Vivek Prasad
Partner
Membership Number: 104941

UDIN: 20104941AAAAFJ3239
Mumbai
August 10, 2020

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of HSBC Asset Management (India) Private Limited on the financial statements as of and for the year ended March 31, 2020
Page 1 of 2

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of HSBC Asset Management (India) Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

.....
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Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of HSBC Asset Management (India) Private Limited on the financial statements as of and for the year ended March 31, 2020
Page 2 of 2

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

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

Vivek Prasad
Partner
Membership Number: 104941
UDIN: 20104941AAAAFJ3239

Mumbai
Date: August 10, 2020

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of HSBC Asset Management (India) Private Limited on the financial statements as of and for the year ended March 31, 2020.

Page 1 of 3

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have not been physically verified by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any have been properly dealt with in the books of account.
 - (c) The Company does not own any immovable properties as disclosed in Note 9 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

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Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of HSBC Asset Management (India) Private Limited on the financial statements as of and for the year ended March 31, 2020

Page 2 of 3

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax and service tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	15,233,509	April 01, 2009 to March 31, 2010	Commissioner of Income Tax (Appeals)
Service Tax Law	Service Tax	21,663,034	October 2010 to October 2012	Commissioner Service Tax (Appeals)

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. Also refer paragraph 14 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of HSBC Asset Management (India) Private Limited on the financial statements as of and for the year ended March 31, 2020

Page 3 of 3

- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Vivek Prasad
Partner
Membership Number: 104941
UDIN: 20104941AAAAFJ3239

Place: Mumbai
Date: August 10, 2020

HSBC Asset Management (India) Private Limited
Balance Sheet as at March 31, 2020

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

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	3	1,065	3,434
Receivables			
- Trade receivables	4	318,554	297,976
Loans	5	7,806	8,035
Investments	6	1,043,148	864,594
Non-Financial Assets			
Current tax assets (Net)	7	282,270	296,794
Deferred tax assets (Net)	8	129,413	149,699
Property, plant and equipment	9	14,094	4,091
Other Intangible assets	10	2,951	5,274
Other non-financial assets	11	40,514	49,569
Total Assets		1,839,815	1,679,466
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	12	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		106,171	71,975
Borrowings	13	-	641
Other financial liabilities	14	70,964	36,868
Non-Financial Liabilities			
Current tax liabilities (Net)	15	17,278	17,278
Provisions	16	44,037	37,094
Other non-financial liabilities	17	31,575	30,828
EQUITY			
Equity share capital	18	615,909	615,909
Other equity	19	953,881	868,873
Total Liabilities and Equity		1,839,815	1,679,466

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

Dr. Indu Shahani
Director
DIN No: 00112289

Ravi Menon
Director &
Chief Executive Officer
DIN No: 00016302

Sumesh Kumar
Company Secretary
CS No: 17520

Place : Mumbai
Date: August 10, 2020

Place : Mumbai
Date: August 10, 2020

HSBC Asset Management (India) Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

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

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue From Operations			
Fees and commission Income	20	880,805	845,296
Net gain on fair value changes	21	39,754	59,888
Revenue from Operations		920,559	905,184
Other Income	22	45,466	26,683
Total Income		966,025	931,867
Expenses			
Finance Cost		29	182
Employee Benefits Expense	23	488,797	439,197
Depreciation and amortization expense	24	6,898	8,908
Others expenses	25	337,664	346,284
Total expenses		833,388	794,571
Profit before tax		132,637	137,296
Tax expense:			
(a) Current tax	26.1	41,964	33,995
(b) Adjustment in respect of current income tax of prior years	26.1	-	54,807
(c) Deferred tax	26.2	3,826	5,270
		45,790	94,072
Profit for the year		86,847	43,224
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined employee benefit plans	16	(2,228)	(215)
Income tax relating to items that will not be reclassified to profit or loss		389	46
Other Comprehensive Income		(1,839)	(169)
Total Comprehensive Income for the year		85,008	43,055
Earnings per equity share (Nominal value of Rs.10/- per share)			
Basic & Diluted (Rs.)		1.41	0.70

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

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

Vivek Prasad
Partner
Membership No: 104941

Dr. Indu Shahani
Director
DIN No: 00112289

Ravi Menon
Director &
Chief Executive Officer
DIN No: 00016302

Sumesh Kumar
Company Secretary
CS No: 17520

Place : Mumbai
Date: August 10, 2020

Place : Mumbai
Date: August 10, 2020

HSBC Asset Management (India) Private Limited
Statement of Changes In Equity for the year ended March 31, 2020

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

a) Equity Share Capital

Particulars	Number of Shares	Amount
As at March 31, 2018	61,590,908	615,909
Increase during the year	-	-
As at March 31, 2019	61,590,908	615,909
Increase during the year	-	-
As at March 31, 2020	61,590,908	615,909

b) Other Equity

Particulars	Reserves and Surplus			Total
	Capital Redemption Reserve	Securities Premium	Retained Earnings	
Balance as at March 31, 2018	90,000	15,743	720,075	825,818
Profit for the year	-	-	43,224	43,224
Other Comprehensive Income	-	-	(169)	(169)
Total Comprehensive Income for the year	-	-	43,055	43,055
Balance as at March 31, 2019	90,000	15,743	763,130	868,873
Profit for the year	-	-	86,847	86,847
Other Comprehensive Income	-	-	(1,839)	(1,839)
Total Comprehensive Income for the year	-	-	85,008	85,008
Balance as at March 31, 2020	90,000	15,743	848,138	953,881

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

Dr. Indu Shahani
Director
DIN No: 00112289

Ravi Menon
Director &
Chief Executive Officer
DIN No: 00016302

Sumesh Kumar
Company Secretary
CS No: 17520

Place : Mumbai
Date: August 10, 2020

Place : Mumbai
Date: August 10, 2020

HSBC Asset Management (India) Private Limited
Statement of Cash Flows for the year ended March 31, 2020

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

	Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
A	Cash flow from operating activities			
	Profit before income tax		132,637	137,296
	Adjustments for:			
	- (Profit) / Loss on sale of property, plant and equipment	25,22	(312)	52
	- Finance Cost		29	182
	- Depreciation and amortisation	24	6,898	8,908
	- (Profit)/Loss on sale of investment (net)	21	(41,107)	(52,224)
	- Remeasurement of defined benefit plans	16	(2,228)	(215)
	- Net (Gain) /Loss on Fair Value Changes on FVTPL assets	21	1,353	(7,664)
	Operating profit before working capital changes		97,270	86,335
	<u>Adjustments for changes in working capital</u>			
	(Increase) / decrease in loans	5	229	(640)
	(Increase) / decrease in other non financial assets	11	9,055	(1,558)
	(Increase) / decrease in trade receivables	4	(20,578)	(30,948)
	Increase / (decrease) in trade payables	12	34,196	(3,887)
	Increase / (decrease) in other financial liabilities	14	34,096	(2,206)
	Increase / (decrease) in other non financial liabilities	17	747	(42,132)
	Increase / (decrease) in Provisions	16	6,943	2,759
			64,688	(78,612)
	Cash generated from operations		161,958	7,724
	Payment of taxes (net)		10,587	46,750
	Net cash (used in) / generated from operating activities (A)		151,371	(39,026)
B	Cash flow from investing activities			
	- Purchase of Investments		(794,500)	(760,623)
	- Purchase of property, plant & equipment	9	(14,270)	(6,242)
	- Proceeds from sale of investments		655,700	806,783
	Net cash (used in) / generated from investing activities (B)		(153,070)	39,918
C	Cash flow from financing activities			
	- Principal payment under finance leases		(641)	(1,493)
	- Finance cost paid		(29)	(182)
	Net cash (used in) / generated from financing activities (C)		(670)	(1,675)
	Net change in cash and cash equivalents (A+B+C)		(2,369)	(783)
	Cash and cash equivalents at the beginning of the year		3,434	4,217
	Cash and cash equivalents at the end of the year		1,065	3,434

HSBC Asset Management (India) Private Limited
Statement of Cash Flows for the year ended March 31, 2020 (Continued)

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

Particulars	Notes	March 31,2020	March 31,2019
Components of cash and cash equivalents			
Cash on hand		-	10
In Current account with banks	3	1,065	3,424
- In India with scheduled banks			
Total cash and cash equivalents (Note 3)		1,065	3,434

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

Dr. Indu Shahani
Director
DIN No: 00112289

Ravi Menon
Director &
Chief Executive Officer
DIN No: 00016302

Sumesh Kumar
Company Secretary
CS No: 17520

Place : Mumbai
Date: August 10, 2020

Place : Mumbai
Date: August 10, 2020

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020

(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.

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 New and amended standard adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019 :

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments - Appendisc C to Ind AS 12, Income Taxes
- Plan amendment, Curtailment of Settlement - Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing Costs

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. The standard requires a lessee to recognise a lease liability and a right-of-use leased asset in respect of every lease subject to certain optional exemptions for short-term and low-value leases.

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020 (Continued)

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

The Company has assessed the detailed impact of Ind AS 116 and has concluded that the lease availed by it qualifies as a short term lease in accordance with Ind AS 116. The company has accordingly availed the recognition exemption for short term leases as given in 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 36.

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.

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.

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020 (Continued)

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

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.

Export Incentives

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

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 2020 (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

Policy till 31 March 2019

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.

Policy applicable from 01 April 2019

As a lessee

From April 01, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Company. Contracts may contain both lease and non lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their respective stand alone prices. However, for lease of real estate for which the Company is lessee, it has elected not to separate lease and non lease components and instead accounts for these as a single lease component.

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020 (Continued)

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

Assets and liabilities from a lease are initially measured on a present value basis, Lease liabilities include the net present value of the following lease payments :

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate , initially measured using the index or a rate at the commencement date
- amount expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or 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.

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

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

- The amount of the initial measurement of lease liability
- Any lease payment made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration cost.

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

Short term leases and leases of low value assets

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

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 2020 (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 2020 (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 2020 (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 2020 (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 2020 (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.

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:

- 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

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020 (Continued)

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

- 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

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.

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.

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020 (Continued)

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

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.

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.

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020 (Continued)

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

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.

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.

HSBC Asset Management (India) Private Limited

Notes to the financial statements

for the year ended 31 March 2020 (Continued)

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

21. Brokerage expenses

Distribution cost in form of brokerage paid to distributors 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.

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

3 Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on Hand	-	10
Balances with Banks in current account	1,065	3,424
Total	1,065	3,434

4 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Receivable Considered good - Unsecured	91,677	76,941
Receivable Considered good - Unsecured-Related Party	226,877	221,035
Gross	318,554	297,976
Less: Impairment Loss Allowance	-	-
Total	318,554	297,976

5 Loans

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost		
(A) Loans		
Security Deposit	7,450	7,450
Staff Loans	356	585
Total - Gross	7,806	8,035
Less: Impairment loss allowance	-	-
Total - Net	7,806	8,035
(B) (i) Secured by tangible assets	-	-
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government Guarantees	-	-
Unsecured	7,806	8,035
Total Gross	7,806	8,035
Less: Impairment loss allowance	-	-
Total Net	7,806	8,035
(C) (I) Loans in India		
(i) Public Sector	-	-
(ii) Others	7,806	8,035
Total (C)(I)- Gross	7,806	8,035
Less: Impairment loss allowance	-	-
Total(C)(I) -Net	7,806	8,035
(C) (II) Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (C) (II)- Net	-	-
Total C(I) and C(II)	7,806	8,035

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

6 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
At Fair Value through Profit or Loss		
Mutual funds units	1,043,148	864,594
Total Gross	1,043,148	864,594
(i) Investments outside India	-	-
(ii) Investments in India	1,043,148	864,594
Total	1,043,148	864,594
Less : Allowance for Impairment	-	-
Total Net	1,043,148	864,594

7 Current tax assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax, Tax deducted at source, [Net of provision for tax of Rs. 668,378 (March 31, 2019 Rs. 626,489)]	282,270	296,794
Total	282,270	296,794

8 Deferred tax assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets		
Minimum Alternate Tax (MAT) Credit	127,857	145,149
Finance lease rentals	-	114
Depreciation/Amortisation	1,547	1,802
Provision for employee benefits	12,824	10,320
Bonus payable	6,235	8,912
Other Provisions	1,749	-
Total deferred tax assets	150,212	166,297
Deferred Tax Liabilities		
Fair value of financial instruments	20,799	16,598
Total deferred tax liabilities	20,799	16,598
Net deferred tax assets	129,413	149,699

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

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.

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

11 Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advance to suppliers	3,062	4,134
Goods and Service tax / Cenvat Credit	18,668	28,238
Prepayments	16,969	14,544
Other Receivables	1,815	2,653
Total	40,514	49,569

12 Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises - Related Party	84,342	44,440
Total outstanding dues of creditors other than micro enterprises and small enterprises	21,829	27,535
Total	106,171	71,975

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, 2020	As at March 31, 2019
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.	-	-

HSBC Asset Management (India) Private Limited
Notes to the financial statements for the year ended March 31, 2020 (Continued)

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

13 Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Obligations under Finance Leases (Secured by Motor Car)	-	641
Total	-	641
Borrowings in India	-	641
Borrowings outside India	-	-
Period	-	November'19
Terms of Repayment	-	Monthly Installment
Coupon/Interest Rate	-	14%

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:

Particulars	As at March 31, 2020	As at March 31, 2019
Total future minimum lease payments	-	683
Future interest included above	-	42
Present value of future minimum lease payments	-	641

14 Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Employee benefits payable (including Restricted Share Plan)	70,964	36,868
Total	70,964	36,868

15 Current tax liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax [Net of advance tax and Tax deducted at source Rs.89,274 (March 31, 2019 Rs. 89,274)]	17,278	17,278
Total	17,278	17,278

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

9 Property, Plant and Equipment

Particulars	Computers	Furniture and Fixtures	Office Equipment	Vehicles*	Total
Gross Block (At Cost)					
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
Additions	12,584	1,164	830	-	14,578
Disposals	-	-	-	(2,251)	(2,251)
As at March 31, 2020	24,629	1,707	2,603	-	28,939
Depreciation					
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
Depreciation charge during the year	3,467	354	522	232	4,575
Disposals	-	-	-	(2,251)	(2,251)
As at March 31, 2020	13,201	622	1,022	-	14,845
Net Block					
As at March 31, 2019	2,311	275	1,273	232	4,091
As at March 31, 2020	11,428	1,085	1,581	-	14,094

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

10 Other Intangible Assets

Particulars	Computer Software
Gross Block (At Cost)	
As at March 31, 2018	3,847
Additions	5,900
Disposals	-
As at March 31, 2019	9,747
Additions	-
Disposals	-
As at March 31, 2020	9,747
Amortisation	
As at March 31, 2018	2,300
Amortisation during the year	2,173
Disposals	-
As at March 31, 2019	4,473
Amortisation during the year	2,323
Disposals	-
As at March 31, 2020	6,796
Net Block	
As at March 31, 2019	5,274
As at March 31, 2020	2,951

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

16 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for leave absences	7,313	6,289
Provision for Gratuity (refer note- (b) below)	36,724	30,805
Total	44,037	37,094

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. 17,677 (31 March 2019 - Rs. 17,080).

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, 2020		
	Present value of obligation	Fair value of plan asset	Net amount
Opening Balance	30,805	-	30,805
Current service cost	5,166	-	5,166
Interest cost	2,117	-	2,117
Total amount recognised in Profit and Loss	7,283	-	7,283
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	1,827	-	1,827
(Gain)/loss on account of experience changes	401	-	401
Total amount recognised in Other Comprehensive Income	2,228	-	2,228
Employer Contributions	-	-	-
Benefit Payments	(3,592)	-	(3,592)
Liabilities assumed/Asset acquired	-	-	-
Closing Balance	36,724	-	36,724

Particulars	As at March 31, 2019		
	Present value of obligation	Fair value of plan asset	Net amount
Opening Balance	28,523	-	28,523
Current service cost	4,863	-	4,863
Interest cost	1,936	-	1,936
Total amount recognised in Profit and Loss	6,799	-	6,799
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)
Total amount recognised in Other Comprehensive Income	215	-	215
Employer Contributions	-	-	-
Benefit Payments	(4,732)	-	(4,732)
Liabilities assumed/Asset acquired	-	-	-
Closing Balance	30,805	-	30,805

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	36,724	30,805
Fair value of plan assets	-	-
Plan liability net of plan assets	36,724	30,805

(ii) Statement of Profit and Loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expense:		
Current service cost	5,166	4,863
Total	5,166	4,863
Finance costs	2,117	1,936
Net impact on the profit before tax	7,283	6,799
Remeasurements of the net defined benefit liability:		
Actuarial gains/(losses) arising from Changes in financial assumption	1,827	203
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	401	(213)
Net impact on the other comprehensive income before tax	2,228	215

(iii) Defined benefit plan assets

Category of assets	As at March 31, 2020	As at March 31, 2019
- Insurer managed funds	-	-
Total	-	-

(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, 2020	As at March 31, 2019
Discount rate	6.50%	7.30%
Salary escalation rate*	7.00%	7.00%

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

(v) Demographic assumptions

Retirement Age:

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

Particulars	As at March 31, 2020	As at March 31, 2019
Mortality rate	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Withdrawal rate	11%	11%

Disability:

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

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

(vi) Sensitivity

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50bps	(1,162)	1,233
Salary escalation rate	50bps	1,223	(1,164)

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)

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, 2020	As at March 31, 2019
1st following year	4,153	3,154
2nd following year	5,906	3,637
3rd following year	4,557	5,959
4th following year	5,055	4,765
5th following year	5,758	5,261
Sum of year 6 and above	36,383	34,236

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

(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, 2020	As at March 31, 2019
Statutory dues payable	31,575	30,828
Total	31,575	30,828

(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 31 March 2018	62,000,000	620,000
Increase during the year	-	-
As at 31 March 2019	62,000,000	620,000
Increase during the year	-	-
As at 31 March 2020	62,000,000	620,000

Issued, subscribed and paid-up capital

Particulars	Number of Shares	Amount
As at 31 March 2018	61,590,908	615,909
Increase during the year	-	-
As at 31 March 2019	61,590,908	615,909
Increase during the year	-	-
As at 31 March 2020	61,590,908	615,909

Reconciliation of number of shares

Equity Shares:	As at 31 March 2020		As at 31 March 2019	
	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	-	-	-	-
Balance as at the end of the year	61,590,908	615,909	61,590,908	615,909

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 (previous year: 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, 2020: 100% ; March 31, 2019: 100%

19 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium	15,743	15,743
Capital Redemption Reserve	90,000	90,000
Retained Earnings	848,138	763,130
Total	953,881	868,873

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

Securities Premium

Particulars	March 31, 2020	March 31, 2019
Opening balance	15,743	15,743
Changes during the year	-	-
Closing balance	15,743	15,743

Capital Redemption Reserve

Particulars	March 31, 2020	March 31, 2019
Opening balance	90,000	90,000
Changes during the year	-	-
Closing balance	90,000	90,000

Retained Earnings

Particulars	March 31, 2020	March 31, 2019
Opening Balance	763,130	720,075
Add: Profit for the year	86,847	43,224
Items of other comprehensive income recognised directly in Retained Earnings		
- Remeasurement of defined employee benefit plans, net of tax	(1,839)	(169)
Closing Balance	848,138	763,130

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.

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

20 Fees and commission Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Management fees from		
i) Mutual fund operations (net of GST)	467,754	465,673
ii) Portfolio Management Service (net of GST)	7,078	11,106
iii) Advisory Services	405,973	368,517
Total	880,805	845,296

21 Net gain on fair value changes

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain/(loss) on financial instruments at FVTPL		
On Mutual fund	39,754	59,888
Total (A)	39,754	59,888
Fair value changes:		
Realised	41,107	52,224
Unrealised	(1,353)	7,664
Total (B)	39,754	59,888
Total	39,754	59,888

22 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit on sale of Property, Plant & Equipment (net)	312	-
Gain on account of Foreign Exchange fluctuations (net)	16,695	25,565
Interest on Income Tax Refund	16,308	-
Miscellaneous	12,151	1,118
Total	45,466	26,683

23 Employee Benefits Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	455,230	405,098
Contribution to provident and other funds (refer 16-a)	17,677	17,080
Gratuity (refer 16-b)	7,283	6,799
Leave Absences	1,772	1,491
Share based payments (refer note- 32)	2,258	3,353
Staff welfare expenses	4,577	5,376
Total	488,797	439,197

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

24 Depreciation and amortization expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment	4,575	6,735
Amortisation on other intangible asset	2,323	2,173
Total	6,898	8,908

25 Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent & Utilities	48,189	50,472
Repairs and maintenance	51,797	57,066
Communication expenses	40,001	34,452
Director's Fees, allowances and expenses	640	590
Auditor's Fees [refer a) below]	2,618	2,484
Legal and Professional charges	12,007	7,672
Insurance	12,104	11,524
Travelling and conveyance expenses	7,785	9,295
Brokerage and incentives	415	4,914
Compensation [refer c) below]	63	104
Scheme related expenses	379	6,779
Rates and taxes	5,078	4,157
Corporate Social Responsibility (CSR) expenses [refer b) below]	3,480	4,350
Loss on sale of Property Plant & Equipment (net)	-	52
Support service charges	113,628	106,195
Business development	25,603	40,502
Recruitment cost	1,634	316
Membership and subscription	885	959
Office administration	1,745	3,623
Guarantee Charges	1,001	778
Service Tax paid under SVLDR Scheme	8,441	-
Interest and Penalties on Service Tax	171	-
Total	337,664	346,284

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

26.1 Income tax expense

Particulars	For the Year ended	
	March 31, 2020	March 31, 2019
Income tax expense		
Current tax on profits for the year	41,575	33,949
Add / (Less) : MAT Credit Entitlement	-	(13,947)
MAT Credit (Prior Period)	832	(11,870)
Adjustment in respect of current income tax of prior years	-	54,807
Total Current tax expense	42,407	62,939
Deferred tax relating to origination and reversal of temporary differences	2,994	31,087
Income tax expense	45,401	94,026
Current Tax	41,575	62,939
Deferred Tax	3,826	31,087

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 2020 and 31 March 2019 is as follows:

Particulars	For the Year ended	
	March 31, 2020	March 31, 2019
Accounting profit before tax	132,637	137,296
At statutory income tax rate of 29.12%* (As at March 31, 2019 - 21.55%)	38,624	29,587
LTIP	657	-
Corporate Social Responsibility	507	-
Capital Gain on Sale of investment	1,500	-
Others	(45)	-
Deferred Tax on account of different rates	3,326	-
Adjustment in respect of current income tax of prior years	-	54,807
One-fifth of the transition amount as per section 115JB (2c) of Income Tax Act 1961	-	4,408
Actuarial Gain	-	(46)
Net Deferred tax on temporary differences	-	31,087
MAT Credit (Current Year)	-	(13,947)
MAT Credit (Prior Period)	832	(11,870)
Income tax expense reported in the Statement of Profit and Loss	45,401	94,026

* The Company has opted 25% income tax rate as per the provisions of Section 115BA of the Income Tax Act, 1961.

26.2 Deferred tax

Deferred tax assets

Particulars	As at March 31, 2018	Movement in Profit and Loss [(debit)/credit]	As at March 31, 2019	Movement in Profit and Loss [(debit)/credit]	MAT Credit Utilised **	As at March 31, 2020
Brought forward losses	30,495	30,495	-	-	-	-
MAT Credit	119,332	(25,817)	145,149	832	16,460	127,857
Finance lease obligation	227	113	114	114	-	-
Provision for employee benefits	9,998	(322)	10,320	(2,504)	-	12,824
Bonus payable	9,464	551	8,913	2,678	-	6,235
Other Provisions	-	-	-	(1,749)	-	1,749
Depreciation/Amortisation	954	(847)	1,801	254	-	1,547
Total	170,470	4,173	166,297	(375)	16,460	150,212

Deferred tax liabilities

Fair value of financial instruments through P&L	(15,501)	1,097	(16,598)	4,201	-	(20,799)
Total	(15,501)	1,097	(16,598)	4,201	-	(20,799)

Net Deferred Tax	154,969	5,270	149,699	3,826	16,460	129,413
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** This amount is adjusted against Current Tax Assets

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

a) **Break up of Auditor's Remuneration**

Payment to Auditor:	For the year ended March 31, 2020	For the year ended March 31, 2019
- Statutory Audit	1,838	2,118
- Other Services	687	305
- Reimbursement of Expenses	93	61
Total	2,618	2,484

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, 2020 is Rs. 3,480 (Previous year Rs. 4,350). 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, 2020	For the year ended March 31, 2019
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On the purposes other than (i) above	3,480	4,350
Total	3,480	4,350
Amount required to be spent as per Section 135 of the Act	3,480	4,350

c) **Compensation**

The Company incurred Rs. 63 (March 31, 2019 Rs. 104) 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, 2020 (Continued)

27 Fair value measurement

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

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, 2020			As at March 31, 2019		
	Fair value through Profit or Loss	Fair value through OCI	Amortised cost	Fair value through Profit or Loss	Fair value through OCI	Amortised cost
Financial Assets:						
Cash and cash equivalents	-	-	1,065	-	-	3,434
Receivables	-	-	318,554	-	-	297,976
<u>Investments:</u>						
- Mutual fund units	1,043,148	-	-	864,594	-	-
Loans						
-Staff Loans	-	-	356	-	-	585
-Security Deposits	-	-	7,450	-	-	7,450
Total Financial Assets	1,043,148	-	327,425	864,594	-	309,445
Financial Liabilities:						
Trade Payables	-	-	106,171	-	-	71,975
Other financial liabilities	-	-	70,964	-	-	36,868
Borrowings	-	-	-	-	-	641
Total Financial Liabilities	-	-	177,135	-	-	109,484

HSBC Asset Management (India) Private Limited
Notes to the financial statements for the year ended March 31, 2020 (Continued)

(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, 2020

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	6	1,043,148	-	-	1,043,148
Total financial assets		1,043,148	-	-	1,043,148

As at March 31, 2019

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

- 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.

HSBC Asset Management (India) Private Limited
Notes to the financial statements for the year ended March 31, 2020 (Continued)

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

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 Sensivity analysis of foreign currency receivables/payables is depicted below

Particulars	Impact on profit after tax and equity	
	March 31, 2020	March 31, 2019
Rupees – Strengthen 3% (2019 – 3%)	(3,169)	(4,021)
Rupees – Weakens 3% (2019 – 3%)	3,169	4,021

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, 2020	March 31, 2019
Interest rate – Increase 0.5% (2019 – 0.5%)	(3,490)	(2,796)
Interest rate – Decrease 0.5% (2019 – 0.5%)	3,490	2,796

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% (2019 - 5%) 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, 2020	March 31, 2019
NSE Nifty 50 – increase 5% (2019 – 5%)	2,069	2,686
NSE Nifty 50 – decrease 5% (2019 – 5%)	(2,069)	(2,686)

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

(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, security deposits, 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 at various locations in India as at March 31, 2020 of Rs. 7,446 and March 31, 2019 of Rs. 7,446. 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, 2020	As at March 31, 2019
Security Deposits	7,450	7,450
Staff loans	356	585
Receivables	318,554	297,976
Cash and cash equivalents	1,065	3,434

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, 2020	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	67,636	37,997	538	-	-	106,171
Borrowings	-	-	-	-	-	-
Other financial liabilities	-	-	70,964	-	-	70,964
Total	67,636	37,997	71,502	-	-	177,135

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
Total	14,281	55,639	39,564	-	-	109,484

(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, 2020 (Continued)

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

30 Maturity analysis of assets and liabilities

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

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	1,065	-	1,065	3,434	-	3,434
Receivables						
(I) Trade receivables	318,554	-	318,554	297,976	-	297,976
Loans	7,806	-	7,806	8,035	-	8,035
Investments	926,482	116,666	1,043,148	742,781	121,813	864,594
Non-financial assets						
Current tax assets (Net)	-	282,270	282,270	-	296,794	296,794
Deferred tax assets (Net)	-	129,413	129,413	-	149,699	149,699
Property, plant and equipment	-	14,094	14,094	-	4,091	4,091
Other intangible assets	-	2,951	2,951	-	5,274	5,274
Other non-financial assets	-	40,514	40,514	48,655	914	49,569
Total assets	1,253,907	585,908	1,839,815	1,100,881	578,585	1,679,466
Financial liabilities						
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	106,171	-	106,171	71,975	-	71,975
Borrowings	-	-	-	641	-	641
Other financial liabilities	70,964	-	70,964	36,868	-	36,868
Non-financial Liabilities						
Current tax liabilities (Net)	-	17,278	17,278	-	17,278	17,278
Provisions	44,037	-	44,037	37,094	-	37,094
Other non-financial liabilities	31,575	-	31,575	30,828	-	30,828
Total liabilities	252,747	17,278	270,025	177,406	17,278	194,684

(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, 2019 : Rs. 58,243)
b) Indirect tax matters disputed by the Company are Rs. 22,507 (March 31, 2019 : Rs. 60,362)

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.

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Number of shares	Number of shares
Outstanding at the beginning of period	14,367	14,419
Granted	5,580	11,157
Exercised	(5,172)	(7,489)
Released	(290)	(214)
Forfeited	-	(1,267)
Transferred in	390	-
Transferred out	-	(2,239)
Outstanding at the end of period	14,875	14,367

b) 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	Year ended March 31, 2020	Year ended March 31, 2019
HSBC Asset Management (India) Private Limited - Employees share based payment scheme (equity settled)	2,258	3,353
Total	2,258	3,353

HSBC Asset Management (India) Private Limited
Notes to the financial statements for the year ended March 31, 2020 (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:-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic & Diluted earnings per share		
Net profit after tax available for equity shareholders	86,847	43,224
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)	1.41	0.70
Nominal value per share	10	10

34 Impact of COVID 19 Note to overall market/economy

The Company's operations are included in essential services and have continued through the lock down declared by the government. The Company has made an assessment of its liquidity position for the next one year and of the recoverability and carrying value of its assets and receivables as at the Balance Sheet date and has concluded that there is no material adjustment required in the financial statements.

The management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation.

The Company will continue to closely monitor the situation for any material changes which may impact the business.

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

35 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) - Resigned with effective date from 23/10/2019

Mrs. Kishori Udeshi (Director) - Resigned with effective date from 23/10/2019

Dr. Indu Shahani - Appointed with effective from 01/10/19

(i) Transactions during the year are as under:

	with Holding Company	with Ultimate Holding Company	with fellow Subsidiaries	with Key Management Personnel
Advisory fees	-	-	405,973	-
	-	-	(368,517)	-
Managerial Remuneration	-	-	-	30,559
	-	-	-	(29,415)
Director's Sitting Fees	-	-	-	640
	-	-	-	(590)
Support service charges	-	-	95,990	-
	-	-	(91,094)	-
Telephone, communication and postage	-	-	2,159	-
	-	-	-	-
Rent	-	-	42,535	-
	-	-	(42,814)	-
Repairs and maintenance - Computers	2,010	-	14,945	-
	(1,857)	(13,732)	(17,810)	-
Bank and Guarantee charges	-	-	1,107	-
	-	-	(1,352)	-
Deposit paid for premises	-	-	-	-
	-	-	(785)	-

Amounts in brackets represents amount relating to previous year

(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
Assets				
Advisory fees receivable	31-Mar-20	-	-	226,877
	31-Mar-19	-	-	221,035
Deposit for premises	31-Mar-20	-	-	7,446
	31-Mar-19	-	-	7,446
Balances with banks	31-Mar-20	-	-	902
	31-Mar-19	-	-	2,938
Liabilities				
Trade Payables	31-Mar-20	734	-	83,608
	31-Mar-19	-	13,092	31,538

36 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, 2020	Year ended March 31, 2019
Segment revenue		
- India	920,559	905,184
- Outside India	-	-
Total	920,559	905,184

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, 2020	As at March 31, 2019
Segment assets - India	1,839,815	1,679,466
Segment liabilities - India	270,025	194,684

37 Previous year figures

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

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

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

Vivek Prasad
Partner

Dr. Indu Shahani
Director
DIN No: 00112289

Ravi Menon
Director &
Chief Executive Officer
DIN No: 00016302

Sumesh Kumar
Company Secretary
CS No: 17520

Place : Mumbai
Date: August 10, 2020

Place : Mumbai
Date: August 10, 2020