



2021

ANNUAL
REPORT **2020-21**



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ANNUAL REPORT 2020-21

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MESSAGE FROM THE CHAIRMAN



MOVING AHEAD, RESILIENTLY

Bharat Shah

Chairman, HDFC securities



Our 21 years of existence give us the experience, insights and advantage to position ourselves as a new-generation investment partner – a role which excites us while opening up a channel for differentiated and ‘out of the box’ thinking.





We hope you and your family members are safe and healthy. The Covid-19 pandemic brought along unprecedented challenges that needed immediate attention and remedial actions. Our main focus was to put up a united front against this adversary by creating an atmosphere of trust, safety, empathy and availability for our customers and employees. It gives me immense pleasure to state that the entire organization came forward as a unit - displaying exemplary qualities of leadership, collaboration, innovation and accountability. We moved ahead with a positive mindset, with an intent to help everyone associated with us. It is a humbling experience to see the resilience of human spirit, which keeps us motivated to move forward with the hope of a brighter future. I am sure that this year will be no different where our renewed vigor and determination will help us reach the pinnacle of quality customer service and employee welfare.

Last year we saw a massive increase of participants in the capital markets – which can be mainly attributed to the pandemic. People were on a constant lookout for avenues of income generation and investment. These new entrants were not only from metro cities but also from Tier II and Tier III cities as well. This speaks volumes about the change in mindset of investors and their willingness to invest in equities, as opposed to their traditional go-to investment instruments such as gold, real estate, FDs etc. To make the markets more transparent and increase retail participation – SEBI introduced digital account opening and margin pledge mechanism. We believe a massive opportunity awaits us where, armed with our legacy, service and offerings, we will deepen our penetration in all type of customer segments.

Since the advent of this pandemic, our customer connect and conversations have been more tenacious, with the hope of providing investment avenues as a preparedness for Covid-induced uncertainties. We have aggressively highlighted our existing digital offerings to our customers so that they do not have to visit our branches for their requirements, while enjoying a seamless experience on our digital platforms. In the last twelve months, we have massively scaled our volume handling capabilities and empowered our front line employees to service their customers from the safety of their homes. For this year and in the future, our thrust on being completely digital will be quite evident. We are not only gearing up to expand our digital suite but also working relentlessly to make sure our customers

move up in the curve of digital adoption and manage their investments online. I am overjoyed to state that all of us at HDFC securities are aligned to this objective and are working tirelessly to achieve the same.

Employee well-being is of paramount importance to us. We did not let any industry news of down-sizing affect the morale of our employees and have constantly appraised them of job safety and growth momentum. We addressed all Covid associated anxieties and made sure that members of HDFC securities do not have to worry about their future. Our HR arranged webinars on stress management, yoga, finance management – which collectively helped in constructing a positive frame of mind. We are committed to provide an environment promoting job preservation, mental health, growth and up-skilling through our various online learning modules.

We earned a PAT of Rs.703 crore in FY21, up by 83% as compared to the PAT of Rs.384 crore in FY20, while our topline brokerage income increased by 79% to Rs.1014 crore, as against Rs.566 crore in the similar period. Our total revenues have increased by 56%, from Rs.895 crore to Rs.1,399 crore. We are happy to share that our net worth has increased to Rs.1,477 crore and Earning Per Share (EPS) has increased to Rs.445 from Rs.246 as compared to the previous year. We have declared a total dividend (including all interim dividends) of Rs.318 per share in FY21 which is higher by 136% as against the previous year's dividend of Rs.135 per share.

It is very interesting to note that generational changes are not happening in 25-30 years anymore. It has been reduced to 5-10 years now. Each generation has different needs and is disrupting the service delivery models with its expectations. This generation overlap has, in fact, opened up avenues for disruption and provided reasons to keep on re-visiting our current framework. Our 21 years of existence give us the experience, insights and advantage to position ourselves as a new-generation investment partner – a role which excites us while opening up a channel for differentiated and 'out of the box' thinking. Along with all of you, I cannot wait to embark on this journey.

Stay Safe, Stay Positive, Stay Motivated!

Yours truly,

Bharat Shah

Chairman, HDFC securities

MESSAGE FROM THE MD & CEO



Dhiraj Relli

MD & CEO, HDFC securities

EYE ON THE HORIZON

The perils of Covid-19 have made us revisit our operating model, striking a balance between customer service and employee safety. No words can express how much we were and are still being affected by the repercussions of this virus, wreaking havoc in our lives. Though many situations are not in our control, we can definitely identify areas of improvement and adaptation that will work in our favour. The last financial year has been a classic example of this approach.

We have been agile and nimble in understanding the needs of our customers, which also served as the cornerstone of a significant upgrade in our IT and digital infrastructure. Provisions and reforms were introduced in systems and policies, which helped our employees with their responsibilities, while being in the safety of their homes. SEBI allowing digital account opening without any physical presence of customers or paper requirements in April 2020 immensely contributed in helping us open accounts throughout the length and breadth of the country. Specially crafted digital on-boarding journeys and necessary literature (made available through webinars, corporate website and customer care) on account usage and other products/services helped our customers drive and manage their own investments. We have successfully implemented the important regulatory changes introduced by SEBI (in the last financial year) with a view to make markets safe, reduce leverage and transparent for retail investors as listed below:

1. Introduction of margin pledge as the only mechanism for collection of upfront margin in the form of shares. Shares to remain in customer's account and pledge is marked in favour of the broker.
2. Upfront collection of margin in cash segment at a client level.
3. Collection of peak margins, driven through snap shots taken at regular intervals for the purpose of computation of margin requirements at client level.



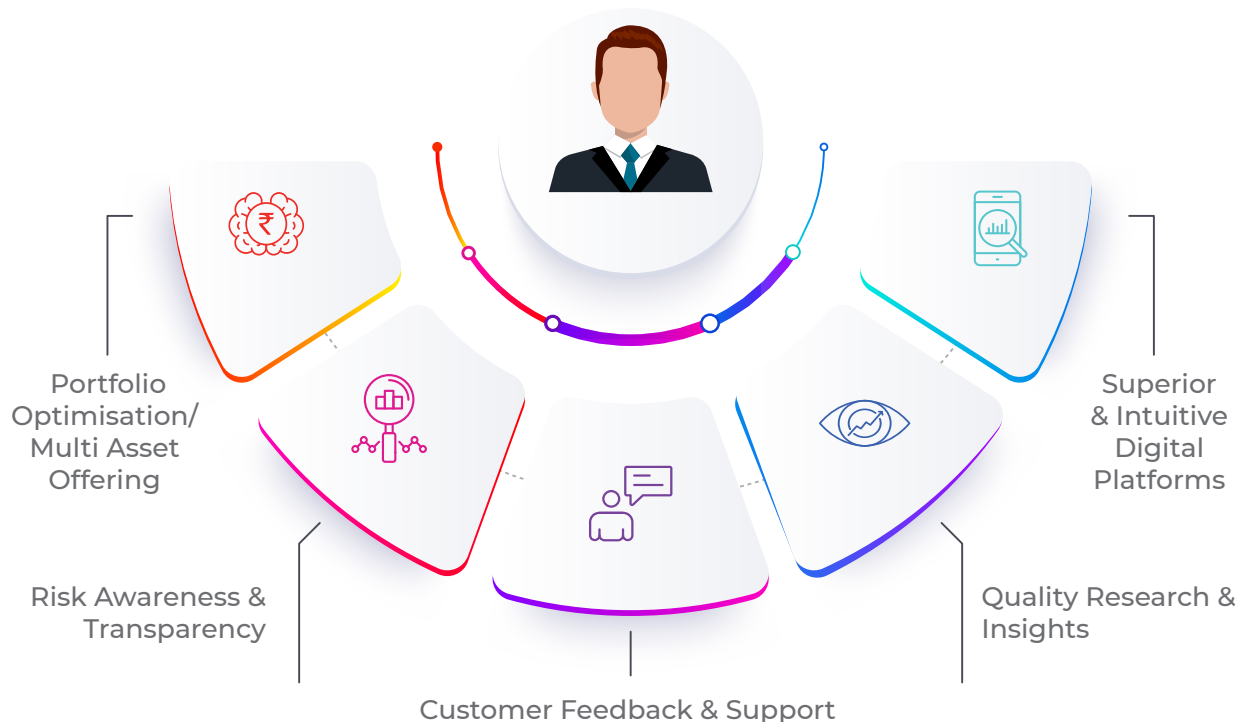
We witnessed large-scale job losses and pay cuts across industries in the last financial year. While our thoughts and prayers go out to everyone who has been through this devastating phase, I feel humbled to state that no down-sizing and pay cuts have been introduced in HDFC securities. In fact, our appraisal, promotion and bonus cycles have not been affected at all, reconfirming the brand trust our employees have in our organisation. We have explored expansion plans as well and have introduced a representative model for greater employment reach. Continuing with the resilience towards providing quality customer experience, I am sure we will be scaling greater heights in the near future.

Our industry has taken an evolutionary leap today by offering relevant products to customers through comprehensive and intuitive digital platforms. Our success, from hereon, will lie in the strength of our conviction to be the best in the business. We cannot

run the risk of being complacent and will need to operate with an obsession for quality customer service, helping them invest for their goals. My vision is to create an eco-system for our customers that would be holistic, all-inclusive, and moreover, self reliant for any customer to build their portfolio.

This eco-system is a preference today and it will be a demand tomorrow. Everyday we bring ourselves to the design board where our conversations revolve around making our customer experience unique and richer. **It is absolutely imperative for us to help our customers have a seamless experience on our platforms while completing their investment journeys - being unassisted but duly informed.** We believe that we have the right ingredients to adapt, evolve, and deliver according to changing customer needs and demands, with motivated teams working incessantly to keep on raising the bar for service excellence.

Customer Service Eco-System





Technology – The Key Differentiator



Technology is and will be the key differentiator for customers in their selection of preferred broking platforms. Technology forms the base of User Experience (UX) and User Interface (UI), the two most critical features of brand trust and customer loyalty. The only mantra for quality customer service is intuitive thinking and continuously evolving to the next level of service delivery. With the pandemic pulling the adoption and learning curve of digital platforms tremendously close by a few years, we need to be robust and nimble in our digital offerings to our customers – ensuring smooth on-boarding and transactional journeys.

With India still being an underpenetrated market for capital markets, technology will play an important role to help a significant portion of customers with bank accounts to foray into equity investing, especially people belonging to the Tier II and Tier III cities. Low-cost smartphones,

an ever-increasing internet bandwidth along with the eagerness of finding an alternate source of income, will heavily contribute towards participant growth in the capital markets, especially for millennials. Customer service can only be defined today as a package of relevant products with intuitive platforms promising integrity, security, and transparency.

In this quest, we are preparing ourselves for a continuous cycle of evolution, working relentlessly to provide an enriched customer experience through the amalgamation of technology and customer requirements. We are studying newer trends in technology and identifying areas where they can be integrated into the customer journey, to make it simpler and more engaging while providing us the benefits of scalability, flexibility, and cost effectiveness.



Evolving dynamics of Relationship Management



It has been long that organisations across multiple industries have traditionally used relationship managers as glorified sales representatives. Nothing is particularly wrong with this notion, but the legacy definition of relationship management has been lost.

We believe the front line relationship managers should do more than merely assist customers in placing trades and providing research advice, instead derive a fruitful association with the

brand. We need to identify the various touch points of our customers' investment journeys and add value and relevance to their investment goals.

We have identified certain traits which we will be focusing on during our training programmes as well as on-floor active engagements with customers. We are preparing to create a niche for ourselves in the relationship management space.

I thank our customers and shareholders for their continued support and their faith in our abilities to serve their needs. It has given us the courage and motivation to navigate the pandemic and be readily available to our customers. I thank all our employees for their positive attitude and spirited approach towards our business, while sincerely believing in the start of a new era for us.

Yours truly,

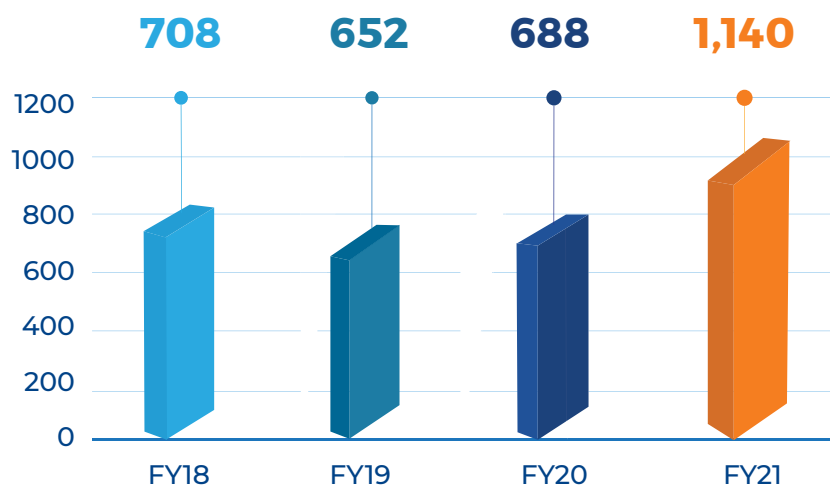
Dhiraj Relli

MD & CEO, HDFC securities

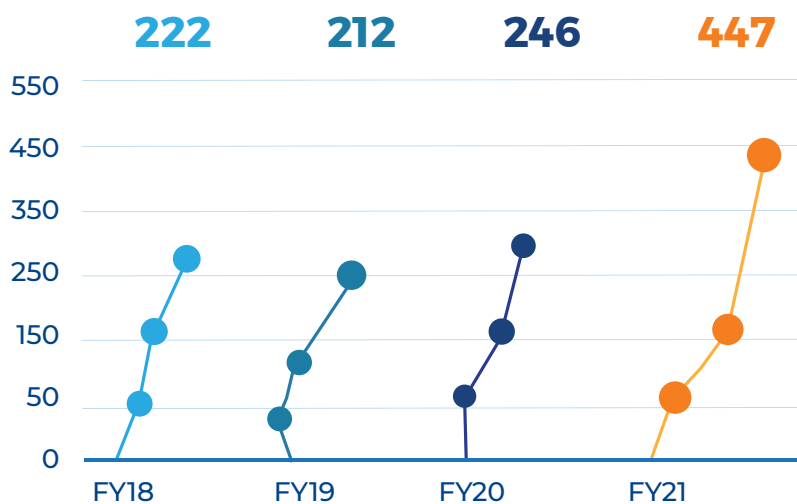


KEY METRICS

BROKERAGE AND FEE INCOME (Rs. in Crore)

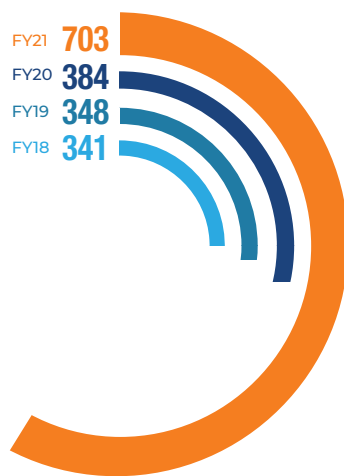


EARNINGS PER SHARE (in Rs.)

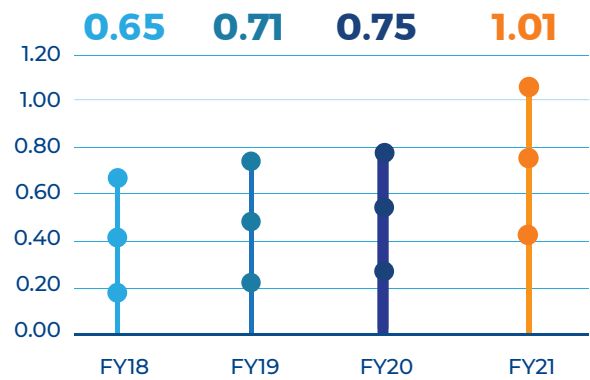




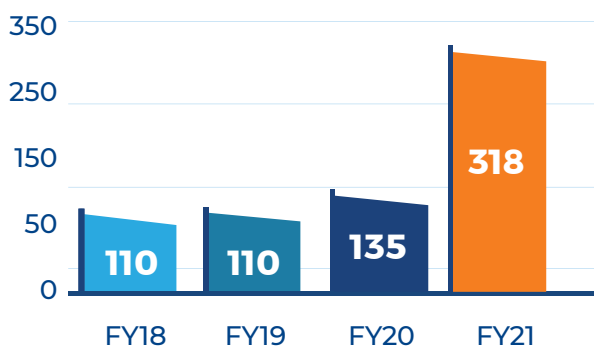
PROFIT AFTER TAX (Rs. in Crore)



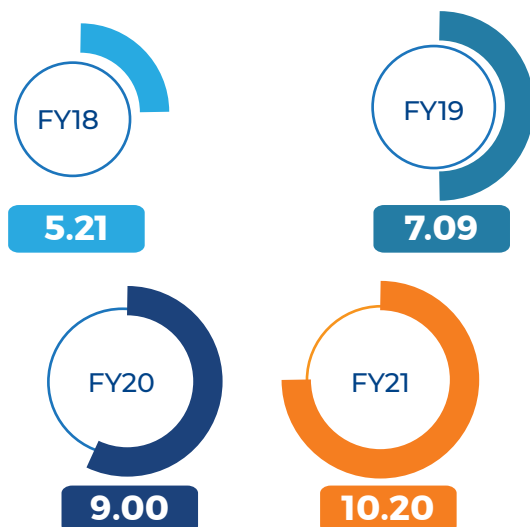
OVERALL ACTIVE CLIENTS (in Million)



DIVIDEND PER SHARE (in Rs.)



CSR SPEND (Rs. in Crore)

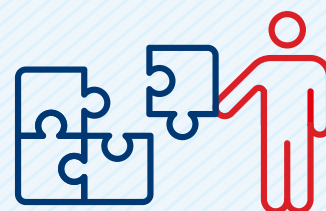


FY 20-21 BUSINESS HIGHLIGHTS



The company has a customer base of

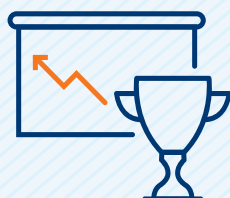
27.26 lakh to whom it offers an **exhaustive range of investment and protection products**



In FY 2021, HDFC securities had over

1 Million
(10.10 lakh)

transacting customers, featuring in the **top 5 of all broking houses in India**



HDFC securities created **digital on-boarding journeys**, which led to more than

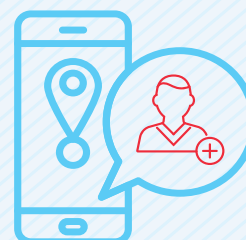
50% **customers being on-boarded digitally**



HDFC securities' 1 Million+

active customers accessing its services digitally, increased to

92%
from 79% in the previous year



The **brokerage generated from the mobile application** this year was

50% of the total brokerage earned as compared to the

32% of the share of brokerage revenue in the last year



In a conscious effort to rationalise the distribution network with greater emphasis on

digital offerings,

HDFC securities consolidated its existing branches



Total employees with **5 or more years with HDFC securities**

33%

216
branches across
159 cities/towns at
the end of the year



85% of brokerage
is attributed to **digital sources,**
which in the previous year was
60%



IPO

Total IPOs - **33**

Total applications - **41,15,653**

Volume - **Rs. 14,543 Cr**

In the area of **Margin Trade Funding (MTF),**
the average book size during the year was

Rs. 932 Cr, which is
71% higher than the average book
size of **Rs. 544 Cr** in the last financial year.

The book size at the year-end stands at
Rs. 1,680 Cr



Revenue generated
per employee

Rs. 65.49
Lakh

EVOLUTION AND JOURNEY OF HDFC SECURITIES



2000-2005

HDFC securities was incorporated in **April 2000** as a joint venture of HDFC Bank Ltd, HDFC Ltd and Indocean securities Holdings Ltd

Launched stock trading on
NSE & BSE

Started with
equity trading
and later
rolled out
derivatives
trading



2006-2010

Online
platform
to invest in **IPOs/FDs**

SIP in Stocks & ETFs

Launch of BLINK, a hi-speed trading engine

Revamped
hdfcsec.com

with various features including search engine, portfolio tracker, and robust Radar Signal Trading System





2011-2015

Mobile trading app launched for iOS and Blackberry

Launched a platform for
Exchange Traded Mutual Funds



2016-2020

New Integrated Portfolio
to track all asset classes

Call centre in
Thane, Mumbai
with 350 agents

Digital Account Opening

A complete digital process to signup with HDFC securities

InvestNow
Industry's first multi-asset robo advisory platform

ProTerminal
An advanced trading and analysis platform

Global Investing

Access to US equity markets for Indian retail investors

Premia
services launched

Depository Services
launched

ABOUT HDFC SECURITIES



1200+

RMs across



200+

Branches



Investing in
**US
markets**
through Global
Investing

Our products suite includes



Equity



Mutual
Funds



IPOs



Derivatives



ETFs



Bonds



Tax
Planning



Commodities
& Currency

**Investment Advisory
Services** (IAS)



ProTerminal

- Sentiment Analysis
- Predictive Data Analysis
- Market Analysis
- News Analysis
- Global Market Trends



**Basket
Investing**

Thematic investing
created by experts to
diversify and reduce
risks for customers



Suggestions on Equities and Mutual Funds through intelligent optimisation and risk profile assessment

Premia

- ★ **Premium Benefits**
- ★ **Priority Service**
- ★ **Personalised Attention**
- ★ **Preferential Access**



Multiple trading options through **mobile, website, ITS, branch and call centre**

Online account opening in

7
EASY
STEPS



Unbiased
research
across **300+**
companies



Transparent and strict adherence to
compliance protocols



Cutting-edge products and services, and platforms for the modern-day investor

The investment landscape in India has gone through a sea change in the last two decades. Investors now have a wider range of options to grow their wealth than ever before. Technology has simplified the process of investing and widened the base of investors. Today's 21st century investors are equipped with state-of-the-art tools and platforms to take more informed decisions about where to invest their money.

In the 21 years since we started, our endeavour has been to remain on the cutting-edge of technology and provide our customers with the tools and products that help with their investments.

We have constantly innovated and pushed the envelope on improving investor experience and helping our customers make the most of their money.

BASKET INVESTING

If an investor believes that consumption in rural India is set to increase over the next few years, then he or she would want to invest in a basket of stocks that would benefit the most from this trend. Or if the investor believes that a set of companies will be positively impacted by the digital revolution sparked by the Covid-19 pandemic, he or she would want to invest in those companies.

Basket investing allows customers to invest in thematic investment portfolios at the click of a button. For instance, the US has a set of top technology stocks, popularly called FAANG (Facebook, Amazon, Apple, Netflix, and Google).

Here, we have created our basket comprising bluechips. We call it HRITHIK (HDFC, RIL, Infosys, TCS, IndusInd Bank, and Kotak Mahindra Bank).

Such a basket helps investors build a diversified, low-cost, and long-term portfolio.

These baskets are created by finance experts and backed by solid research. Investing in a basket of stocks gives investors the same freedom as if they had manually and meticulously selected and purchased each underlying stock. The investor will continue to earn dividends from the constituent stocks, can track the performance of the individual stocks, and invest without any lock-in periods.



GLOBAL INVESTING



For the longest time, for the average Indian investor, trying to put money in an overseas listed company was such a complicated exercise; it was practically impossible. Today, an Indian investor can invest in a Google or Apple or Facebook or any other US stock or bond or mutual fund in just a few clicks.

We, along with our partner, Stockal, have made investing in countries such as the US a reality. Investing in US stocks involves a simple three-step process. **Investors do not have to do fresh research into individual companies. There are stacks, or pre-configured baskets of stocks and ETFs, that customers can invest in with a single click.** The idea behind creating a stack is to solve the challenge of “what to invest” with curated ready-made portfolios that are centered around

an idea or a theme. Each stack, such as the ‘Electric Vehicles Portfolio’ or ‘US Tech Bluechip’, is developed by leading financial experts to match different investment strategies, risk-tolerance, and investing goals.



Why do customers prefer to invest with us?



No Minimum Investment

Start investing with any amount



Diversification

Invest in over 4000+ US securities



Thematic Investments

Preconfigured portfolios of high-growth stocks & global ETFs



Remittance support

Streamlined process for transferring funds in US Dollars

EQ OPTIMIZER

Investors who want to enjoy the returns offered by direct equity but are not confident of whether their portfolio comprises the stocks that have the most potential now, need not worry.

In a tie-up with Markets Mojo, we offer EQ Optimizer, a tool that does an instant x-ray of an investor's portfolio and makes recommendations on whether it is aligned with their goals.

Investors need to upload their equity portfolio (it can even be a portfolio with another broker) to our EQ Optimizer tool. We then assess the investor's risk profile by asking certain questions. The tool will give customised change recommendations for the portfolio, based on which the investor can create a new, robust, and stable portfolio that is optimised to his or her needs.

The EQ Optimizer tool scans a portfolio to look for stocks that are weaker technically and fundamentally, and suggests suitable recommendations. It will even recommend that investors trim a particular holding if he or she has more exposure to it than they should. The final recommendation is a stronger portfolio that could offer the investor above-average returns while maintaining diversification.

The recommendations made by the EQ Optimizer, which relies on long-term (quality, valuation) as well as short-term (current financial trends, technical) factors, have been correct 82% of times, implying a highly successful strike rate.

To summarise, our EQ Optimizer helps our clients to:



Analyse stock selection and portfolio construct



Ascertain risk profile



Create a robust & stable portfolio to optimise return



Constantly monitor progress and benefit from future changes





MF OPTIMIZER

MF Optimizer uses advanced algorithms to help investors analyse their mutual fund investments. By signing up for MF Optimizer, investors get the most ideal, optimised MF portfolio based on their risk profiles. The recommendations are backed by our expert in-house team. Even investors who do not have an account with us can use this.

The MF Optimizer identifies the best-performing and under-performing funds, compares the performance of each fund against an expert-suggested portfolio, and monitors the investments to see if they have the right asset class mix.

The MF Optimizer assists our customers in multiple ways:

- In-depth insights on their portfolios based on intelligent analysis
- Risk-based analysis to understand sector and company exposure
- Portfolio recommendations based on customer's risk profile and objectives





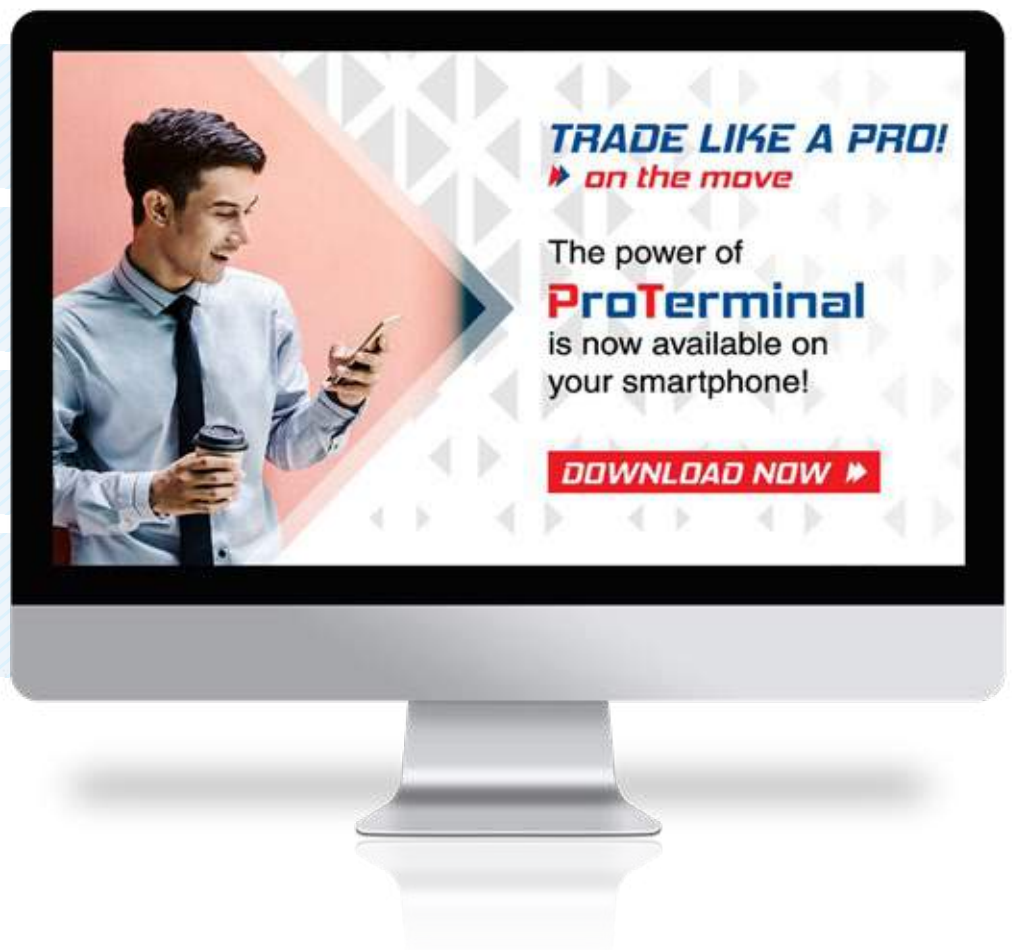
PROTERMINAL

ProTerminal is an advanced platform that gives traders, researchers, and analysts the most comprehensive news, trends, and predictions. It does all the legwork required to make a successful call.

A premium product, ProTerminal, has news, data and analytics on not just Indian stocks and indexes but also on global ones. Investors and traders can view the latest research on a stock and create advanced strategies in the futures and options space using probability charts, 15-minute built-ups, and analysis of option chains.

The platform also offers advanced charting tools and screeners that help investors shortlist stocks on multiple criteria to make informed decisions.

- Understand market trends and decide trade calls
- Get data-based predictions about the future of the market
- Benefit from highly analytical research-based reports
- Receive updated news on local and global markets



PREMIA



Who does not like getting some personalised attention and priority service? That is why, through Premia, we are delivering to our customers an unparalleled investing experience.

Our Premia investors get access to a dedicated relationship manager who will provide them with personalised financial guidance, be it with research or placing trading orders. Investors

also get access to our powerful trading platform, ProTerminal, that is designed for high performance and delivers market updates in real-time.

Premia customers also benefit from our exceptional research reports and exclusive invites to institutional research webinars. With this product, we have redefined customer experience when it comes to investing.



Dedicated Senior Relationship Managers for personalised financial guidance; from providing research support to placing trading orders



Detailed research reports sent directly to customer's inbox along with personalised, actionable trading calls via SMS



Access to our revolutionary platform — ProTerminal, an advanced trading platform designed for performance, reliability and accuracy that presents ready-to-use and real-time market information



Exclusive invites to our institutional research webinars to gain a wealth of knowledge from our expert analysts



UNMATCHED RESEARCH



Making good investments requires a great deal of analysis and research. Our world-class research team brings customers unmatched ideas, insights, and recommendations. The meticulously analysed reports help customers take informed decisions about what to buy, when to buy, and how to grow their wealth.

Be it short-term, medium-term, or long-term, be it equity, derivatives or mutual funds, our research team brings a wealth of ideas that customers can benefit from.



UNMATCHED RESEARCH



Research at HDFC securities has always been a tool to provide value-added services to clients. We have two wings of research – Institutional and Retail.

Institutional Research

caters to the requirements of institutional clients and provides in-depth coverage on sectors and stocks.

The team has more than **190 companies** under coverage.

It prepares sector/thematic reports as well as strategy reports which are well-appreciated. It also holds conferences and webinars inviting the top managements and the best brains in the respective sectors. Company-connect offered to clients helps in cementing client relationships further. The team has been able to empanel new clients based on superior research and sales services, and increase business from existing clients.

Retail Research

has been serving retail and HNI clients through differentiated research and consistent outcomes in the equity, F&O, currency and commodities markets. The team provides actionable ideas for dealers/clients to generate brokerage and to create wealth. To meet the varying demands of this set of customers, research across fundamental, technical, F&O is being offered and across timeframes – trading short-term, medium-term, and long-term. In addition to calls, reports are generated for benefit of the clients.

Webinars are conducted to interact with and educate clients.

Positive feedback from the dealing channel and clients is received regularly.

The team has more than

130 stocks under coverage. Success ratios in trading ideas range from

67 to 75%, while in the case of investment ideas, it has been more than

97%.





Equity Research

There are more than 25 sectors under coverage including NBFCs, Auto, Aviation, Logistics, IT, Pharma/Healthcare, Banks, Materials, and Consumer.

The team offers calls and investment ideas that appeal to all types of investors, including long-term recommendations (based on extensive fundamental analysis), medium-term ideas (detailed analysis of some of the hottest stocks with recommendations of which ones to buy, hold or sell), and short-term positional calls (based on technical analysis).

Our research team understands that customers want to minimise risk. Our SIP ideas help investors develop a long-term portfolio of quality stocks by investing small amounts regularly.

Derivatives Research

Besides investments in direct equity, our research team provides insightful analysis of the derivatives space as well. Our analysts publish quality research that help traders make beneficial trades in the futures and options markets. Our experts provide trading ideas for currency derivatives also.

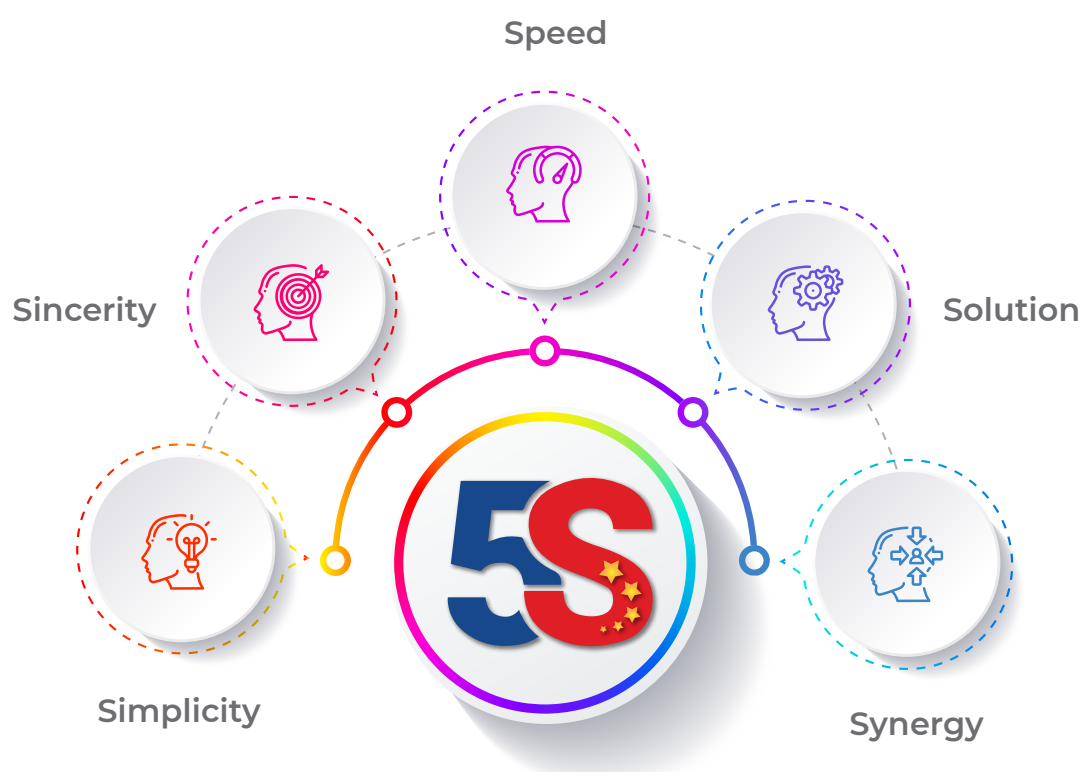
Mutual Fund Research

Retail investors who prefer to go the mutual fund route can benefit from our mutual fund research, where we perform a detailed analysis of a scheme, including quality of fund house, fund manager, category ranking, and past performance.

Across equity, debt, ELSS, and hybrid funds, our research team provides ideas that are aligned to a customer's risk appetite and financial goals.

In fact, our mutual fund ready reckoner is one of the most frequently referred sources by our customers while making fund choices.

HDFC SECURITIES NEW MANTRA - SETTING UP THE CORE



Every organisation has a framework of doing business, a fabric that binds the core. At HDFC securities, we have a huge responsibility towards our customers and of meeting their expectations at all times. We will only be able to succeed if we are disciplined, and obsessed with customer service and satisfaction. Hence, for our present and future, we have laid down the five pillars of our service to customers which would reflect at all levels of our service delivery.

Simplicity - Simplifying our products, research, client conversations, and platform experiences.

Sincerity - Being sincere in our attitude towards helping our clients, practicing fair business, helping our customers mitigate risk, and accountability for all our responsibilities.

Speed - Focusing on digital excellence, speedy resolution of customer grievance, and immediate adoption of course corrective measures.

Solution - Providing solutions pertaining to customer needs and resolving roadblocks to achieve optimum business performance.

Synergy - Collectively working as a team to elevate and establish superior customer experience.

COMBATTING THE UNPRECEDENTED CHALLENGES OF COVID-19

The advent of the deadly virus has made us introspect about the ways we were continuing with our lives – be it professional or personal. We started to look at those aspects that we may have taken for granted or have been the subject of neglect - our health and spending quality time with families (a harsh truth though it may be!). This pandemic has made us realise the importance of having a healthy lifestyle as well as taking some time out to focus on ourselves. HR at HDFC securities, made a conscious effort to ensure that all our employees are given appropriate support to deal with the stress of being confined to their homes along with maintaining positivity – both for themselves and their families. All the members of the HR team made the best use of having interactive webinars with our employees, making sure that as a brand, a continuous message of hope is relayed to them. We have engaged with

experts who gave valuable insights on financial and mental well-being, conducted sessions on yoga, stress management - to name a few. An online talent show was also conducted by HR, providing a platform for our employees to showcase their skills - be it music, painting or poetry.

Keeping the constraints of the pandemic and the importance of training for our employees in mind, HR migrated all learning and development modules to an online mode i.e. now training at HDFC securities is 100% digital with online learning journeys for employees at all levels. This has greatly helped our employees to move up the growth curve in terms of product and service understanding, while providing quality customer experience from the safety of their homes. Through the digital learning and development platform, our employees have completed 1.76 lakh hours of training.

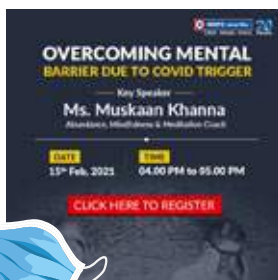
Out of many, we have listed a few interactive sessions where we have seen great participation and witnessed the true spirit of HDFC securities:

HDFC securities' Got Talent

International
Yoga Day



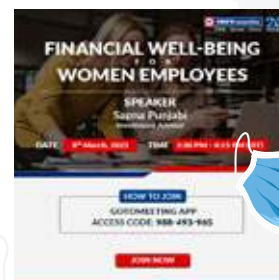
Overcoming
Mental Barrier
Due To Covid
Trigger



Stress Management



World
Photography
Day Contest



Female Health
& Financial
Well-Being

BEING A GOOD CORPORATE CITIZEN



Here is a snapshot of how we tried to make a difference to the underprivileged while helping our fellow citizens achieve more and follow their dreams.



Scholarships, transport subsidy, and noon meal subsidy to 500 students whose families have been affected due to the lockdown.

*Location –
Tamil Nadu*



Procurement of five vehicles for distributing food to schools within 40 Km range from Akshaya Patra kitchen.

*Location - Bhavnagar, Surat and
Vrindavan - Gujarat*



*Not an exhaustive list



Palliative care for people with chronic life-threatening diseases and dependent senior citizens.

Location – Pondicherry



Support to athletes and para athletes to achieve success in Olympic sports.

Location – Pan-India



PROFILES OF BOARD MEMBERS



Mr. Bharat D. Shah

Mr. Shah is the Chairman of HDFC securities Limited and has been on the Board of the Company since July 2001. He is also the Chairman of 3 M India Limited and Exide Industries Limited and a director on the Boards of other companies like Strides Pharma Science Limited, Tata Sky Limited, Mahindra Lifespace Developers Limited, Mahindra World City Developers Limited and Spandana Spoorthy Financial Limited. He was Founder Member and Executive Director of HDFC Bank from 1994 to 2013 and thereafter Advisor till 2020. He played a key role in the formation of HDFC Bank. He holds a Bachelor's degree in Science from Mumbai University and a Diploma in Applied Chemistry from Borough Polytechnic, London.



Mr. Dhiraj Relli

Mr. Relli has been a member of the HDFC family since 2008. He has served as Senior Executive Vice President and Head of Branch Banking at HDFC Bank, where his span of control extended across 800+ branches in different geographies. Prior to this, he worked as Country Head-Branch Banking with Centurion Bank of Punjab and also held various senior positions in ICICI Bank. He was appointed CEO of HDFC securities in 2015. Mr. Relli is a Chartered Accountant and has also completed an Advanced Management Program from the prestigious Indian Institute of Management, Bengaluru.



Mr. Abhay Aima

Mr. Aima has served as Head of Global Consumer Business, Private Banking & Distribution, Direct & Digital Banking, Retail Liabilities at HDFC Bank for over two decades. With over 31 years of experience in capital markets and financial services, he has been a strong pillar of HDFC securities Limited since July 2006.



Mr. Jagdish Capoor

Mr. Capoor is a former Deputy Governor of Reserve Bank of India. He has over four decades of experience and a stellar track record in the financial domain, having worked at the RBI for 39 years. Mr Capoor has served as Chairman of HDFC Bank. He has also been a member of the Board of Governors of IIM, Indore, as also on the Board of The Indian Hotels Co, LIC Housing Finance, and Spandana Sphoorthy Financial Limited. He is a Fellow of the Indian Institute of Banking and Finance.

**Dr. (Mrs.) Amla Samanta**

Dr. Samanta is currently on the Board of Samanta Movies Private Limited, Ashish Rang Udyog Private Limited, HDB Financial Services Limited, and Shakti Cine Studios Private Limited. Earlier, she was on the Board of HDFC Bank from 1996 to 2004. Prior to this, she served on the Advisory Board - India of the Bank of America for two years. She has over two decades of experience in small scale industry and financial services. She holds a Ph. D. in biochemistry from the University of Mumbai.

**Mr. Samir Bhatia**

Mr. Bhatia is an Indian entrepreneur and is the Founder and CEO of SME corner. He is a Chartered Accountant and a Cost Accountant, and has worked with companies such as Citibank, HDFC Bank, Barclays Bank, and Equifax. He is an angel investor.

**Mr. Malay Patel**

Mr. Patel is a Major in Engineering (Mechanical) from Rutgers University, Livingston, NJ (USA) and holds an AABA in business from Bergen County College, Fairlawn, NJ (USA). He is a Director on the Board of Eewa Engineering Company Private Limited, a company in the plastics/packaging industry that exports to customers in more than 50 countries. He is also an Independent Director of HDFC Bank Limited.

**Mr. Ashish Rathi**

Mr. Rathi is a Whole Time Director and the Head of Operations, Risk & Compliance at HDFC securities. He has been with the company for 17 years. He is a Commerce graduate from University of Mumbai and is a Chartered Accountant.

SENIOR MANAGEMENT TEAM



Dhiraj Relli
MD & CEO



Ashish Rathi
Head of Risk, Compliance,
Operations & Whole Time Director



Kunal Sanghavi
Chief Financial Officer



Sammeer Saurabh
Head -
Projects & IT



Varun Lohchab
Head -
Institutional Research



Deepak Jasani
Head -
Retail Research



Unmesh Sharma
Head -
Institutional Equities



Reynu B. Bhat
Head - Human Resource,
Learning & Development,
and Administration & Infra



Gagan Singla*
Head - Marketing,
CorpComm, and Third
Party Products



**Venkitakrishnan
N.E.**
Company Secretary and
Head - Legal



Vinod Sharma
Head - Client &
Media Engagement



Raveendra Balivada
Head - Investment Advisory



Rajeev Shrivastav*
Head - Retail Product/
B2B Business & Premium
Acquisition Channel



Pranab Uniyal
Head - Investment Product



Vaman Shenoy
Head - Audit



Uday Singh
Regional Business Head



Mufaddal Matcheswala
Regional Business Head



Kiran Hirlekar
Regional Business Head

* Joined on April 01, 2021



CUSTOMER TESTIMONIALS

★★★★

It is good for buying & selling of shares from the market, and getting good advice for both. As a result, getting more financial benefits.

SUSANTA KUMAR MAZUMDAR

★★★★

The app is excellent to understand the stocks positions well. It also provides an accurate information about stocks.

HITESH JANI

★★★★

Superb application! I use it everyday for stock trading. Very helpful, right from stock selection to stock selling.

RAJ JHALA

★★★★

Easy site navigation, buy and sell easily, up-to-date statements, perfect balance, and fingerprint access.

TR MANJUNATH

★★★★

Excellent! Navigation is quick. Menus are easy to understand and operate.

G BALAKRISHNAN

★★★★

Great app, especially when you have HDFC Demat and Savings Account. Seamless and hassle-free coordination.

NARSAIAH NIMMALA

Source: Google Play Store

HDFC securities Mobile App Review



FINANCIAL REVIEW **2020-2021**



DIRECTORS' REPORT

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present the 21st Annual Report on the business and operations of the Company together with audited accounts for the year ended 31 March 2021.

FINANCIAL RESULTS AS PER IND AS

	(Rs. in Crore)	
	Year ended	Year ended
	31-3-2021	31-3-2020
Total Income	1399.43	862.26
Total Expenses (excluding Depreciation)	417.53	322.89
Profit before depreciation	981.90	539.37
Depreciation and Amortisation	36.29	30.36
Profit before tax	945.61	509.01
Provision for Tax	242.38	124.86
Profit after tax	703.23	384.15
Balance brought forward	1112.65	1087.38
Amount available for appropriation	1815.88	1471.53
Dividend (Interim and Final)	500.98	297.69
Tax including surcharge and education cess on dividend	-	61.19
Balance carried over to Balance Sheet	1314.90	1112.65

OPERATIONS

During the year under review, the Company's total income amounted to Rs. 1399.43 crore as against Rs. 862.26 crore in the previous year-an increase of 62.3%. The operations have resulted in a net profit after tax of Rs. 703.23 crore as

against Rs. 384.15 crore in the previous year-an increase of 82.8%. The Company has emerged as a strong player in the financial services space offering a bouquet of savings and investment products along with the core broking product. The Company had 216 branches across 159 cities in the country as on 31 March 2021 and also has multiple digital platforms to enable its customers have easy access to its products.

PROSPECTS AND OUTLOOK FOR THE FUTURE

Economic Outlook

Output:

India's factory output climbed 22.4% in March 2021, benefiting from (1) the low-base effect of the lockdown-marred month a year back and (2) the turnaround in the manufacturing sector. The high positive annual growth in the index of industrial production (IIP) in March 2021 came on the back of a contraction of (-)0.9% and (-)3.4% in January 2021 and February 2021 respectively. The manufacturing sector, which constitutes 77.63% of IIP grew by 25.8% in March 2021. The mining sector output grew 6.1% in March 2021, while power generation increased by 22.5%.

The output of eight core industries grew 56.1% year-on-year (YoY) in April 2021 on a low-base effect as industrial production was extremely low during the same month a year ago, given the nationwide lockdown. However, industrial output declined 15.1% as compared to March 2021 due to the emergence of the second wave of the COVID-19 pandemic, with all eight industries registering a decline in output. For FY 2020-21, output of the eight core industries declined 6.5% vis-a-vis the previous year.

India's economy grew at 1.6% in the fourth quarter of 2020-21, with GDP growth picking up slightly amidst the COVID-19 second wave hitting the



economy hard. In the full fiscal year, however, the economy shrunk by -7.3%. The RBI projects real GDP growth at 9.5% vs previous estimate (PE) of 10.5% for FY 2021-22 with growth of 18.5% vs PE of 26.2% in Q1 FY 2021-22, 7.9% vs PE of 8.3% in Q2 FY 2021-22, 7.2% and 6.6% in Q3 & Q4 FY 2021-22.

The economic prospects for the current fiscal year seem brighter as coronavirus vaccines are being rolled out globally, which should lead to an easing of lockdowns and allow more business activities to resume. The government plans to boost capital expenditure by 34.5% to Rs. 5.54 tn (USD 75 bn), which will be spent across projects in the energy, social and commercial infrastructure, communication, water and sanitation sectors - to rev up the economy. Moreover, the vehicle scrappage policy for old and unfit vehicles should boost sales of new vehicles, while a cut in import duty on raw materials should benefit the textile industry. India is also looking to review the more-than-400 old duty exemptions and the plan is to come up with a revised structure, which would take effect from 1 October 2021.

In the Union Budget 2021-22, presented on 1 February 2021, the finance minister announced an outlay of Rs. 1.97 Lakh Crore for the Production-Linked Incentive (PLI) Schemes for 13 key sectors, to create national manufacturing champions and generate employment for the country's youth. This means that minimum production in India as a result of PLI Schemes is expected to be over USD 500 bn in five years.

Inflation:

India's Consumer Price Index (CPI) based retail inflation eased to 4.29% in April 2021 vs 5.52% in March 2021, primarily due to reduction in food prices. Core inflation also eased to 5.2% in April 2021 compared to 6% in March 2021. Consumer Food Price Index (CFPI) or the inflation in the food basket eased to

2.02% in April 2021, down from 4.87% in the previous month. Wholesale Price Inflation (WPI) in India climbed to an eight-year high of 7.39% in March 2021 compared to a four-year low of 1% in March 2020, primarily due to higher fuel and power prices. On a month-on-month basis, WPI saw rise of 1.57% in March 2021 vs 4.17% in February 2021.

The central bank's latest monetary policy in June 2021 has projected CPI inflation to be at 5.1% during 2021-22: 5.2% in Q1; 5.4% in Q2; 4.7% in Q3 and 5.3% in Q4:2021- 22, with risks broadly balanced.

The fiscal and external situation:

Corporate tax collection fell below personal income tax collection for the first time in 12 years due to lower tax rates and the COVID-19 impact on businesses. The corporate income tax collection for FY 2020-21 stood at Rs. 4.57 lakh crore, while total personal income tax was at Rs. 4.69 lakh crore. Both corporate and personal income tax collections shrunk in the financial year 2020-21 by 18% and 2.3%, respectively.

The provisional figures for indirect tax show that the total Goods and Services Tax (GST) and non-GST revenue collections for the financial year 2020-21 grew 12.3% to Rs. 10.71 lakh crore compared to Rs. 9.54 lakh crore in FY 2019-20. In FY 2020-21 net indirect tax collection grew 108.2% of the revised estimates of indirect taxes for the year. As regards customs, the net tax collections grew 21% to Rs. 1.32 lakh crore compared to Rs. 1.09 lakh crore in the previous fiscal.

Gross GST revenue collection stood at a record Rs. 1,41,384 crore in April 2021. In line with the trend of recovery in the GST revenues over the past six months, the revenues for April 2021 are 14% higher than the GST revenues in March 2021.



India's trade deficit hit an eight-month low in May 2021 and narrowed to USD 6.32 bn vs USD 15.1 bn in April 2021 and USD 16.84 bn in May 2020. India exported merchandise worth USD 32.21 bn in May 2021, 67% on higher YoY basis and nearly 8% over May 2019 pre-pandemic numbers while imports over the month amounted to USD 38.53 bn, 68.54% over May 2020 and 17.47% lower than May 2019.

India attracted total foreign direct investment (FDI) inflow of USD 72.12 bn during April-January (2020-21), the highest ever for the first ten months of a financial year. The value is 15% higher as compared to the first ten months of 2019-20, which was USD 62.72 bn. Singapore is the top source of FDI in India, with a share of 30.28% of the entire FDI equity inflow. This was followed by the US, with 24.28% and the UAE at 7.31% during April 2020-January 2021. Computer software and hardware emerged as the top sector during April 2020-January 2021, with 45.81% of the total FDI equity inflow followed by construction or infrastructure related activities at 13.37% and services sector at 7.80%.

Capital markets

Equity market and the way ahead:

During FY 2020-21, Nifty-50 has given an astounding 71% return and the Sensex surged by 68% helped by global monetary policy support, faster than expected post COVID-19 recovery, major government initiatives, better than expected Union Budget and improving corporate balance sheets. In the process, India's Market Cap to GDP ratio reached ~100% as compared to ~59% in March 2020. FII flows in equities in FY 2020-21 were the highest ever at USD 37.6 bn while DII saw outflows of USD 18.4 bn after five consecutive years of inflows.

Among the broader markets, Nifty Midcap 100 and Nifty Smallcap 100 ended the year with gains

of 102.4% and 125.7% respectively. All sectoral indices ended the year in the green. The Nifty Metal Index surged by 151%, Nifty Auto by 108% and Nifty IT by 103%. The Nifty FMCG index gained the least at 28%.

The rupee closed at 73.12 (provisional) against the USD, a gain of over 3% for the year, despite coronavirus-induced disruptions on the economic front. We expect it to gradually depreciate compared to greenback over the next few months and expect it to trade in a narrow range between 72 to 75, with an average of around 73.5.

In 2020-21, foreign portfolio investors have put in a net sum of Rs. 2.74 lakh crore into equities vs Rs. 6,153 crore in FY 2019-20, and pulled out a total amount of Rs. 24,070 crore from the debt segment (Rs. 48,710 crore in FY 2019-20) as per data available with the depositories.

This calendar year in Q1 the US 10-year bond yield has appreciated by 81% (from 0.91% to 1.72%). In the same period, India's 10-year bond yield has gone up by only 5.1% (from 5.86% to 6.17%). Expectations of inflation acceleration and strong US economic growth have led to the rise in bond yields. Globally rising bond yields are putting pressure on richly valued sectors and companies.

In FY 2020-21 we could see more than USD 5 lakh crore of stimulus coming from the US Government, Federal Reserve, ECB, BoJ and BoE. This could keep global liquidity on the higher side. Foreign net flows to emerging market equity and debt portfolios slowed in March 2021 to their weakest in almost a year as rising US yields continue to weigh on EM, with flows excluding China barely making a blip last month. The net estimated USD 10.1 bn inflow in March 2021 was the lowest monthly figure since April 2020 and compares with a downwardly revised USD 23.4 bn net inflow in February 2021.



High earnings growth in FY 2021-22 could come from auto & auto ancillaries, banks, capital goods, paints, consumer durables, NBFCs and real estate. Recent surge in COVID-19 cases led by the second wave of the pandemic poses a near-term risk to earnings. Massive stimulus and economic recovery have led to a rise in commodity prices. This may result in cost pressure risk to earnings. Rising Inflation can force central banks to halt/reverse the easing of the monetary policy. Rising bond yields could increase borrowing costs. Expeditious containment of COVID-19 cases and accelerated pace of vaccination would provide comfort for the economic growth recovery in FY 2021-22.

The expectations for FY 2021-22 earnings are running high at 30%+ growth in Nifty FY 2021-22 (E) EPS. Given the spread of second wave, this number may come in for downward revision. In view of the rich valuations, any misses on FY 2021-22 earnings outcome may act as dampener. An earlier than foreseen prospective tightening by the US Federal Reserve and a possible repeat of 'taper tantrum' on scaling back of its bond purchases are a concern. Simultaneously, the steady rise in the price of oil and other commodities has escalated inflationary pressures, forcing Brazil, Russia, and Turkey to raise interest rates.

Sectors most at risk from the second wave are hospitality and transportation services, which account for about 5.7% of GDP. It is now likely that the services-led rebound will be realised in its entirety in H2 FY 2021-22 instead of H1. The second wave of COVID-19 seen from March 2021 will result in Q1 FY 2021-22 not seeing as spectacular a growth on a low YoY base as expected earlier. However post Q1 FY 2021-22, growth could return fast as the second wave is expected to be contained by then. Equity markets, on the other hand, have continued to do well in Q1 FY 2021-22 so far, discounting a return to

normalcy soon. Any prolonged disruption due to the pandemic could however belie these hopes and result in correction in the markets.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134 (3) (a) extract of Annual Return as provided under sub-section (3) of Section 92 is available on the web-site of the company www.hdfcsec.com

BOARD MEETINGS

During the year under review, 8 (eight) Board Meetings were held. The meetings were held on 16 April 2020, 10 June 2020, 15 July 2020, 11 August 2020, 14 October 2020, 14 December 2020, 13 January 2021 and 12 March 2021.

Details of attendance of Directors at the Board Meetings, directorship in other Companies and sitting fees paid to the Directors for attending Board and various Committee meetings during the year under review are as follows:

Name of Director	Attendance at Board Meetings	Directorship of other Companies	Sitting Fees (Rs.)
Mr. Abhay Aima	8	1	9,00,000
Dr. (Mrs.) Amla Samanta	8	4	10,65,000
Mr. Ashish Rathi	8	-	Nil
Mr. Bharat Shah	7	10	9,15,000
Mr. Dhiraj Relli	8	-	Nil
Mr. Jagdish Capoor	8	8	8,40,000
Mr. Samir Bhatia	8	1	8,90,000
Mr. Malay Patel	8	2	7,50,000

COMPOSITION AND SIZE OF THE BOARD

The composition of the Board of Directors of the Company ("the Board") is governed by the Companies Act, 2013 and the SEBI (Stock-brokers and Sub-brokers) Regulations, 1992. The



Board had 8 (eight) Directors as on 31 March 2021. All the Directors other than Mr. Dhiraj Relli and Mr. Ashish Rathi are non-executive Directors as on the date of this report. The Company has 3 (three) Independent Directors and 5 (five) Non-Independent Directors as on the date of this report.

Mr. Abhay Aima, Mr. Ashish Rathi, Mr. Bharat Shah, Mr. Dhiraj Relli and Mr. Jagdish Capoor are the Non-Independent Directors on the Board.

Dr. (Mrs.) Amla Samanta, Mr. Malay Patel and Mr. Samir Bhatia are Independent Directors on the Board.

None of the Directors is related to each other.

COMPOSITION OF COMMITTEES OF DIRECTORS

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor the activities falling within their terms of reference.

The various Committees of the Board as on 31 March 2021 are as follows:

Audit Committee:

The members of the Audit Committee are Mr. Abhay Aima, Dr. (Mrs.) Amla Samanta, Mr. Malay Patel and Mr. Samir Bhatia. The Committee is chaired by Mr. Samir Bhatia.

The Committee met 4 (four) times during the year. The meetings of the Committee were held on 16 April 2020, 15 July 2020, 14 October 2020 and 13 January 2021.

The terms of reference of the Audit Committee inter-alia include the following:

- a. Recommending appointment, remuneration and terms of appointment of auditors of the Company;

- b. Reviewing and monitoring the auditor's independence, performance and effectiveness of the audit process;
- c. Reviewing with management, the financial statements and the auditors' report thereon focussing primarily on accounting policies and practices, compliances with other requirements concerning financial statements;
- d. Approvals or any subsequent modification of transactions of the Company with related parties;
- e. Reviewing the adequacy of the Company's financial controls and risk management systems;
- f. Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements.

Nomination & Remuneration Committee:

The Company has constituted a Nomination and Remuneration Committee for identification and recommending the appointment of Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Committee scrutinises the appointment of Directors, Key Managerial Personnel and Senior Management Personnel based on positive attributes, independence, qualifications, integrity etc. The Committee ensures that there is balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals, thereby formulating various policies to achieve the same.

The members of the Nomination and Remuneration Committee are Dr. (Mrs.) Amla Samanta, Mr. Bharat Shah, Mr. Jagdish Capoor and Mr. Samir Bhatia. The Committee is chaired by Dr. (Mrs.) Amla Samanta.



The Committee met 6 (six) times during the year. The meetings of the Committee were held on 16 April 2020, 15 July 2020, 11 August 2020, 14 October 2020, 14 December 2020 and 13 January 2021.

CAPEX Committee:

The CAPEX Committee considers and approves all capital expenditure incurred by the Company for its various projects, branch set up etc. from time to time.

The members of the Committee are Mr. Abhay Aima, Mr. Bharat Shah, Mr. Dhiraj Relli, Mr. Jagdish Capoor and Mr. Malay Patel. The Committee met 5 (five) times during the year. The meetings of the Committee were held on 10 June 2020, 11 August 2020, 14 October 2020, 14 December 2020 and 12 March 2021.

Stakeholders' Relationship Committee (Formerly Share Allotment and Transfer Committee):

The Share Allotment and Transfer Committee was renamed as Stakeholders' Relationship Committee during the year and approves and monitors allotments, transfers, transmission, splitting and consolidation of shares issued by the Company and Investor Grievances. The Committee consists of Mr. Ashish Rathi, Mr. Bharat Shah and Mr. Dhiraj Relli. The Committee met thrice during the year on 30 June 2020, 5 January 2021 and 5 March 2021.

Corporate Social Responsibility (CSR) Committee:

The Board has constituted a CSR Committee with the following terms of reference

- To formulate the Company's CSR Strategy, Policy and Goals;
- To recommend the amount of expenditure to be incurred every financial year on the CSR activities;

- To monitor the Company's CSR Policy and performance;
- To review the CSR projects/initiatives from time to time.

The members of the CSR Committee are Mr. Abhay Aima, Dr. (Mrs.) Amla Samanta, Mr. Bharat Shah and Mr. Dhiraj Relli.

The Committee met 4 (four) times during the year. The meetings of the Committee were held on 16 April 2020, 15 July 2020, 14 October 2020 and 12 March 2021.

Investment Management Committee:

The Investment Management Committee considers and approves the investment of funds by the Company within the overall limits approved by the Board. The Committee consists of Mr. Dhiraj Relli, Mr. Ashish Rathi, Mr. Kunal Sanghavi and Mr. N. E. Venkitakrishnan.

The Committee met 5 (five) times during the year. The meetings of the Committee were held on 18 June 2020, 3 August 2020, 23 September 2020, 4 December 2020 and 18 March 2021.

Research Analyst Remuneration Committee:

The Research Analyst Remuneration Committee considers and approves the remuneration of individuals employed as Research Analyst in accordance with the Policy and Procedures framed for regulating the Research Analyst pursuant to the SEBI (Research Analyst) Regulations, 2014. The Committee consists of Dr. (Mrs.) Amla Samanta, Mr. Ashish Rathi, Mr. Dhiraj Relli and Ms. Reynu B Bhat. The Committee met thrice during the year on 16 April 2020, 14 October 2020 and 14 December 2020.



General Body Meetings

(During previous three financial years)

Meeting	Date and Time	Venue	No. of Special Resolutions passed
20th AGM	15 July 2020 at 3.30 P.M.	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	None
19th AGM	21 June 2019 at 12 Noon	HDFC Bank House, 5th Floor, S.B. Marg, Lower Parel, Mumbai 400 013	One
18th AGM	22 June 2018 at 12 Noon	HDFC Bank House, 5th Floor, S.B. Marg, Lower Parel, Mumbai 400 013	None

The following special resolutions were passed by means of a Postal Ballot on 2 February 2021.

- 1) To give loans, inter corporate deposits, give guarantees in connection with loans made by any person or body corporate and acquire by way of subscription, purchase or otherwise the securities of any other body corporate in excess of the limits prescribed in Section 186 of the Companies Act, 2013.
- 2) To increase the limits of borrowing by the Board of Directors of the Company under Section 180 (1) (c) of the Companies Act 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby states that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. We have selected such accounting policies, applied them consistently, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2021 and of the profit of the Company for the year ended on that date;
3. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. We have prepared the annual accounts on a going concern basis;
5. We have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.



DECLARATIONS BY INDEPENDENT DIRECTORS

Dr. (Mrs.) Amla Samanta, Mr. Malay Patel and Mr. Samir Bhatia have given declarations stating that they meet the criteria of independence as provided under sub-section (6) of Section 149 of the Companies Act, 2013. The Board has taken the same on record. These Directors have also empanelled as Independent Directors on the portal of the Indian Institute of Corporate Directors as required under The Companies (Appointment & Qualification of Directors) Fifth Amendment Rules, 2019.

NOMINATION & REMUNERATION POLICY

The Company has adopted the Nomination & Remuneration Policy pursuant to which the appointment of Directors, Key Managerial Personnel and Senior Management Personnel of the Company is reviewed by the Nomination & Remuneration Committee with recommendations to the Board. The Nomination & Remuneration Policy inter-alia provides for identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down such as:

- Academic qualifications, previous experience, track record;
- Integrity of the candidate;
- External competitiveness;
- Size and complexity of the job.

The Company has also adopted the Directors' Performance Evaluation Policy including the criteria for performance evaluation. Pursuant thereto, the performance evaluation of Independent Directors is done by the entire Board, excluding the director being evaluated. The Independent

Directors at a separate meeting held on 13 January 2021 have also reviewed and evaluated the performance of the Non-Independent Directors and the entire Board.

AUDIT QUALIFICATIONS

During the year under review, there is no audit qualification, reservation, adverse remark or disclaimer in the Company's financial statements by the Auditor or by the Company Secretary in practice in the Secretarial Audit Report. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, the Company has not given any loans, guarantees pursuant to Section 186 of the Companies Act, 2013 other than Margin Funding to its own customers for capital market purchases in the ordinary course of business. (Refer Note No. 7 of the Financial Statements). The particulars of investments made by the Company under Section 186 of the Companies Act, 2013 at the close of the financial year are reflected in Note No. 8 of the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 is annexed herewith in Form AOC-2 - **Annexure I**.

RISK MANAGEMENT POLICY

The Company has a robust risk management policy wherein the various risks including market



risks, liquidity risks and operational risks are identified and prudential limits are set internally by the Management to control and mitigate the risks with various risk strategy, policies, procedures and systems. The Company has a comprehensive centralised risk management function, independent from the operations and business units of the Company. A dedicated team with risk management function is responsible for assessment, monitoring and reporting of risks. Material operational risk losses are examined thoroughly to identify areas of risk exposures and gaps in controls basis which appropriate risk-mitigating actions are initiated. The Company periodically carries out liquidity stress testing which forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP) both on historical and forecasted data.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a responsible Corporate Citizen, the Company strives for community empowerment through socio-economic development of underprivileged and marginalised sections of the society. It has been the Company's endeavour to put more value on bringing social good, which is beneficial to the society and thus making a difference in the livelihood of the people. Pursuant to Section 135 of the Companies Act, 2013, a brief outline on the Company's CSR Policy and the CSR Activities/ Initiatives taken by the Company is enclosed in **Annexure II**.

DIVIDEND

During the financial year under review, the Board of Directors declared three Interim Dividends of Rs. 56/- per equity share (@ 560%), Rs. 80/- per equity share (@ 800%) and Rs. 182/- per equity share (@ 1820%) for the year ended 31 March 2021 aggregating Rs. 318/- per equity share (3180%) on 18 June, 2020, 14 December 2020

and 12 March 2021 respectively. The dividends have been paid to the shareholders and tax deducted therefrom has been deposited by the Company.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

- A. Since the Company does not carry out any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under Section 134(q) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable.
- B. Details of earnings and expenses in foreign currency are reflected in Note no. 37 of the financial statements.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Bharat Shah retires by rotation at the ensuing Annual General meeting and is eligible for re-appointment. Mr. Abhay Aima also retires by rotation at the ensuing Annual General Meeting and is not offering himself for re-appointment.

Mr. Dhiraj Relli has been re-appointed as Managing Director for a period of 5 years by the Board of Directors on the recommendation of the Nomination and Remuneration Committee on 27 April, 2021, subject to the approval of the shareholders at the ensuing Annual General Meeting.

There were no changes in the Board of Directors. The following are the changes in the Key Managerial Personnel of the Company during the year under review as updated up to the date of this report.



- 1) Mr. C. V. Ganesh, Chief Financial Officer resigned from the services of the Company with effect from the close of business hours on 2 July 2020.
- 2) Mr. Kunal Sanghavi was appointed as Chief Financial Officer in place of Mr. C. V. Ganesh with effect from 20 August 2020.

EMPLOYEE STOCK OPTIONS

The Company has granted 1,67,500 stock options to its employees during the year on 14 December 2020 at a price of Rs. 5,458/- per share. Some of the stock options granted during the year 2016-17 and 2019-20 were vested during the year and the relevant details on the subject have been disclosed in the notes forming part of the financial statements in Note No.43.

PUBLIC DEPOSIT

During the year under review, the Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013.

INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

The information required to be given under the provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, is given in **Annexure III** enclosed.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) were appointed as Statutory Auditors for a period of 5 (five) consecutive years up to the conclusion of the 23rd Annual General Meeting by the

members at the Annual General Meeting held on 22 June, 2018 on a remuneration as may be fixed by the Board of Directors. Accordingly M/s. B S R & Co., LLP will continue as Statutory Auditors for the financial year 2021-22.

SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, M/s. BNP & Associates, Practicing Company Secretaries have been appointed Secretarial Auditors for the year 2020-21. The report of the Secretarial Auditors is enclosed in Form MR-3 to this Report - **Annexure IV**.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has in place a policy for Prevention, Prohibition & Redressal of Sexual Harassment at the workplace, which is in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal), Act 2013 and the rules made thereunder.

All the employees are covered under this policy and the Company has also constituted an Internal Committee as per the provisions of Section 4 of the said Act to deal with the complaints received under the Act from the Head Office and the branches. The details relating to the complaints filed and resolved during the year 2020-21 in this regard are as under

1. Number of complaints received during the year:	3
2. Number of complaints disposed off during the year :	3



3. Number of cases pending for more than 90 days :	0
4. Number of workshops/awareness programmes on Sexual Harassment held during the year :	3

ACKNOWLEDGEMENT AND APPRECIATION

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies.

Your Directors are grateful to the Company's customers and bankers for their continued support.

Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed team of employees for their contribution to the Company, despite the difficulties and challenges posed by the COVID-19 pandemic. We would also like to thank all our shareholders for their support in our endeavours.

On behalf of the Board of Directors

Dhiraj Relli
Managing Director

Bharat Shah
Chairman

Place: Mumbai
Date: 10 June 2021



Annexure I

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis : Nil**
2. **Details of material contracts or arrangements or transactions at arm's length basis**

(a)	Name(s) of the related party and nature of relationship	1. HDFC Bank Limited (Holding Company) 2. HDB Financial Services Limited. (Enterprise under common control of the Holding Company)
(b)	Nature of contracts/arrangements/transactions	Banking and other normal business transactions (Mentioned in the notes forming part of the financial statements at Note no.42).
(c)	Duration of the contracts/arrangements/transactions	Usually annual, however, depends on the nature of transaction
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the notes forming part of the financial statements at Note no.42
(e)	Justification for entering into such contracts or arrangements or transactions	Competitive Pricing and Value of services rendered.
(f)	Date(s) of approval by the Board, if any	N.A.
(g)	Amount paid as advances, if any	N.A.

On behalf of the Board of Directors

Place: Mumbai
Date: 10 June 2021

Dhiraj Relli
Managing Director

Bharat Shah
Chairman



Annexure II

REPORT ON CSR ACTIVITIES/INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

Company Name	HDFC Securities Limited
CIN Number	U67120MH2000PLC152193

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.**

As a responsible Corporate Citizen, the Company strives for community empowerment through socio-economic development of underprivileged and marginalized sections of the society. It has been the Company's endeavor to put more value on bringing social good, which is beneficial to the society and thus making a difference in the livelihood of the people.

Our belief in good citizenship is a driver to create maximum impact through our CSR programs in areas of:

1. Education
2. Medical Assistance
3. Healthcare
4. Sports
5. Eradicating Hunger

2. **The Composition of the CSR Committee**

HDFC SECURITIES has constituted a robust governance structure to oversee the implementation of the CSR projects, in compliance with the requirements of Section 135 of the Companies Act, 2013. The members of the CSR committee as on March 31, 2021.

Name	Designation	No. of CSR Committee Meetings	No. of CSR Committee Meetings attended
Mr. Bharat Shah	Chairman	4	3
Mr. Abhay Aima	Member	4	4
Dr. (Mrs.) Amla Samanta	Member	4	4
Mr. Dhiraj Relli	Member	4	4

3. **Link to Policy, Committee Composition and Project Details:** <http://HDFC Securities.com/fileadd/csr-policy.pdf>
4. **Impact Assessment Report of CSR Projects**
Not applicable for FY 2020-21, the future Impact assessment reports will be added next year.
5. **Amount Available - Previous Years Unutilised + Current Year Budget**
The CSR budget for FY 2020-21 was calculated as (previous 3 yr. Avg. Profit Before Tax) which is:
Average Net Profit as per Sec 135(5): INR 509,62,00,000/-
6. **A. 2% thereof of the Net profit: INR 10,19,00,000/-**
B. Surplus arising out of the CSR Projects of previous Financial Years: NIL
C. Amount required to be set off for the Financial Year: NIL
D. Total CSR Obligation for the Financial Year: INR 10,19,00,000/-



7. A. CSR Amount Spent or Unspent for the FY 2020-21:

Total Spent	Amount transferred to Unspent CSR Account		Amount transferred to any specified fund.		
INR	Amount	Date	Name of the Fund	Amount	Date
10,19,66,907/-	NIL	NA	NA	NA	NA

B. Details of CSR amount spent against ongoing projects for the financial year:

S. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project - State and District	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the FY 2020-21 (in Rs.)	Amount transfer-red to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Imp'tion - Direct (Yes / No)	Mode of Imp'tion -- Through Implementing Agency	
										Name	CSR Registration Number
1	PM Cares Funds	Healthcare	No	Pan India	FY 2020-21	2,46,80,500	2,46,80,500	0	No	Direct	NA
2.	Providing round the clock pre-hospital emergency transportation care (ambulance)	Healthcare	No	Jammu & Kashmir	FY 2020-21	32,77,612	32,77,612	0	No	Borderless World Foundation	CSR00002223
3.	Antar Bharti Balgram Yojna - Sponsorship of residential children's school facility and renovation, repairs and maintenance of the school	Education	No	Lonavala, Maharashtra	FY 2020-21	65,60,000	65,60,000	0	No	India Sponsorship Committee	CSR00001870
4.	Covid-19: Evolution program in 10 schools	Education	No	Mumbai, Maharashtra	FY 2020-21	1,00,00,320	1,00,00,320	0	No	Yuva Unstoppable	CSR00000473
5.	Palliative Care	Healthcare	No	Puducherry	FY 2020-21	27,24,200	27,24,200	0	No	Sri Aurobindo Society	CSR00000200
6.	Support India's best athletes (Olympic Gold Quest)	Sports	No	Pan India	FY 2020-21	75,00,000	75,00,000	0	No	Foundation for Promotion of Sports and Games	CSR00001100
7.	Smart Google Classroom	Education	No	Pan India	FY 2020-21	2,21,88,675	2,21,88,675	0	No	Yuva Unstoppable	CSR00000473
8.	Transport support for Isha Schools	Education	No	Tamilnadu	FY 2020-21	64,00,500	64,00,500	0	No	Isha Vidhya	CSR00002614
9.	Scholarships for rural children in Isha Vidhya Schools	Education	No	Tamilnadu	FY 2020-21	1,11,00,000	1,11,00,000	0	No	Isha Vidhya	CSR00002614
10.	Vehicles for Mid-Day meals	Eradicating Hunger	No	Gujarat	FY 2020-21	46,85,100	46,85,100	0	No	Akshaya Patra	CSR00000286
11.	Provide financial help to needy and poor patients	Healthcare	No	Maharashtra	FY 2020-21	20,00,000	20,00,000	0	No	Nana Palkar Smruti Samiti	CSR00001230



C. Details of CSR amount spent against other than ongoing projects for the financial year:

S. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project. - State and District	Amount spent for the project (in Rs.)	Mode of Imp'tion - Direct (Yes / No)	Mode of Imp'tion -- Through Implementing Agency	
							Name	CSR Registration Number
1	NA	NA	NA	NA	NA	NA	NA	NA

D. Amount spent in Administrative Overheads: INR 8,50,000

E. Amount spent on Impact Assessment if applicable: Nil

F. Total amount spent for the Financial Year (8b+8c+8d+8e): INR 10,19,66,907

G. Excess amount for set off if any

- Two percent of average net profit of the company as per section 135(5) - INR 10,19,00,000
- Total amount spent for the Financial Year - INR 10,19,66,907
- Excess amount spent for the financial year [(ii)-(i)] - INR 66,907
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any: 0
- Amount available for set off in succeeding financial years [(iii)-(iv)]: INR 66,907

8. A. Details of Unspent CSR amount for past 3 years

Preceding FY	Amount transferred to Unspent CSR Account	Amount spent in Reporting FY	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
			Name	Amount	Date	
2020-21	0	10,19,66,907	NA	NA	NA	NIL
2019-20	0	9,00,09,956	NA	NA	NA	NIL
2018-19	0	7,09,28,000	NA	NA	NA	NIL

B. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL.

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

SI No.	Asset ID	Date of creation or acquisition of the capital asset(s)	Amount of CSR spent for creation or acquisition of capital asset	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
Nil	Nil	Nil	Nil	Nil	Nil



10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Company has allocated all the CSR funds to ongoing projects as per the CSR guidelines. Since the company spent the entire 2% prescribed budget, this question is not applicable.

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 implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies as laid down in this report. The CSR Committee of the Board is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. We have undertaken and implemented these projects with careful consideration and these projects are aligned with our vision as provided in our CSR Policy. In line with the requirements of the Companies Act, 2013, we have also instituted monitoring mechanisms to ensure that the projects go on smoothly as planned.

On behalf of the Board of Directors

Place: Mumbai
Date: 10 June 2021

Dhiraj Relli
Managing Director

Bharat Shah
Chairman



Annexure III

Information pursuant to Section 197(12) of the Companies Act, 2013.

Particulars of Top 10 employees in terms of remuneration drawn (All Employed throughout the year)

Name and Qualification	Age in yrs.	Designation/ Nature of Duties	Date of commencement of employment	Remuneration (Rs.)	Experience (No. of years)	Last Employment
1) Mr. Dhiraj Relli \$ B.Com (Hon.), ACA, Advanced Mgmt.Prog. (IIM Bengaluru)	51	Managing Director	1 May 2015	2,79,25,536	26	HDFC Bank Limited
2) Mr. Varun Lohchab B.E, MBA	43	Head-Institutional Research	2 January 2020	1,77,27,592	22	Jeffries India
3) Mr. Unmesh Y Sharma \$ MBA, CFA Charter	41	Head-Institutional Equities	3 December 2019	1,57,95,247	21	HDFC Bank Limited
4) Mr. Sammeer Saurabh \$ B.Sc (Agricultural Economics)	53	Chief Technology Officer	16 January 2016	1,29,41,846	27	HDFC Bank Limited
5) Mr. Deepak Jasani B.Com, LL.B, FCA, CFA	57	Head-Retail Research	7 April 2004	1,04,91,108	37	Kaji & Maulik Services Ltd.
6) Mr. Raveendra Balivada \$ MBA, FRM	43	Head-Investment Advisory	2 July 2019	1,00,70,618	21	HDFC Bank Limited
7) Mr. Harshad Katkar MMS	52	Senior Research Analyst	3 January 2020	97,38,844	16	Deutsche Equities
8) Mr. Pranab Uniyal \$ MBA-Finance & Systems	44	Head-Investment Product	2 July 2019	89,80,234	20	HDFC Bank Limited
9) Mr. Amish Choksi FCA	58	Head-Sales Trading	1 October 2019	85,06,456	34	Kotak Securities Limited
10) Mr. Vinod Kumar Sharma B.Com, MBA	59	Head-Media and Client Engagement	30 October 2009	84,06,894	32	Anagram Securities Limited

\$ On Secondment

Notes:

1. Remuneration as shown above includes salary, performance bonus paid during the year, house rent allowance, medical allowance, reimbursement of telephone bills, leave travel allowance, superannuation, other taxable allowances and Company's contribution to provident fund.
2. None of the above are related to any Director of the Company.
3. Nature of employment is contractual

On behalf of the Board of Directors

Place: Mumbai
Date: 10 June 2021

Dhiraj Relli
Managing Director

Bharat Shah
Chairman



Annexure IV

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the year ended 31st March, 2021

[Pursuant to provision of section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

HDFC Securities Limited

I Think Techno Campus, Bld-B,
 “Alpha,” Office Floor 8, Opp. Crompton Greaves,
 Kanjurmarg (E) Mumbai 400042.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC Securities Limited having CIN U67120MH2000PLC152193** (hereinafter called the ‘Company’) during the financial year from 1st April 2020 to 31st March 2021, (‘the year’/ ‘audit period’/ ‘period under review’).

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the company’s corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) our **verification** of the books, papers, minute books, scanned copies of minutes of Board and Committees, statutory registers, soft copy of the various records sent over mail as provided by the company and other records maintained by the Company and furnished to us, forms / returns filed and compliance related action taken by the company during the financial year ended 31st March 2021 as well as before the issue of this report,
- (ii) **Compliance Certificates** confirming Compliance with all laws applicable to the company given by Key Managerial Personnel / senior managerial Personnel of the company and taken on record by Audit Committee / Board of Directors, and
- (iii) **Representations** made, documents shown and information provided by the company, its officers, agents, and authorised representatives during our conduct of secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31st March 2021 the Company has:

- (i) complied with the statutory provisions listed hereunder, and
- (ii) Board-processes and compliance mechanism in place **to the extent, in the manner and subject to the reporting made hereinafter.**

The members are requested to read along with our letter of even date annexed to this report as Annexure-A.



1. Compliance with specific statutory provisions

We further report that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013 and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
 - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, to the extent applicable for company having Listed Commercial Paper;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; regarding the Companies Act and dealing with client;
 - d. The Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 except guidelines, circulars, master circulars and directions issued by the Securities and Exchange Board of India and the Stock Exchanges and applicable to the Company as a stock broker relating to its day to-day operations in the ordinary course of business;
 - e. The Securities and Exchange Board of India (Research Analysts) Regulations, 2019 and
 - f. The Securities and Exchange Board of India (Investment Advisors) Regulations, 2013.
- (v) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial standards).

1.2. During the period under review, and also considering the compliance related action taken by the company after 31st March 2021 but before the issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

- (i) **Complied with** the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under sub-paragraphs (ii),(iii) and (iv) of paragraph 1.1 above.
- (ii) **Generally complied with** the applicable provisions / clauses of :

The Act and rules mentioned under paragraph 1.1 (i);

The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above to the extent applicable to Board and Committee Meetings held during the year, the 20th Annual General Meeting held on 15th July, 2020 (20th AGM).

The Compliance of the provisions of the Rules made under the Act [paragraph 1.1 (i)] and SS-1 [paragraph 1.1(v) with regard to the Board meetings held through video conferencing were verified based on the minutes of the meetings provided by the company.



- 1.3. We are informed that, during/in respect of the year, the company was not required to initiate any compliance related action in respect of the following laws/rules/regulations/standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (iii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (vi) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (vii) The Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993; and
 - (viii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 1.4. There was no other law that was specifically applicable to the company, considering the nature of its business. Hence the requirement to report on compliance with any other specific law under paragraphs 1.1 and 1.2 above did not arise.

2. Board processes:

We further report that:

- 2.1 The Board of Directors of Company as on 31st March 2021 comprised of:
 - (i) Two Executive Directors,
 - (ii) Three Non-Executive Non Independent Directors, and
 - (iii) Three Non-Executive Independent Directors, including a woman Independent Director.
- 2.2 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
 - (i) Re-appointment of Mr. Jagdish Capoor (DIN 00002516) and Mr. Abhay Aima (DIN 00581469) as Directors retiring by rotation at 20th AGM.
 - (ii) Appointment of Mr. Samir Bhatia (DIN 01769655) as Independent Director of the Company to hold office for 5 years upto 4th July, 2024.
 - (iii) Appointment of Mr. Malay Patel (DIN 06876386) as Independent Director of the company to hold office for 5 years up to 28th January, 2025.
 - (iv) Reappointment of Mr. Ashish Rathi as Wholetime director and revision in his remuneration.
- 2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board and Committee meetings.
- 2.4 Notice, Agenda and detailed notes on agenda of Board and Committee meetings were sent to directors at least seven days in advance.
- 2.5 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.



2.6 We note from the minutes verified that, at the Board meetings held during the year:

- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in the company, commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There is scope for further improvement in the compliance systems and processes, Commensurate with the increasing statutory requirements and growth in operations.

4. Specific events/ actions

4.1 During the year, the following specific events/ actions having a major bearing on the company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards:

1. 36,600 equity shares of face value Rs.10 has been allotted to employees under ESOS-II and ESOS-III Schemes.
2. Increase in borrowing limit from Rs. 2000 crore to Rs. 3600 crore pursuant to section 180(1)(c) of Companies Act 2013.
3. Increase in Investment Limit from Rs. 2400 crore to Rs. 4000 crore pursuant to Section 186 of Companies Act 2013.

For BNP & Associates

Company Secretaries

Firm Registration No. P2014MH037400

PR No: 637/2019

Avinash Bagul

Partner

FCS: 5578 CP No: 19862

UDIN: F0005578C000191830

Place: Mumbai

Date: 27th April, 2021

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report



Annexure A

To,

The Members,

HDFC Securities Limited

I Think Techno Campus, Bldg-B,

“Alpha”, Office Floor 8, Opp. Crompton Greaves,

Kanjurmarg (East), Mumbai-400042.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company’s management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the company after 31st March 2021 but before the issue of this report.
4. We have considered compliance related actions taken by the company based on independent legal / professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis.

We believe that the processes and practices we followed, provides a reasonable basis for our opinion.

6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
7. We have obtained the management’s representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates

Company Secretaries

Firm Registration No. P2014MH037400

PR No: 637/2019

Avinash Bagul

Partner

FCS: 5578 CP No: 19862

UDIN: F0005578C000191830

Place: Mumbai

Date: 27th April, 2021



AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HDFC SECURITIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HDFC Securities Limited ("the Company"), which comprise the Balance sheet as at 31 March 2021, 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 the significant accounting policies and other explanatory information.

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 ("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 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Description of Key Audit Matter

The Key Audit Matter	How the matter was addressed in our audit
<p>IT systems and controls</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in the Information Technology (IT) systems. Consequently, there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records, being misstated.</p> <p>The Company's General Ledger system used for overall financial reporting is interfaced with other systems (which process transactions) impacting significant accounts..</p> <p>We have identified 'IT systems and control' as Key audit matter, since for the revenue recognition (brokerage, commission and interest), the Company relies on automated processes and controls for recording of revenue.</p>	<p>We have focused on General IT controls i.e. access and change management controls, program development and computer operations control and IT application controls i.e. controls on relevant system based reconciliation, system generated reports and system/application processing over key financial accounting, reporting systems and control systems.</p> <p>Our audit procedures to assess the effectiveness of IT system included the following:</p> <ul style="list-style-type: none"> ● Performed walkthroughs to evaluate the design and implementation of key automated controls. Involved our IT specialist to test the effectiveness of identified IT automated controls and IT systems. IT specialist tested relevant key controls operating over IT in relation to financial accounting and reporting systems, including general controls relating to access and change management controls, program development and computer operations. ● IT specialists tested design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and other preventive controls. ● For a selected group of key controls over financial and reporting system, IT specialists independently performed procedures. The procedures were to determine that these controls remained unchanged during the year or were changed following the standard change management process. ● Other independently assessed areas included password policies, security configurations, system generated reports and system interface controls. ● Evaluating the design, implementation and operating effectiveness of identified significant accounts related IT automated controls which are relevant for accuracy of system logic, and consistency of data transmission.



Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Director's report and MD&A report is expected to be made available to us after the date of this Auditor's report.

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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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.

In preparing the financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

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.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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.
- c) The Balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the 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 Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 B".

(B) 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 as at 31 March 2021 on its financial position in its financial statements - Refer Note 36 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248 W/W-100022

Ajit Viswanath

Partner

Membership No: 067114

UDIN: 21067114AAAABA7996

Place : Mumbai

Date : 15 April 2021



Annexure A to the Independent Auditor's Report of even date on financial statements of HDFC Securities Limited

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed assets were physically verified by management in accordance with a regular programme of verification which, in our opinion, is reasonable. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanation given to us and examination of the relevant records and registered title deed provided to us, we report that, title deed comprising of the immovable properties being office premises is held in the name of the Company as at balance sheet date.
- (ii) The Company does not have any inventory, and thus, paragraph 3(ii) of the Order is not applicable.
- (iii) In our opinion and according to the information and explanation given to us, 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. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanation given to us, the Company has not given any loans to directors and other parties covered under section 185 of the Act, and has complied with the provisions of sections 186 of the Act in respect of its investments.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities conducted/ services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii) a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales-tax, duty of customs, duty of excise and value added tax for the year ended 31 March 2021.

According to the information and explanations given to us, no undisputed statutory dues payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, dues of income tax and service tax which have not been deposited with the appropriate authorities on account of any dispute are as stated below:

Name of Statute	Nature of Dues	Amount (Rs. In lacs)	Relevant period	Forum
Income Tax Act, 1961	Income Tax	253	Assessment Year 2012-13	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	65	Assessment Year 2014-15	Commissioner of Income Tax (Appeal)



Income Tax Act, 1961	Income Tax	2,516	Assessment Year 2017-18	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	1,875	Assessment Year 2018-19	Commissioner of Income Tax (Appeal)
Finance Act, 1994	Service Tax	4	Financial Years 2004-05 and 2005-06	Commissioner of GST and Central Excise (Appeal)
Finance Act, 1994	Service Tax	636	Financial Years 2012-13 and 2016-17	Custom, Excise and Service Tax Appellate Tribunal
Jammu and Kashmir Stamp Act, 1977	Stamp Duty	58	Financial Years 2011-12 and 2016-17	Jammu and Kashmir High Court
Finance Act, 1994	Service Tax	77	Financial Years 2017-18	Commissioner of GST and Central Excise (Appeal)

- (viii) In our opinion and according to the information and explanations given to us, the Company did not have any loans or borrowing from financial institution, banks or government or dues to debenture holders during the year.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (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 explanations and information given to us, we have neither come across any instance of 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 management.
- (xi) In our opinion and according to the information and explanation given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- (xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248 W/W-100022

Ajit Viswanath

Partner

Membership No: 067114

UDIN: 21067114AAAABA7996

Place : Mumbai

Date : 15 April 2021



Annexure B to the Independent Auditors' report on the financial statements of HDFC Securities Limited for the period ended 31 March 2021.

Report on the Internal Financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of HDFC Securities Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 such internal financial controls, 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.

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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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 include 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

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.

For **BSR & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248 W/W-100022

Ajit Viswanath
Partner

Membership No: 067114
UDIN: 21067114AAAABA7996

Place : Mumbai
Date : 15 April 2021



BALANCE SHEET

Balance Sheet as at 31 March 2021

(₹ in lacs)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	4	59,854	98,260
Bank Balance other than (4) above	5	157,981	98,535
Receivables			
Trade Receivables	6	43,961	16,538
Loans	7	167,415	22,843
Investments	8	23,595	2,862
Other Financial Assets	9	4,385	22,435
		<u>457,191</u>	<u>261,473</u>
Non-Financial Assets			
Current tax assets		2,232	1,622
Deferred tax Assets (Net)	34	61	226
Investment Property	10	1,424	1,452
Property, Plant and Equipment	11	11,300	8,884
Capital work-in-progress	11	494	735
Intangible assets under development	11	585	578
Other Intangible assets	11	1,638	1,542
Other non-financial assets	12	966	542
		<u>18,700</u>	<u>15,581</u>
TOTAL ASSETS		475,891	277,054
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	13		
Trade Payables			
- total outstanding dues of micro enterprises and small enterprises		28	13
- total outstanding dues of creditors other than micro enterprises and small enterprises		103,959	65,225
Borrowings	14	204,043	69,091
Lease Liability	15	5,990	6,021
Other financial liabilities	16	291	680
		<u>314,311</u>	<u>141,030</u>
Non-Financial Liabilities			
Current tax liabilities		179	179
Provisions	17	8,747	7,132
Deferred tax liabilities (Net)	34	-	-
Other non-financial liabilities	18	4,623	3,953
		<u>13,549</u>	<u>11,264</u>
Equity			
Equity Share capital	19	1,577	1,573
Other Equity	20	146,454	123,187
		<u>148,031</u>	<u>124,760</u>
TOTAL LIABILITIES AND EQUITY		475,891	277,054

The accompanying notes form an integral part of this financial statements (1 to 49)

As per our report of even date.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

AJIT VISWANATH

Partner

Membership No. 067114

Place : Mumbai

Date : 15 April, 2021

For and on behalf of the Board of Directors of

HDFC Securities Limited

CIN Number: U67120MH2000PLC152193

DHIRAJ RELI

Managing Director

DIN: 07151265

ASHISH RATHI

Whole Time Director

DIN: 07731968

KUNAL SANGHAVI

Chief Financial Officer

N.E. VENKITAKRISHNAN

Company Secretary



PROFIT & LOSS ACCOUNT

Statement of Profit and Loss for the year ended 31 March 2021

(₹ in lacs)

Particulars	Note	Year ended	
		31 March 2021	31 March 2020
<u>Revenue from operations</u>			
Brokerage and Fee Income	21	114,024	68,779
Interest Income	22	21,110	14,643
Sale of Services	23	560	307
Net gain on fair value changes	24	907	1,736
Rental Income	25	207	207
Dividend Income	26	8	75
Total Revenue from operations		136,816	85,747
Other Income	27	3,127	479
Total Income		139,943	86,226
<u>Expenses</u>			
Finance Costs	28	5,307	2,878
Impairment on financial instruments	29	705	132
Employee Benefits Expenses	30	23,357	19,688
Depreciation, amortization and impairment	10,11	3,629	3,036
Other expenses	31	12,385	9,591
Total Expenses		45,382	35,325
Profit before tax		94,561	50,901
<u>Tax expense</u>	34		
Current Tax		24,074	13,645
Deferred Tax		165	(1,159)
Total tax expense		24,239	12,486
Profit for the year		70,323	38,415
Other comprehensive income :			
<u>Items that will not be reclassified to profit or loss:</u>			
Re-measurement gains on defined benefit plans		3	3
Income tax effect		(1)	(1)
Other comprehensive income for the year, net of tax		2	2
Total comprehensive income for the period, net of tax		70,325	38,417
Earnings per equity share - [Nominal value of the shares ₹ 10]			
Basic		446.64	245.86
Diluted		446.54	245.65

The accompanying notes form an integral part of this financial statements (1 to 49)

As per our report of even date.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

AJIT VISWANATH

Partner

Membership No. 067114

Place : Mumbai

Date : 15 April, 2021

For and on behalf of the Board of Directors of

HDFC Securities Limited

CIN Number: U67120MH2000PLC152193

DHIRAJ RELI

Managing Director

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KUNAL SANGHAVI

Chief Financial Officer

N.E. VENKITAKRISHNAN

Company Secretary



STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity for the year ended 31 March 2021

Equity Share Capital

Equity shares of ₹10 each issued, subscribed and fully paid (₹ in lacs)

	Number of shares	Amount
Balance as at 1 April 2020	15,729,975	1,573
Changes in equity share capital during FY 2020-21	36,600	4
Balance as at 31 March 2021	15,766,575	1,577

Equity shares of ₹10 each issued, subscribed and fully paid (₹ in lacs)

	Number of shares	Amount
Balance as at 1 April 2019	15,613,825	1,561
Changes in equity share capital during FY 2019-20	116,150	12
Balance as at 31 March 2020	15,729,975	1,573

Other Equity (₹ in lacs)

	Reserves and Surplus					Other Comprehensive Income	Total
	Share based payment reserve	Securities premium	General reserve	Capital Contribution from parent	Retained Earnings		
Balance as at 1 April 2020	707	7,007	2,500	1,537	111,265	171	123,187
Transfer to Securities Premium from share based payment reserve	(395)	395	-	-	-	-	-
Premium on issue of share capital	-	1,232	-	-	-	-	1,232
Profit For the year	-	-	-	-	70,323	-	70,323
Dividends excluding dividend tax	-	-	-	-	(50,098)	-	(50,098)
Dividend Distribution Tax	-	-	-	-	-	-	-
Share based payment cost	911	-	-	897	-	-	1,807
Other Comprehensive Income	-	-	-	-	-	2	2
Balance as at 31 March 2021	1,223	8,634	2,500	2,434	131,490	173	146,453

	Reserves and Surplus					Other Comprehensive Income	Total
	Share based payment reserve	Securities premium	General reserve	Capital Contribution from parent	Retained Earnings		
Balance as at 1 April 2019	400	5,248	2,500	760	108,738	169	117,815
Transfer to Securities Premium from share based payment reserve	(451)	451	-	-	-	-	-
Premium on issue of share capital	-	1,308	-	-	-	-	1,308
Profit For the year	-	-	-	-	38,415	-	38,415
Dividends excluding dividend tax	-	-	-	-	(29,769)	-	(29,769)
Dividend Distribution Tax	-	-	-	-	(6,119)	-	(6,119)
Share based payment cost	758	-	-	777	-	-	1,535
Other Comprehensive Income	-	-	-	-	-	2	2
Balance as at 31 March 2020	707	7,007	2,500	1,537	111,265	171	123,187

Refer Note # 20 for description of the purpose of each reserve within equity (as per schedule III)

As per our report of even date. For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

AJIT VISWANATH

Partner

Membership No. 067114

Place : Mumbai

Date : 15 April, 2021

For and on behalf of the Board of Directors of

HDFC Securities Limited

CIN Number: U67120MH2000PLC152193

DHIRAJ RELI

Managing Director

DIN: 07151265

ASHISH RATHI

Whole Time Director

DIN: 07731968

KUNAL SANGHAVI

Chief Financial Officer

N.E. VENKITAKRISHNAN

Company Secretary



CASH FLOW STATEMENT

Cash Flow Statement for the year ended 31 March 2021

(₹ in lacs)

Particulars	Year ended	
	31 March 2021	31 March 2020
<u>Cash Flow from operating activities</u>		
Profit before tax	94,561	50,901
<u>Adjustments</u>		
Depreciation & Amortization	3,629	3,036
Share based payments to employees	1,807	1,535
Impairment on financial instruments	705	132
Loss on sale / w/off of Property, Plant & Equipment	(8)	6
Rental income from investment property	(207)	(207)
Gain on sale of investment	(907)	(1,736)
Finance Costs	5,307	2,878
Interest income	(5)	(8)
Dividend Income	(8)	(75)
	104,874	56,462
Working capital adjustments:		
Other Bank Balance	(59,446)	(59,854)
Decrease / (Increase) in trade receivables	(28,128)	49,241
Decrease / (Increase) in loans	(144,572)	(211)
Decrease / (Increase) in Other financial assets	18,050	(17,617)
Decrease / (Increase) in Other non-financial assets	(424)	362
Increase/ (Decrease) in trade and other payables	38,749	(9,129)
Increase/ (Decrease) in lease liability	(30)	6,021
Increase/ (Decrease) in other financial liabilities	(389)	289
Increase/ (Decrease) in Provisions	1,618	602
Increase/ (Decrease) in Other non-financial liabilities	670	2,185
	(69,029)	28,351
Income tax paid	(24,684)	(14,030)
Net Cash Flow (used in) / from operating activities	(A) (93,713)	14,321
Investing activities		
Purchase of property, plant and equipment	(5,871)	(8,475)
Rental income received	207	207
Purchase of investments	(21,004)	(328)
Proceeds from sale of current investments	1,178	41,269
Dividend received	8	75
Interest received	5	8
Net cash flows (used in) / from investing activities	(B) (25,477)	32,755

**Cash Flow Statement for the year ended 31 March 2021**

(₹ in lacs)

	Year ended	
	31 March 2021	31 March 2020
Financing activities:		
Proceeds from Issuance of equity share capital	1,236	1,320
Proceeds from Issuance of Commercial Papers	418,996	168,091
Redemption of Commercial Papers	(285,000)	(99,000)
Finance Costs	(4,350)	(2,878)
Dividend paid, including dividend tax	(50,098)	(35,888)
Net cash flows from financing activities	(C) 80,784	31,645
Net increase in cash and cash equivalents (A+B+C)	(38,406)	78,722
Cash and Cash equivalents at the beginning of the year	98,260	19,538
Cash and Cash equivalents at the end of the year	59,854	98,260
Components of cash and cash equivalents		
Cash in hand*	0	0
Balances with Banks - In current accounts	59,854	98,260
Cash and Cash equivalents at the end of the year (Refer Note # 4)	59,854	98,260

* Amount less than ₹ 50000

Cash flow statement is being prepared using indirect method

No significant non cash movement in borrowings

As per our report of even date.**For B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

AJIT VISWANATH

Partner

Membership No. 067114

Place : Mumbai

Date : 15 April, 2021

For and on behalf of the Board of Directors of

HDFC Securities Limited

CIN Number: U67120MH2000PLC152193

DHIRAJ RELI

Managing Director

DIN: 07151265

ASHISH RATHI

Whole Time Director

DIN: 07731968

KUNAL SANGHAVI

Chief Financial Officer

N.E. VENKITAKRISHNAN

Company Secretary



Notes forming part of the Financial Statements for the year ended 31 March 2021

1 Corporate Information

HDFC Securities Limited (the “Company”) is engaged in a single line of business as a provider of broking services to its clients in capital market. The Company is a public company listed in the Debt Market in BSE that is a majority owned subsidiary of HDFC Bank Limited (the “Parent”). The Company is registered as a “Stock Broker” with the Securities and Exchange Board of India (“SEBI”) and as a “Corporate Agent” with the Insurance Regulatory and Development Authority (“IRDA”). As a brokerage house, its activities includes different types of services including agency transactions, subscription based services and distribution of financial products. HDFC Securities Limited, Lodha - I Think Techno Campus, Building - Alpha, 8th Floor, Jolly Board Campus, Kanjurmarg (East), Mumbai 400042, Maharashtra, India

2 Basis of preparation

2.1. Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (“the Act”) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Details of Companies Accounting Policies are included in Note 3

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts have been rounded-off to the nearest lacs, unless otherwise indicated.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value (refer accounting policies regarding financial instruments)
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations
Share Based payments	Fair value (refer accounting policies regarding financial instruments)

2.4. Use of estimates & Judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Estimates and underlying assumptions are reviewed ongoing basis. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

I. Determination of the estimated useful lives of tangible assets

Useful lives of property, plant and equipment are taken as prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II and in case of intangible assets, they are estimated by management based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers’ warranties and maintenance support.



Notes forming part of the Financial Statements for the year ended 31 March 2021

II. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note 38.

III. Recognition of deferred tax assets / liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized. Further details are disclosed in note 34.

IV. Recognition and measurement of provision and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

V. Fair valuation of employee share options

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected

dividends and discount rate, under this option pricing model. Further details are discussed in note 43.

VI. Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2.5. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for, both financial and non-financial assets and liabilities. When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred."



Notes forming part of the Financial Statements for the year ended 31 March 2021

3 Significant accounting policies

3.1. Revenue from Contracts with Customers

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers, outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Income from services rendered as a broker is recognised upon rendering of the services on a trade date basis, in accordance with the terms of contract. Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract. Commissions from distribution of financial products are recognised upon allotment

of the securities to the applicant or as the case may be, on issue of the insurance policy to the applicant after deducting claw back provision as per the agreed terms. Commissions and fees recognised as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.”

3.2 Interest Income from Margin Trading Funding

Interest is recognised in relation to the loans in relation to the Margin Trading Funding provided to customers. Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future receipts through expected life of the related financial asset to the gross carrying amount of such financial asset.

3.3 Other Income

Revenue from services rendered to counter parties are recognised as and when the related performance obligations are satisfied.

3.4 Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use.

Items of Property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within “Other Income” or “Other Expenses”, as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.



Notes forming part of the Financial Statements for the year ended 31 March 2021

Capital work-in-progress are Property, plant and equipment which are not yet ready for their intended use. Such assets are carried at cost comprising direct cost and related incidental expenses.

ii. Subsequent expenditure

Subsequent expenditure related to an item of Property, plant and equipment are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

iii. Depreciation

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

For the following categories of assets, Depreciation on Property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Asset	Estimated useful life
Computer Hardware	3 years
Office Equipment	5 years
Furniture and fixtures	10 years
Leasehold Improvements	over the remaining period of the lease or estimated life, whichever is shorter
Electricals	10 years
Office premises	60 years

For the following categories of Property, plant and equipment, the Company has assessed useful life based on technical advice, taking into account the nature of the asset, the estimates usage of asset, the operating condition of asset, anticipated technological changes and utility in the business, as below:

Asset	Estimated useful life
Vehicle	4 years
Network & Servers	4 years

All Property, plant and equipment costing less than ₹ 5,000 individually are fully

depreciated in the year of purchase. Useful lives are reviewed at each financial year end and adjusted if required.

iv. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

3.4. Intangible assets

i. Recognition and measurement

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset is charged to the Statement of Profit and Loss as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

iii. Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortisation



Notes forming part of the Financial Statements for the year ended 31 March 2021

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 in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

Asset	Estimated useful life
Computer software	5 years
Licenses Electronic trading platform (Website)	5 years
Bombay Stock Exchange Membership Card	10 years

All intangible assets costing less than ₹ 5,000 individually are fully amortised in the year of acquisition.

3.5. Investment property

Property given on lease to earn rental income, is classified as “Investment Property” as per requirement of Ind AS 40 “Investment Property”. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

For the following categories of assets, Depreciation investment property has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Asset	Estimated useful life
Investment Property	60 years

Any gain or loss on disposal of an investment property is recognised in the statement profit and

loss.

The fair values of investment property is disclosed in the notes.

3.6. Impairment of non-financial assets

“Assessment is done at each reporting date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset’s or cash generating unit’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each reporting date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

After impairment (if any), depreciation/amortisation is provided on the revised carrying amount of the assets over its remaining life.”

3.7. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity’s expected purchase, sale or usage



Notes forming part of the Financial Statements for the year ended 31 March 2021

requirements.

I. Recognition and initial measurement

Trade receivables, Loans and deposits are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issued.

II. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at :

- Amortised cost;
- Fair value through profit and loss ('FVTPL');
- Fair value through other comprehensive income ('FVOCI')

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company classifies its financial assets in the following measurement categories:

Financial assets measured at amortized cost

A financial asset that meets the following two conditions is measured at amortized cost (net of any written down for impairment) unless the asset is designated at FVTPL under the fair value option.

Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize

its fair value changes).

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets (equity instruments)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company classifies its financial assets in the following measurement categories:

All equity instruments are to be measured at FVTPL.

On initial recognition, a one time irrevocable choice for all equity instruments to designate the respective equity instrument as Fair Value through Other Comprehensive Income (FVOCI). All unrealized gains and losses are recognised in OCI and on disposal such accumulated gains or losses are transferred directly to retained earnings.

Financial assets measured at Fair Value

A financial asset which is not classified at amortized cost is subsequently measured at fair valued. Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in Other Comprehensive Income (i.e. fair value through other comprehensive income).

The assets classified in the aforementioned categories are subsequently measured as follows:

- a) **Financial assets at Fair Value Through Profit or Loss (FVTPL):** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit and loss. Financial assets that are held for



Notes forming part of the Financial Statements for the year ended 31 March 2021

trading and whose performance is evaluated on a fair value basis are measured at FVTPL.

- b) Financial assets at Fair Value Through Other Comprehensive Income (FVOCI):** These assets are subsequently measured at fair value. Interest income under the effective interest method, dividends (unless the dividend clearly represents a recovery of part of the cost of the investment), foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial Liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset

are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

IV. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

V. Impairment

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI-debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company considers that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.



Notes forming part of the Financial Statements for the year ended 31 March 2021

3.8. Employee benefits

i) Short term employee benefits

Short term employee benefits include salaries and short term cash bonus. A liability is recognised for the amount expected to be paid under short-term cash bonus or target based incentives if the Company has a present legal or constrictive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

ii) Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or constrictive obligation to pay additional sums. These comprise of contributions to the National pension scheme, employees' provident fund, family pension fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

iii) Defined benefit plans

The defined benefit plan is a post-employee benefit plan other than a defined contribution plan. Expenses for defined-benefit plan in the nature of gratuity are calculated annually by an independent actuary using Projected Unit Credit Method (PUCM). These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid,

the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

iv) Other long term employee benefits

Compensated absences which accrue to employees and which can be carried to future periods and are expected to be availed in more than twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

v) Share-based payment transactions

- a. The cost of equity-settled instrument is determined by the fair value at the date when the grant is made using an appropriate valuation model.
- b. That cost is recognized, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.
- c. When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is



Notes forming part of the Financial Statements for the year ended 31 March 2021

recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss.

- d. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.
- e. Grants provided by parent Company to the employees at deputation to the Company are also accounted for inline with accounting treatment described above. The corresponding impact of the expense recorded on account of such grants are recorded as capital contribution from parent.

3.9. Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax is measured at the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised for all the temporary differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and reflects uncertainty related to income taxes, if there is any. Deferred tax assets are

recognised and carried forward only to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

3.10. Provisions and contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: 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 or 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 a reliable estimate of the amount cannot be made, is termed as a contingent liability.



Notes forming part of the Financial Statements for the year ended 31 March 2021

Bank Guarantee: Bank Guarantee are been taken from banks and kept with exchanges as a margin to meet the margin obligation.

3.11. Cash and cash equivalents

In the Cash Flow Statement, cash and cash equivalents include cash in hand, demand deposits and short term deposit with banks with original maturities of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.12. Leases

The Company as lessee

The Company lease as set classes primarily consist of leases for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less

any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3.13. Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate.

Exchange differences that arise on settlement of monetary items or on reporting at each closing date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transactions.

Non-monetary items that are measured at fair value in a foreign currency shall be translated into functional currency using the exchange rates

**Notes forming part of the Financial Statements for the year ended 31 March 2021**

at the date when the fair value was determined.
Exchange differences are recognised in the statement of profit and loss.

3.14. Earning per Share

The basic earnings per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.15. Segment Reporting

The Company's business is to provide broking services, to its clients, in the capital markets in India. All other activities of the Company are ancillary to the main business. As such, there are no reportable segments that need to be reported separately as defined in Ind AS 108, Operating Segments.

3.16. Borrowing Costs

The difference between the discounted amount mobilized and redemption value of commercial papers is recognized in the statement of profit and loss over the life of the instrument.



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 4: Cash and cash equivalents

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Cash in hand*	0	0
(ii) Balances with Banks**	59,854	98,260
Total	59,854	98,260

* Amount less than ₹50000

** Refer Note # 42 for RPT transactions

Note 5: Bank Balance other than (4) above

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Earmarked accounts (unpaid dividend balance)*	43	0
Fixed Deposits with Banks #**	157,938	98,535
Total	157,981	98,535

Note:

* Amount less than ₹50000

Deposits pledged as margins / Bank Gaurantees

** Refer Note # 42 for RPT transactions

Note 6: Receivables

Trade Receivables

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Receivables considered good - Secured	43,001	15,443
Receivables considered good - Unsecured**	1,286	1,308
Less: Allowance for impairment loss	(326)	(213)
Total	43,961	16,538

Note: Dues from directors and other officers

** Refer Note # 42 for RPT transactions

Note 7: Loans

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Amortised Cost		
Margin Trading Funding*	168,050	22,886
Less: Allowance for impairment loss	(635)	(43)
Total	167,415	22,843

* This represent the margin trading facility extended to broking customers which are fully secured against cash and / or collateral of approved securities



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 8: Investments

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
	At Fair Value Through profit or loss	At Fair Value Through profit or loss
Mutual Funds		
HDFC Charity For Cancer Cure Direct - Arbitrage	-	100
HDFC Liquid Fund Direct - Growth	10,245	-
HDFC FMP 1158 D Feb (1) Series 39 -Dir-Growth	1,259	1,189
ICICI Pru Equity & Debt Fund - Direct Monthly Div	-	15
ICICI Prudential Liquid - Direct Plan - Growth	10,264	-
ICICI Pru FMP Series 82-1223 Days Direct Cumulativ	1,264	1,192
Mirae Asset Hybrid-Equity Fund-Direct-Div Payout	-	16
Nippon I Eq Hybrid - Segregated Portfolio1 Dir-Div	0	0
Debt Securities		
SBI Bonds	-	87
Equity and Preference instruments		
BSE Limited	232	150
Yes Bank Limited	57	109
Qfix Infocomm Private Limited	29	4
Smallcase Technologies Private Limited	244	-
Total Gross (A)	23,595	2,862
Investments in India	23,595	2,862
Total (B)	23,595	2,862
Less: Allowance for Impairment loss (C)	-	-
Total Net (D) (A)-(C)	23,595	2,862



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 9: Other Financial Assets

		(₹ in lacs)	
a) Advances and Deposits			
Particulars	As at 31 March 2021	As at 31 March 2020	
Security Deposits			
Unsecured, considered good	323	265	
Unsecured, considered doubtful	18	18	
Less: Impairment loss	(18)	(18)	
Fixed Deposits*	49	5,006	
Deposit with Stock Exchanges	1,166	13,757	
Margin monies with clearing member	1	1	
Deposit with Bank for Arbitration	215	-	
Other Advances	339	396	
Sub total	2,093	19,425	

*With balance maturity of more than 12 months as at the balance sheet date

		(₹ in lacs)	
b) Income Receivables			
Particulars	As at 31 March 2021	As at 31 March 2020	
Interest accrued but not due	1,485	2,550	
Unbilled Revenue	807	460	
Sub total	2,292	3,010	
Total	4,385	22,435	

		(₹ in lacs)	
Note 10: Investment Property			
Particulars	As at 31 March 2021	As at 31 March 2020	
Investment property	1,424	1,452	
Total	1,424	1,452	

		(₹ in lacs)	
Reconciliation of carrying amount			
Particulars	As at 31 March 2021	As at 31 March 2020	
Cost or Deemed Cost (gross carrying amount)	1659	1,659	
Accumulated depreciation opening	207	179	
Depreciation for the year	28	28	
Accumulated depreciation closing	235	207	
Carrying amounts	1,424	1,452	
Fair Value (Note #1)	3,950	3,950	

Note 1:

The management has determined the fair value of the investment property by an independent valuer as per requirement of Ind AS 40, which is classified as Level 3

Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 11: Property, Plant and Equipment												(₹ in lacs)						
Property, Plant and Equipment for current year		Tangible Assets										Intangible Assets (Other than Internally generated)						
		Leasehold Imp. in Buildings on op. lease	Office Premises	Electricals & Fixtures	Furniture & Fixtures	Vehicles	Office Equipments	Computer Hardware, Networks & Servers	Total Tangible Assets (a)	Right to use asset (b)	Capital work-in-progress (c)	Total (a) + (b) + (c)	Bombay Stock Exchange Card	Computer software	Electronic trading platform (Website)	Total Intangible Assets (a)	Intangible assets under development (b)	Total (a) + (b)
Gross Block	As at 01-04-2020	2,118	1,067	36	269	668	1,015	6,074	11,246	6,872	735	18,853	288	5,508	164	5,960	578	6,538
	Additions during the year	77	-	-	37	124	26	4,535	4,798	551	4,557	9,907	-	828	-	828	835	1,663
	Deletions/ Adjustments during the year	73	-	-	7	188	32	25	325		4,798	5,124	-	-	-	-	828	828
	As at 31-03-2021	2,122	1,067	36	298	604	1,010	10,583	15,720	7,423	494	23,637	288	6,336	164	6,787	585	7,372
Accumulated Depreciation	As at 01-04-2020	1,349	133	23	210	346	836	5,208	8,104	1,134	-	9,238	288	3,966	164	4,418	-	4,418
	Charge for the year	177	17	4	21	155	79	1,412	1,864	1,004	-	2,868	-	732	-	732	-	732
	Deletions during the year	58	-	-	7	142	28	25	260		-	260	-	-	-	-	-	-
	As at 31-03-2021	1,467	150	27	224	358	886	6,595	9,708	2,138	-	11,846	288	4,698	164	5,151	-	5,151
Net Block	As at 01-04-2020	770	934	13	59	322	179	866	3,146	5,738	735	9,619	-	1,542	-	1,542	578	2,120
	As at 31-03-2021	656	918	9	74	245	125	3,988	6,015	5,285	494	11,794	-	1,638	-	1,638	585	2,223

Property, Plant and Equipment for current year		Tangible Assets										Intangible Assets (Other than Internally generated)						
		Leasehold Imp. in Buildings on op. lease	Office Premises	Electricals & Fixtures	Furniture & Fixtures	Vehicles	Office Equipments	Computer Hardware, Networks & Servers	Total Tangible Assets (a)	Right to use asset (b)	Capital work-in-progress (c)	Total (a) + (b) + (c)	Bombay Stock Exchange Card	Computer software	Electronic trading platform (Website)	Total Intangible Assets (a)	Intangible assets under development (b)	Total (a) + (b)
Gross Block	As at 01-04-2019	2,111	1,067	36	278	650	1,004	5,849	10,995	6,522	319	17,836	288	4,722	164	5,174	753	5,927
	Additions during the year	88	-	-	14	127	46	318	593	350	970	1,913	-	786	-	786	382	1,168
	Deletions/ Adjustments during the year	81	-	-	23	109	35	94	343		541	884	-	-	-	-	557	557
	As at 31-03-2020	2,118	1,067	36	269	668	1,015	757	6,074	11,246	6,872	735	18,853	288	5,508	164	5,960	578
Accumulated Depreciation	As at 01-04-2019	1,236	114	20	208	295	757	4,551	7,181		-	7,180	288	3,331	163	3,782	-	3,782
	Charge for the year	179	18	3	21	155	112	749	1,237	1,134	-	2,371	-	635	1	636	-	636
	Deletions during the year	66	-	-	19	105	34	93	318		-	318	-	-	-	-	-	-
	As at 31-03-2020	1,349	133	23	210	346	836	5,208	8,104	1,134	-	9,238	288	3,966	164	4,418	-	4,418
Net Block	As at 01-04-2019	875	953	16	70	355	247	1,298	3,814	-	319	4,133	-	1,392	1	1,393	753	2,146
	As at 31-03-2020	770	934	13	59	322	179	866	3,146	5,738	735	9,619	-	1,542	-	1,542	578	2,120



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 12: Other non-financial assets

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid Expenses	966	542
Total	966	542

Note 13: Payables

(₹ in lacs)

Trade Payables

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of Micro enterprise and small enterprises	28	13
Total	28	13
Total outstanding dues of other than Micro enterprise and small enterprises		
Payable to Exchanges	55	3,006
Payable to Clients	103,428	62,119
Other trade payables	476	100
Total	103,959	65,225

Footnote:

- (i) The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

- (ii) The disclosures relating to Micro and Small Enterprises are as under:

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) The principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(b) The interest due thereon remaining unpaid to any supplier as at the end of the accounting year	28	13
(c) The amount of interest paid, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	15	4
(e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	13	9
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 14: Borrowings

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Commercial Papers	204,043	69,091
Total	204,043	69,091

Note:

As at 31/03/2021

(₹ in lacs)

Tenure	Particulars	Rate of Interest	Maximum Outstanding
86-226 days	Commercial Papers	3.54% - 4.05%	205,000

As at 31/03/2020

(₹ in lacs)

Tenure	Particulars	Rate of Interest	Maximum Outstanding
84-181 days	Commercial Papers	5.65% - 6.96%	70,000

Note 15: Lease Liability

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Lease Liability	5,990	6,021
Total	5,990	6,021

Note 16: Other financial liabilities

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits received	71	71
Liabilities for capital goods	177	609
Unpaid dividends*	43	-
Total	291	680

* Amount less than ₹ 50000

Note 17: Provisions

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Provision for employee benefits		
Payroll & employee benefits	4,418	3,702
Provision for gratuity	85	79
Compensated absences	718	640
(b) Others		
Provision for expense	3,477	2,662
Provision For Contingencies	49	49
Total	8,747	7,132

Note 18: Other non-financial liabilities

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred rental income	5	5
Statutory Dues including TDS and PF	2,494	3,632
Income received in advance	2,123	315
Provision for Fringe Benefit Tax	1	1
Total	4,623	3,953



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 19: Share Capital

The Company has issued equity shares, the details in respect of which are given below: (₹ in lacs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10 each	20,000,000	2,000	20,000,000	2,000
Issued, Subscribed & Paid-up				
Equity Shares of ₹ 10 each fully paid up	15,766,575	1,577	15,729,975	1,573
Total	15,766,575	1,577	15,729,975	1,573

(i) Reconciliation of the number of shares outstanding at the beginning and end of the year

(₹ in lacs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	15,729,975	1,573	15,613,825	1,561
Shares issued under ESOP during the year	36,600	4	116,150	12
Shares outstanding at the end of the year	15,766,575	1,577	15,729,975	1,573

(ii) Rights, preferences and restriction attached to equity shares

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

(iii) Shares in the Company held by the holding Company

(₹ in lacs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity Shares held by HDFC Bank Limited	15,190,044	1,519	15,190,044	1,519
Total	15,190,044	1,519	15,190,044	1,519

(iv) Shares in the Company held by shareholders holding more than 5% of the aggregate equity shares in the Company

Name of Shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
HDFC Bank Limited	15,190,044	96.34%	15,190,044	96.57%

(v) Shares reserved for issue under options

2,08,000 number of shares are reserved to be issued under employees stock option scheme (ESOP II)



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 20: Other Equity

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Share based payment reserve	1,223	707
Capital Contribution from parent	2,434	1,537
Securities Premium Account	8,634	7,007
Retained Earnings	111,266	108,738
Less: Appropriations - Final dividend on equity shares*	-	(8,590)
Less: Appropriations - Tax on dividend on equity shares	-	(6,119)
Less: Appropriations(-) Interim Dividends**	(50,098)	(21,179)
Profit for the year	70,323	38,415
Other Comprehensive Income	173	171
General Reserve Account	2,500	2,500
Total	146,454	123,187

* The Company has paid the final dividend for FY18-19 of ₹55 per share (For FY17-18 the final dividend was ₹45 per share) that it was declared during the year ended 31 March 2020

** The Company has paid the interim dividend of ₹318 per share (Interim dividend for FY 19-20 was ₹135 per share) that it was declared during the year ended 31 March 2021

- a Share based payment reserve
Share based payment expense pertaining to outstanding portion of the option not yet exercised.
- b Capital Contribution from parent
Capital contribution from parent is the parent Company share based payment cost of the employees who are on secondment with Company
- c Securities Premium Account
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- d Retained Earnings
Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.
- e Other comprehensive income
Other comprehensive income consist of remeasurement gains/ losses on defined benefit plans.
- f General Reserve Account
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

Note 21: Brokerage and Fee Income

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Brokerage Income	101,478	56,537
Fee Income**	12,524	12,242
Depository Income*	22	0
Total	114,024	68,779

* Amount less than ₹ 50000

Fee Income consists of Commission on sale of insurance products as mentioned below:

Commission on sale of Life Insurance	3,305	2,650
Commission on sale of General Insurance	24	19
Commission on sale of Health Insurance	93	44

** Refer Note # 42 for RPT transactions



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 22: Interest Income

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
On Financial Assets measured at Amortised Cost		
Interest on Loans	15,720	9,821
Interest on deposits with Banks**	5,167	4,053
Other interest Income	218	761
On Financial Assets classified at fair value through profit or loss		
Interest income from investments	5	8
Total	21,110	14,643

** Refer Note # 42 for RPT transactions

Note 23: Sale of Services

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
SMS and Value Added Services	560	307
Total	560	307

Note 24: Net gain on fair value changes

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net gain on financial instruments at fair value through profit or loss		
On Investment	907	1,736
Total	907	1,736
Fair Value changes:		
Realised	138	5,017
Unrealised	769	(3,281)
Total	907	1,736

Note 25: Rental Income

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rental income from operating leases	202	202
Amortisation of deferred rental income	5	5
Total	207	207

Note 26: Dividend Income

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Dividend income on investments	8	75
Total	8	75

Note 27: Other Income

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Miscellaneous income**	3,127	479
Total	3,127	479

** Refer Note # 42 for RPT transactions



Notes forming part of the Financial Statements for the year ended 31 March 2021

Note 28: Finance Costs

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
On Financial liabilities measured at Amortised Cost		
Other interest expense	5,307	2,878
Total	5,307	2,878

Note 29: Impairment on financial instruments

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
On Financial instruments measured at Amortised Cost		
Loans	592	15
Trade & Other Receivable	113	117
Total	705	132

Note 30: Employee Benefits Expenses

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	19,779	16,478
Contribution to provident and other Funds	885	877
Share Based Payments to employees	1,807	1,535
Staff welfare expenses	885	798
Total	23,357	19,688

Note 31: Other expenses

(₹ in lacs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Stamp, registration and trading expenses	1,225	987
Legal and Professional charges	1,757	905
Director's fees, allowances and expenses	54	27
Repairs and Maintenance	2,599	1,977
Rent, taxes and energy costs	1,111	1,292
Advertisement and publicity	441	253
Auditor's fees and expenses (Refer Note 46)	34	34
Insurance	45	27
Printing and stationery	174	177
Expenditure on Corporate Social Responsibility (Refer Note 40)	1,085	903
Communication Costs	2,233	1,384
Other expenditure	1,627	1,625
Total	12,385	9,591



Notes forming part of the Financial Statements for the year ended 31 March 2021

32 Financial instruments

A. Financial instruments - Fair values

1. Accounting classification and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

The carrying value and fair value of financial instruments by categories as of 31 March 2021 are as follows:

(₹ in lacs)

March 31, 2021	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
<u>Financial assets measured at fair value</u>							
Investments	23,595		23,595	232	23,033	329	23,595
<u>Financial assets not measured at fair value</u>							
Cash and cash equivalents		59,854	59,854	-	-	-	-
Bank Balance other than above		157,981	157,981	-	-	-	-
Receivables				-	-	-	-
Trade Receivables		43,961	43,961	-	-	-	-
Loans		167,415	167,415	-	-	-	-
Other Financial Assets		4,385	4,385	-	-	-	-
Total	23,595	433,596	457,191	232	23,033	329	23,595
Financial liabilities							
<u>Financial liabilities not measured at fair value</u>							
Trade Payables		103,987	103,987	-	-	-	-
Borrowings		204,043	204,043	-	-	-	-
Lease Liability		5,990	5,990	-	-	4,782	4,782
Other financial liabilities		291	291	-	-	-	-
Total	-	314,311	314,311	-	-	4,782	4,782

The carrying value and fair value of financial instruments by categories as of 31 March 2020 are as follows:

(₹ in lacs)

March 31, 2020	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
<u>Financial assets measured at fair value</u>							
Investments	2,862		2,862	369	2,380	113	2,862
<u>Financial assets not measured at fair value</u>							
Cash and cash equivalents		98,260	98,260	-	-	-	-
Bank Balance other than above		98,535	98,535	-	-	-	-
Receivables				-	-	-	-
Trade Receivables		16,538	16,538	-	-	-	-
Loans		22,843	22,843	-	-	-	-
Other Financial Assets		22,435	22,435	-	-	-	-
Total	2,862	258,611	261,473	369	2,380	113	2,862
Financial liabilities							
<u>Financial liabilities not measured at fair value</u>							
Trade Payables	-	65,238	65,238	-	-	-	-
Borrowings		69,091	69,091	-	-	-	-
Lease Liability		6,021	6,021	-	-	5,377	5,377
Other financial liabilities	-	680	680	-	-	-	-
Total	-	141,030	141,030	-	-	5,377	5,377



Notes forming part of the Financial Statements for the year ended 31 March 2021

2. Valuation principles

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 principle (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether the price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on hierarchy of valuation techniques, as explained in the note 2.5.

Note:

(₹ in lacs)

Particulars	31 March 2021	31 March 2020
The fair value of shares on Margin Pledge and Withhold	249,969	157,904

Note: The above collaterals are held from the broking clients, for positions in equity & derivatives segments.

Transfers between Levels 1, 2 and 3

There were no transfers between level 1, 2 and 3.

3. Financial instruments not measured at fair value

Financial assets not measured at fair value includes cash and cash equivalents, trade receivables, loans and other financial assets. These are financial assets whose carrying amounts approximate fair value, due to their short-term nature.

Additionally, financial liabilities such as trade payables and other financial liabilities are not measured at FVTPL, whose carrying amounts approximate fair value, because of their short-term nature.

B. Financial risk management

Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

a. Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligation. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relations to such limits.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the financial statements. The Company's major classes of financial assets are cash and cash equivalents, loans, investment in mutual fund units, term deposits, trade receivables and security deposits.

Deposits with banks are considered to have negligible risk or nil risk, as they are maintained with high rated banks/financial institutions as approved by the Board of directors.

Investments include investment in liquid mutual fund units that are marketable securities of eligible financial institutions for a specified time period with high credit rating given by domestic credit rating agencies.

The management has established accounts receivable policy under which customer accounts are regularly monitored. The Company has a dedicated risk management team, which monitors the positions, exposures and margins on a continuous basis.



Notes forming part of the Financial Statements for the year ended 31 March 2021

Expected Credit Loss (ECL):

For the purpose of computation of ECL, the term default implies an event where amount due towards margin requirement and / or mark to market losses for which the client was unable to provide funds / collaterals to bridge the shortfall, the same is termed as margin call triggered.

For arriving at the ECL, the Company follows ECL module as approved by board.

The movement in expected credit loss (₹ in lacs)

Particulars	Carrying amount	Carrying amount
	31 March 2021	31 March 2020
Opening balance	256	126
Impairment loss recognised / (reversed)	705	130
Closing balance	961	256

Ageing of Margin Trading Funding and Trade Receivable as at 31 March 2021 (₹ in lacs)

Particulars	Carrying Amount	0 to 30 days	31 to 90 days	> 90 days	Total
Margin Trading Funding*	167,415	134,784	96,874	22,176	253,834
Trade Receivable	43,961	43,265	513	183	43,961

*Margin Trading Funding amount is the net of cash component, ₹2,53,834 lacs is the gross book size.

Ageing of Margin Trading Funding and Trade Receivable as at 31 March 2020 (₹ in lacs)

Particulars	Carrying Amount	0 to 30 days	31 to 90 days	> 90 days	Total
Margin Trading Funding*	22,843	10,561	24,780	7,173	42,514
Trade Receivable	16,538	16,229	65	244	16,538

*Margin Trading Funding amount is the net of cash component, ₹42,514 lacs is the gross book size.

b. Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

Prudent liquidity risk management requires sufficient cash and marketable securities and availability of funds through adequate committed credit facilities to meet obligations when due and to close out market positions.

The Company has a view of maintaining liquidity with minimal risks while making investments. The Company invests its surplus funds in short term liquid assets in bank deposits and liquid mutual funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

The following are the remaining contractual maturities of financial asset & liabilities as on 31 March 2021

Financial Liabilities (₹ in lacs)

Particulars	Less than 1 year	1-2 years	Above 2 years	Total
total outstanding dues of micro enterprises and small enterprises	28	-	-	28
Payable to Exchanges	55	-	-	55
Payable to Clients	103,428	-	-	103,428



Notes forming part of the Financial Statements for the year ended 31 March 2021

Particulars	Less than 1 year	1-2 years	Above 2 years	Total
Other trade payables	476			476
Borrowings	204,043			204,043
Lease Liability	18	325	5,647	5,990
Other financial liabilities	291	-	-	291
Total	308,339	325	5,647	314,311

(₹ in lacs)

Particulars	Carrying Amount	Cash outflow
Borrowings	204,043	205,000

The following are the remaining contractual maturities of financial liabilities as on 31 March 2020

Financial Liabilities

(₹ in lacs)

Particulars	Less than 1 year	1-2 years	Above 2 years	Total
total outstanding dues of micro enterprises and small enterprises	13			13
Payable to Exchanges	3,006			3,006
Payable to Clients	62,119			62,119
Other trade payables	100			100
Borrowings	69,091			69,091
Lease Liability	17	49	5,954	6,021
Other financial liabilities	680			680
Total	135,026	49	5,954	141,030

(₹ in lacs)

Particulars	Carrying Amount	Cash outflow
Borrowings	69,091	70,000

c. Market risk

Market risk is the risk that the fair value or future Cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. Foreign currency risk

The Company does not have any foreign currency exposure as at each reporting date. Accordingly, foreign currency risk disclosure is not applicable.

ii. Interest rate risk

The Company is exposed to Interest risk if the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates.

The Company's interest rate risk arises from interest bearing deposits with bank and loans given to customers. Such instruments exposes the Company to fair value interest rate risk. Management believe that the interest rate risk attached to this financial assets are not significant due to the nature of this financial assets. All the borrowings of the company are fixed interest rate bearing instrument and hence there is no impact of movement in interest rate.


Notes forming part of the Financial Statements for the year ended 31 March 2021

iii. Market price risks

The Company is exposed to market price risk, which arises from FVTPL investment in mutual funds. The management monitors the proportion of mutual funds investments in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the appropriate authority.

33 Earning per share

A. Basic Earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

	Particulars		31 March 2021	31 March 2020
a	Equity shares outstanding at the beginning of the year	Nos.	15,729,975	15,613,825
b	Add: Weighted average number of equity shares issued during the year	Nos.	14,828	11,123
c	Weighted average number of equity shares for basic earnings per share (a + b)	Nos.	15,744,803	15,624,948
d	Net profit after tax available for equity shareholders	₹ in lacs	70,323	38,415
e	Basic earnings per share of ₹ 10 each (c/d)	₹	446.64	245.86

B. Diluted Earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

	Particulars		31 March 2021	31 March 2020
a	Weighted average number of equity shares for basic earnings per share	Nos.	15,744,803	15,624,948
b	Add / (Less) : Impact of Diluted ESOPs	Nos.	3,636	13,414
c	Weighted average number of equity shares for diluted earnings per share (a + b)	Nos.	15,748,439	15,638,360
d	Net profit after tax available for equity shareholders	₹ in lacs	70,323	38,415
e	Diluted earnings per share of ₹ 10 each (c/d)	₹	446.54	245.65

34 Income Tax

A. Amounts recognised in profit or loss

(₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Current Tax		
Current Period	24,111	13,730
Tax Relating to prior period	(37)	(85)
	24,074	13,645
Deferred Tax		
Attributable to -		
Origination and reversal of temporary differences	165	(1,247)
Reduction in tax rate	-	88
	165	(1,159)
Tax expense	24,239	12,486



Notes forming part of the Financial Statements for the year ended 31 March 2021

B Income tax recognised in other comprehensive income

	As at 31 March 2021		
	Before tax	Tax (expense)	Net of tax
Remeasurements of defined benefit liability (asset)	3	(1)	2
Total	3	(1)	2

	As at 31 March 2020		
	Before tax	Tax (expense)	Net of tax
Remeasurements of defined benefit liability (asset)	3	(1)	2
Total	3	(1)	2

The tax impact for the below purpose has been arrived at by applying the tax rate 25.168% (previous years - 25.168%) being the prevailing tax rates for domestic companies under Income Tax Act, 1961.

C Reconciliation of effective tax rate (₹ in lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before income tax	94,561	50,901
Tax using Company's domestic tax rate	23,799	12,811
Effect of		
Corporate social responsibility	273	114
Long Term Capital Gain	(12)	(194)
Provision for employee benefits	31	57
Provision for Tax Earlier Years	(37)	(85)
Others (Net)	184	(217)
Total Tax Expense	24,239	12,486

Statutory tax rate is 25.168%. The effective income tax rate for 31 March 2021 is 25.70% (31 March 2020 is 24.53%)

D Recognised deferred tax assets and liabilities (₹ in lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Temporary differences attributable to:		
Deferred tax liabilities		
Property, plant and equipment	89	25
Fair value of investments	296	102
Reversal of rent straight lining	-	-
Ind AS 116 Liability (Net)	180	57
Expected credit loss	-	-
	565	184
Deferred tax assets		
Provision for employee benefits	202	181
Provision for Doubtful debts	246	69
Provision for Rates and Taxes	166	148
Provision for Contingencies	12	12
Expected credit loss	-	-
	626	410
Net deferred tax (asset)/liability recognised on the balance sheet	-61	-226

Note

The Company has made a policy choice to recognise the effect of Taxation Laws Amendment Ordinance 2019 (the 'Ordinance') in the quarter ended 30 September 2019. Accordingly, tax expense for the quarter ended and year from 1 April 2019 to 31 March 2020 reflect changes made vide the Ordinance.


Notes forming part of the Financial Statements for the year ended 31 March 2021
35 Proposed Dividend

The Board of Directors, in their meeting held on April 15, 2021 have proposed a final dividend of ₹ NIL per equity share (previous year ₹ NIL per equity share). The proposal is subject to the approval of shareholders at the Annual General Meeting.

36 Contingent liabilities and Pending capital commitments
Contingent liabilities
(₹ in lacs)

Particulars	Note	31 March 2021	31 March 2020
Claims against the Company not acknowledged as debt	1	465	248
Service tax and Stamp Duty demands	2	68	62
Bank Guarantee	4	19,400	11,000
Total		19,933	11,310

Note 1

The claims which are in dispute with the clients and where settlements are still pending and not provided in the books of accounts has been contingent for the Company.

Note 2

The statutory dues which are in dispute and where settlements are still pending and not provided in the books of accounts has been contingent for the Company.

Note 3

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. The Company is in the process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its financial statements, on receiving additional clarity on the subject.

Note 4

Bank Guarantee are been taken from banks and kept with exchanges as a margin to meet the margin obligation.

Pending capital commitments

As at 31 March 2021 the Company has contracts remaining to be executed on capital account and not provided for. The estimated amount of contracts (net of advances) towards property, plant and equipment is ₹670 lacs (previous year - ₹3,087 lacs).

37 Foreign Currency Transaction
a) Expenditure in Foreign Currency (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Million Dollar Round Table (MDRT)	-	27
Straight Through Processing (STP) and Chat Integration	21	15
Total	21	42



Notes forming part of the Financial Statements for the year ended 31 March 2021

b) Earnings in Foreign Currency (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Commission on sale of Superfund Mutual Fund	-	11
Referral fees for Global Investing	92	-
Research Information Services	9	5
Total	101	16

38 Employee benefits

A Defined Contribution Plan

The Company makes contributions towards National Pension Scheme, provident fund and family pension fund which are defined contribution retirement benefit plans for qualifying employees. The provident fund and family pension are administered by office of the Regional Provident Fund Commissioner.

A sum of ₹670 lacs (Previous Year ₹656 lacs) has been charged to the Statement of Profit and Loss towards National Pension fund and provident fund

The Employee State Insurance Scheme ("ESIC") is a contributory scheme providing medical, sickness, maternity, and disability benefits to the insured employees under the Employees State Insurance Act, 1948.

The charge to the Statement of Profit and Loss is ₹33 lacs (Previous Year ₹59 lacs), which is classified as a part of "Contributions to provident and other funds" [Refer Note No. 30]

B Defined Benefit Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, the employee who has completed five years of service is entitled to specific benefit.

The Company contributes funds to a post retirement defined benefit plan for gratuity, details of which are as follows:

1 Reconciliation of the net defined benefit (asset) liability (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Balance at the beginning of the year	929	802
Current Service Cost	130	126
Interest Cost	55	58
Actuarial Losses	34	(23)
Benefits paid	(93)	(34)
Balance at the end of the year	1,055	929

2 Reconciliation of the present value of plan assets (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Balance at the beginning of the year	850	795
Expected return on Plan Assets	88	39
Contributions	125	50
Benefits paid	(93)	(34)
Actuarial Gain / (Loss)	-	-
Balance at the end of the year	970	850

3 Amount to be recognised in Balance Sheet and movement in net liability (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Present Value of Funded Obligation	1,055	929
Fair Value of Plan Assets	970	850
Net Liability Recognised in the Balance Sheet	85	79



Notes forming part of the Financial Statements for the year ended 31 March 2021

4 Expenses recognised in the Income Statement (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Current Service Cost	130	126
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	5	0
Net gratuity expenses recognized in the Statement of Profit and Loss	135	126

5 Remeasurements recognised in other comprehensive income

Particulars	31 March 2021	31 March 2020
Actuarial (gains) / losses		
- change in demographic assumptions	3	(2)
- change in financial assumptions	21	(28)
- experience variance (i.e. Actual experience vs assumptions)	10	9
Return on plan assets, excluding amount recognised in net interest expense	(37)	18
Total	(3)	(3)

6 Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	31 March 2021	31 March 2020
Funds managed by Insurer	100	100
Grand Total	100	100

7 Experience Adjustments (₹ in lacs)

Particulars	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Defined Benefit Obligation	1,055	929	802	772
Fair value of Plan Assets	970	850	795	777
Surplus / (Deficit)	(85)	(79)	(7)	5

8 Summary of Actuarial Assumptions

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitments, size, funding requirements and expense.

Particulars	31 March 2021	31 March 2020
Discount Rate	6.20%	5.95%
Salary Escalation Rate	7.86%	7.33%
Mortality	Indian Assured Lives Mortality tables (2006-08)	Indian Assured Lives Mortality tables (2006-08)

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.



Notes forming part of the Financial Statements for the year ended 31 March 2021

9 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ in lacs)

Particulars	31 March 2021		31 March 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	1,141	979	1,003	864
Salary Growth Rate (1% movement)	980	1,139	864	1,002
Attrition rate (50% movement)	1,144	1,002	999	888
Mortality Rate (10% movement)	1,055	1,055	930	929

10 Other Details

The Employer's best estimate of the contributions expected to be paid to the plan during the next year - ₹219 lacs (previous year - ₹201 lacs).

C Other long term employee benefits

A sum of ₹78 lacs (Previous Year ₹73 lacs) has been charged to the Statement of Profit and Loss towards Leave encashment [Refer Note No. 30]

39 Leases

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.

Company as a lessee

The Company's lease asset classes primarily consist of leases for premises and leasehold improvements. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases (underlying asset of less than ₹1,50,000). For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company has recognised ₹NIL towards short-term lease and ₹NIL towards low value assets during the year ended 31 March 2021. The Company has recognised ₹547 lacs towards the leases pertaining to the locations which are not separately identifiable units.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any prepaid lease plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rate of the Company. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments of ₹1,267 lacs have been classified as financing cash flows.


Notes forming part of the Financial Statements for the year ended 31 March 2021

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. The Company has recognised ₹NIL towards income from sub-lease.

The details of Right to use Asset of the Company are as follows:

(₹ in lacs)

Asset Class	Carrying Values for the year ended March 31, 2021		
	Leasehold property	Leasehold Improvements	Total
Balance as of 1 April 2020	5,738	-	5,738
Add: Additions during the period	551	-	551
Less: Deductions during the period	-	-	-
Less: Depreciation	(1,004)	-	(1,004)
Total	5,286	-	5,286

(₹ in lacs)

Asset Class	Carrying Values for the year ended March 31, 2020		
	Leasehold property	Leasehold Improvements	Total
Balance as of 1 April 2019	6,522	-	6,522
Reclassified on account of adoption of Ind AS 116	-	-	-
Add: Additions during the period	350	-	350
Less: Deductions during the period	-	-	-
Less: Depreciation	(1,134)	-	(1,134)
Total	5,738	-	5,738

Following is the movement in lease liabilities for the period:

(₹ in lacs)

Particulars	Carrying Values for the year ended March 31, 2021		
	Leasehold property	Leasehold Improvements	Total
Balance as of 1 April 2020	6,021	-	6,021
Additions during the period	537	-	537
Deductions during the period	-	-	-
Interest Expense	699	-	699
Less: Lease Payments	(1,267)	-	(1,267)
Total	5,990	-	5,990

(₹ in lacs)

Particulars	Carrying Values for the year ended March 31, 2020		
	Leasehold property	Leasehold Improvements	Total
Balance as of 1 April 2019	6,386	-	6,386
Additions during the period	350	-	350
Deductions during the period	-	-	-
Interest Expense	633	-	633
Less: Lease Payments	(1,349)	-	(1,349)
Total	6,021	-	6,021

Following is maturity analysis of contractual undiscounted cash flows

(₹ in lacs)

Particulars	31 March 2021	31 March 2020
Less than 1 year	1,364	1,268
One to five years	4,802	4,674
More than five years	1,988	2,478
Total	8,154	8,420



Notes forming part of the Financial Statements for the year ended 31 March 2021

40 Corporate Social Responsibility (CSR)

(₹ in lacs)

Particulars	31 March 2021	31 March 2020
Amount required to be spent by the Company u/s 135 of the Companies Act, 2013 for CSR	1,020	900
Amount advanced towards CSR for the year	1,020	900
Amount advanced for previous year	-	-
Dividend on HDFC Charity Fund on CSR investments	1	3
Total amount advanced	1,020	903
Amount advanced, pending utilization	-	(64)

41 Segment Reporting

The Company's business is to provide brokerage services to its clients in the capital markets within India. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments as per the Ind AS on Operating Segment (Ind AS 108), specified under the Companies Act, 2013. The necessary information to report the revenues from the external customers for each product and service, or each group of similar products and service is not available and the cost to develop it would be excessive. Similarly, the geographical information related to the revenue from the external customers attributed to the entity's country of domicile and to all other foreign countries in total is not available and the cost to develop it would be excessive. No single customer accounts for the revenue, which is equal or more than ten percent of the total revenue of the entity, hence no such segment could be identified.

42 Related Party Disclosures

A. Parent Company	HDFC Bank Limited
Investor exerting significant influence	HDFC Limited
B. List of Key Management Personnel : Key Management Personnel (KMP)	<p>Mr Bharat Shah Non-executive Chairman</p> <p>Mr Dhiraj Relli Managing Director</p> <p>Mr. Ashish Rathi Whole-Time Director</p> <p>Mr. Abhay Aima Non-executive Director</p> <p>Dr. (Mrs) Amla Samanta Non-executive Independent Director</p> <p>Mr. Jagdish Capoor Non-executive Director</p> <p>Mr. Samir Bhatia Non-executive Independent Director</p> <p>Mr. Malay Patel Non-executive Independent Director</p> <p>Employees Group Gratuity cum Life Assurance Scheme</p>
C. Post Employment Benefits Plan	
D. List of other related parties	
HDFC Asset Management Company Ltd	Subsidiary Company of Investor exerting significant influence
HDFC Credila Financial Services Pvt. Ltd.	Subsidiary Company of Investor exerting significant influence
HDFC Ergo General Insurance Co. Ltd.	Subsidiary Company of Investor exerting significant influence
HDFC Life Insurance Company Limited	Subsidiary Company of Investor exerting significant influence
<u>List of KMP & Directors of Parent Company</u>	<p>Shyamala Gopinath Chairperson (till 01 January 2021)</p> <p>Sashidhar Jagdishan Managing Director and Chief Executive Officer (w.e.f. 27 October 2020)</p> <p>Kaizad Bharucha Executive Director (w.e.f. 27 October 2020)</p> <p>Malay Patel Independent Director</p> <p>Umesh Chandra Sarangi Independent Director</p> <p>Srikanth Nadhamuni Non-Executive Director</p> <p>Sanjiv Sachar Independent Director</p> <p>Sandeep Parekh Independent Director</p> <p>M. D. Ranganath Independent Director</p> <p>Renu Sud Karnad Additional Executive Director</p> <p>Aditya Puri Managing Director (till 26 October 2020)</p> <p>Dr. (M s .) S u n i t a Additional Independent Director (w.e.f. 30 March 2021)</p> <p>Maheshwari</p>


Notes forming part of the Financial Statements for the year ended 31 March 2021
Relatives of Key Managerial Personnel or Directors

Anita B. Shah	Spouse of Bharat Shah
Archana Relli	Spouse of Dhiraj Relli
Kritya Relli	Daughter of Dhiraj Relli
Vimal Relli	Brother of Dhiraj Relli
Lalita Rathi	Mother of Ashish Rathi
Poonam Rathi	Spouse of Ashish Rathi
Hitesh Zaveri	Brother of Bhavesh Zaveri
Jagdishan Chandrasekharan	Father of Sashidhar Jagdishan
Ashim Samanta	Spouse of Amla Samanta
Neela Bhatia	Spouse of Samir Bhatia
Charushila Vijay Bhatia	Mother of Samir Bhatia
Neelima Jayant Patwardhan	Sister of Sanjay Dhongre
Ashok Sud	Brother of Renu Sud Karnad
Dr. Arjun Kalyanpur	Spouse of Sunita Maheshwari

Entities in which Key Managerial Personnel are interested

Raab Investments Pvt. Ltd.	Abhay Aima is a director and Member
Equitymaster Agora Research Private Ltd	S S Thakur is a director
Salisbury Investments Private Limited	Bharat Shah is a director
HDB Financials Services Limited	

E. Fellow subsidiary

F. Transactions with related parties

(₹ in lacs)

I. Parent Company	HDFC Bank	
	31 March 2021	31 March 2020
<u>Transactions during the year :</u>		
Placement of fixed deposits	49,192	24,575
Redemption of fixed deposits	48,977	24,575
Franking Advance given	3	-
Rendering of services (including recoveries of expenses)	4,121	936
Receiving of services (including payment of expenses)	4,038	3,089
Interest received	129	70
Interest paid*	16	63
Dividend Paid	48,304	28,861
<u>Balances Outstanding :</u>		
Receivables	82	622
Advances / (Payables)	1	16
Bank balances	49,805	93,211
Fixed deposits	235	20
Accrued interest on fixed deposit - receivable*	0	0
Accrued expenses	419	546
Advances	58	55
Deposit received	76	76
Deposit payable	46	25



Notes forming part of the Financial Statements for the year ended 31 March 2021

(₹ in lacs)

II. Investor exerting significant influence	HDFC Limited	
	31 March 2021	31 March 2020
<u>Transactions during the year :</u>		
Rendering of services (Including recoveries of expenses)	245	173
Interest Received	131	88
Placement of Fixed Deposits	10,000	7,500
Redemption of Fixed Deposits	5,000	7,500
<u>Balances Outstanding :</u>		
Receivables	2	2

(₹ in lacs)

III. Fellow subsidiary	HDB Financials	
	31 March 2021	31 March 2020
<u>Transactions during the year :</u>		
Rendering of services (Including recoveries of expenses)	-	-
Receiving of services (Including payment of expenses)	9	11
<u>Balances Outstanding :</u>		
Receivables	1	1
Accrued expenses	-	4

(₹ in lacs)

IV. Other Related Parties	31 March 2021	31 March 2020
<u>HDFC Asset Management Company Ltd</u>		
<u>Transactions during the year :</u>		
Rendering of services (Including recoveries of expenses)	2	3
<u>Balances Outstanding :</u>		
Receivables	-	-
<u>HDFC Credila Financial Services Pvt. Ltd.</u>		
<u>Transactions during the year :</u>		
Rendering of services (Including recoveries of expenses)	-	-
<u>Balances Outstanding :</u>		
Receivables	2	2
<u>HDFC Ergo General Insurance Co. Ltd.</u>		
<u>Transactions during the year :</u>		
Rendering of services (Including recoveries of expenses)	24	20
Receiving of services (Including payment of expenses)	35	28
<u>Balances Outstanding :</u>		
Receivables*	2	0
Payables	(29)	26
Accrued Expenses	-	1
<u>HDFC Life Insurance Company Limited</u>		
<u>Transactions during the year :</u>		
Rendering of services (Including recoveries of expenses)	2,176	3,901
Receiving of services (Including payment of expenses)	210	221
<u>Balances Outstanding :</u>		
Receivables	197	346
Payables*	(1)	0
Accrued Expenses	-	74

* Less than ₹ 50,000 /-



Notes forming part of the Financial Statements for the year ended 31 March 2021

(₹ in lacs)

KMP, Directors, Their Relatives and Entities in which KMP are interested		
	31 March 2021	31 March 2020
<u>Nature of Transaction</u>		
Rendering of services (including recoveries of expenses)	186	73
Receiving of services (including payment of expenses)	31	27
Sitting Fees Paid	54	27
Managerial Remuneration & Perquisites Paid	897	2,324
Dividend Paid	113	33
ESOP - Number of options outstanding	-	2,850

Note:

1. The future liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, accordingly the amount pertaining to KMP's is not ascertainable separately, and not included above.
2. Managerial remuneration includes ESOP exercise during the year, bonus on accrual basis.
3. The relatives having transactions during the year (and previous year) have been shown in the list above
4. Refer Note # 30 for Employee Stock Option granted to HDFC Bank Employee who are on secondment to the company.

43 Share-based payment arrangements:**A. Description of share-based payment arrangements****i. Share option plans (Equity Settled)**

On 13 February 2017, 21 June 2019 and on 14 December 2020 the Company has granted share options, that entitles the employees and the key management personnel (KMP) to purchase the shares in the Company. Holders of the vested stock options are entitled to purchase shares at the exercise price of the shares. The key terms and conditions related to the grants under the plan are as follows; and all options are to be settled by the delivery of shares.

Grant date / employees entitled	Number of instruments	Vesting conditions	Method of settlement	Contractual life of options
Options granted to employees and KMP on 13-02-2017	280,000	The options granted to the KMPs and employees shall vest in three years from the date of Grant.	Equity settled	Four years
Options granted to employees and KMP on 21-06-2019	94,500	The options granted to the KMPs and employees shall vest in three years from the date of Grant.	Equity settled	Four years
Options granted to employees and KMP on 14-12-2020	167,500	The options granted to the KMPs and employees shall vest in six years from the date of Grant.	Equity settled	Six years
Total share options granted till date	542,000			



Notes forming part of the Financial Statements for the year ended 31 March 2021

B. Measurement of fair values**Equity-settled share-based payment arrangements**

The fair value of the employee share options has been measured using Black - Scholes Option pricing model. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

	As at 31 March 2021
	Share option plan for KMPs and employees
Fair value of options as on grant date (₹)	1663.6 - 2271.5
Share price as on grant date (₹)	5458
Exercise price (₹)	5458
Expected volatility	45.00%
Expected life (expected weighted average life)	3 to 6 years
Expected dividends	2.28%
Risk- free interest rate (based on government bonds)	4.47% to 5.64%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.

C. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

	Number of options 31 March 2021	Weighted average exercise price 31 March 2021	Number of options 31 March 2020	Weighted average exercise price 31 March 2020
(A) Equity-settled Share-based payments:				
Options outstanding as at the beginning of the year	110,000	₹ 4,254	133,650	₹ 1,136
Add: Options granted during the year	167,500	₹ 5,458	94,500	₹ 4,844
Less: Options lapsed / forfeited during the year	12,250	₹ 4,994	2,000	₹ 4,844
Less: Options exercised during the year	36,600	₹ 3,375	116,150	₹ 1,136
Options outstanding as at the year end	228,650	₹ 5,237	110,000	₹ 4,254
Options exercisable as at the year end	3,950	₹ 2,028	17,500	₹ 1,136

D. Expense recognised in the statement of profit and loss

Refer note 30 on employee benefit expense, for information on expense charged to the Statement of profit and loss on account of share based payments.

E. ESOP granted by parent**Equity-settled share-based payment arrangements**

The fair value of the employee share options has been measured using binomial option-pricing model.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment options granted during the year are as follows:

	As at 31 March 2021
	Share option plan for KMPs and employees
Fair value of options as on grant date (₹)	285 - 372
Share price as on grant date (₹)	1235.8
Exercise price (₹)	1235.8
Expected volatility	20.13% to 28.93%
Expected life (expected weighted average life)	1 to 6 Years
Expected dividends	0.61%
Risk- free interest rate (based on government bonds)	4.63% to 5.75%
Method used to determine expected volatility	The expected volatility is based on price volatility of listed companies in same or similar industry.



Notes forming part of the Financial Statements for the year ended 31 March 2021

Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
(A) Equity-settled Share-based payments:				
Options outstanding as at the beginning of the year	989,160	₹ 1,000	699,280	₹ 897
Add: Options granted during the year	485,400	₹ 1,236	379,600	₹ 1,195
Less: Options lapsed / forfeited during the year	62,400	₹ 1,110	65,420	₹ 1,071
Less: Options exercised during the year	18,700	₹ 1,031	24,300	₹ 891
Options outstanding as at the year end	1,393,460	₹ 1,077	989,160	₹ 1,000
Options exercisable as at the year end	550,760	₹ 899	301,760	₹ 837

Expense recognised in the statement of profit and loss

Refer note 30 on employee benefit expense, for information on expense charged to the Statement of profit and loss on account of share based payments.

44 Revenue from contract with customers

The Company derives revenue primarily from the share broking business. Its other major revenue sources are the distribution income and treasury income.

Disaggregate revenue information

- The table below presents disaggregate revenues from contracts with customers for the year ended 31 March 2021 by type of revenue segregated into its operating segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors.

Nature of Services

Broking Income - Income from services rendered as a broker is recognised upon rendering of the services, in accordance with the terms of contract.

Distribution Income - Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract. Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, on issue of the insurance policy to the applicant after deducting claw back amount as per the agreed terms. Commissions and fees recognised as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.

Interest Income - Interest is earned on delayed payments from clients and amounts funded to them. Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.

2 Disaggregate revenue information: (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Broking	101,478	56,537
Distribution	12,524	12,242
Interest on Loan	15,720	9,821
Interest income	218	761
Total	129,940	79,361



Notes forming part of the Financial Statements for the year ended 31 March 2021

- 3 Nature, timing of satisfaction of the performance obligation and significant payment terms.
- Income from services rendered as a broker is recognised upon rendering of the services.
- Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract.
- Income from services rendered as a broker is recognised upon rendering of the services.
- Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, on issue of the insurance policy to the applicant.
- Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks. Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- The above services are point in time in nature, and no performance obligation remains once the transaction is executed.
- Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract, and are over the period in nature.

45 Movement of provisions for the year ended 31st March 2021 comprises of: (₹ in lacs)

Particulars	Opening	Addition	Deletion	Closing
Service Tax Demand*	636	77	-	713
Dispute with respect to trades executed**	49	-	-	49
Total	685	77	-	762

Movement of provisions for the year ended 31st March 2020 comprises of: (₹ in lacs)

Particulars	Opening	Addition	Deletion	Closing
Service Tax Demand	636	-	-	636
Dispute with respect to trades executed	50	-	1	49
Total	686	-	1	685

Note:

* outstanding service tax demand for July 2012 - March 2017 raised by the department, the appeal is still pending with CESTAT for disbursal.

**The client lost the case before the Arbitration Panel - level 1 and also the appeal before the Arbitration Appellate Bench. Client later has filed a criminal application before the Judicial Magistrate, Andheri Court alleging criminal liability against the various officials of the Company and the Company as well.

46 Auditors Remuneration (₹ in lacs)

Particulars	31 March 2021	31 March 2020
Auditor	33	33
For other services	-	-
For reimbursement of expenses	1	1
Total	34	34

47 Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to maximize shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.



Notes forming part of the Financial Statements for the year ended 31 March 2021

48 COVID-19

The COVID -19 pandemic continues to have a considerable impact on economic activities across the various parts of the country and across the globe. The Government of India and various state governments have introduced a series of initiatives over the past year including lockdowns in order to contain the impact of the virus.

Stock broking and depository services have been declared as essential services all through the year and accordingly, the Company has faced no business stoppage/interruption on account of the lockdown. As of 31 March 2021, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern.

49 Events after reporting date

Other than the events relating to COVID-19, which has been covered in Note 48, there are no material events after the reporting date that require disclosure in these financial statements.

As per our report of even date.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

AJIT VISWANATH

Partner

Membership No. 067114

Place : Mumbai

Date : 15 April, 2021

For and on behalf of the Board of Directors of

HDFC Securities Limited

CIN Number: U67120MH2000PLC152193

DHIRAJ RELLI

Managing Director

DIN: 07151265

ASHISH RATHI

Whole Time Director

DIN: 07731968

KUNAL SANGHAVI

Chief Financial Officer

N.E. VENKITAKRISHNAN

Company Secretary



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