

# Price Waterhouse Chartered Accountants LLP

The Board of Directors  
HSBC InvestDirect Financial Services (India) Limited  
9-11 Floors, NESCO IT Park,  
Building No. 3, Western Express Highway,  
Goregaon (East),  
Mumbai – 400 063

## Limited Review Report

1. We have reviewed the Statement of Unaudited Financial Results (the “Statement”) of HSBC InvestDirect Financial Services (India) Limited (the “Company”) for the half year ended September 30, 2020. The Statement has been prepared by the Company pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations, 2015”), which has been signed by us for identification purposes. This Statement is the responsibility of the Company’s management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 52 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LUPIN AAC-5001) with effect from July 25, 2014. Post its Conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

## **Price Waterhouse Chartered Accountants LLP**

To the Board of Directors of HSBC InvestDirect Financial Services (India) Limited  
Limited Review Report on the Financial Results for the half year ended September 30, 2020  
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5. We draw your attention to Note 3 to the Statement, which describes the management's assessment of the impact of the outbreak of Covid-19 pandemic on the business operations of the Company, for which a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

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

Vivek Prasad  
Partner  
Membership Number: 104941

UDIN: 20104941AAAAGL2055

Mumbai  
October 12, 2020

HSBC InvestDirect Financial Services (India) Limited  
Statement of Unaudited Financial Results as at and for the half year ended September 30, 2020

Balance sheet as at September 30, 2020

(All amounts in INR thousands, unless otherwise stated)

Particulars	As at 30-09-2020 (Unaudited)	As at 30-09-2019 (Audited)	As at 31-03-2020 (Audited)
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	27,284	770	344,019
Bank balance other than cash and cash equivalents	325,517	263,151	263,108
Loans	6,283,143	7,805,897	6,019,694
Investments	430,023	-	1,478,479
Other financial assets	4,729	4,579	154,729
<b>Non-financial assets</b>			
Current tax assets (Net)	144,875	153,152	141,689
Deferred tax assets (Net)	3,080	12,071	2,980
Property, plant and equipment	1,215	2,096	1,889
Intangible assets under development	3,400	-	3,400
Intangible assets	-	6	-
Other non-financial assets	3,704	2,489	3,829
<b>Total assets</b>	<b>7,226,970</b>	<b>8,244,211</b>	<b>8,413,816</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13,518	8,380	9,367
Debt securities	935,135	2,504,415	2,220,322
Borrowings (other than debt securities)	1,620,000	1,300,650	1,620,000
Other financial liabilities	2,026	2,450	794
<b>Non-financial Liabilities</b>			
Current tax liabilities (Net)	15,905	10,643	10,686
Provisions	19,593	18,462	18,637
Other non-financial liabilities	440	1,418	2,627
<b>EQUITY</b>			
Equity share capital	1,462,847	1,462,847	1,462,847
Other equity	3,157,506	2,934,946	3,068,536
<b>Total equity</b>	<b>4,620,353</b>	<b>4,397,793</b>	<b>4,531,383</b>
<b>Total liabilities and equity</b>	<b>7,226,970</b>	<b>8,244,211</b>	<b>8,413,816</b>

See accompanying notes to the financial results

HSBC InvestDirect Financial Services (India) Limited

Statement of Unaudited Financial Results as at and for the half year ended September 30, 2020

Statement of Profit and Loss for the half year ended September 30, 2020

(All amounts in INR thousands, unless otherwise stated)

Particulars	For half year ended		For year ended
	30-09-2020 (Unaudited)	30-09-2019 (Audited)	31-03-2020 (Audited)
<b>Revenue from operations</b>			
Interest income	234,925	356,942	688,675
Reversal of impairment on financial instruments	-	-	28,384
Net gain on fair value changes	21,975	1,107	6,836
<b>Total revenue from operations</b>	<b>256,900</b>	<b>358,049</b>	<b>723,895</b>
Other income	3	24,277	24,281
<b>Total income</b>	<b>256,903</b>	<b>382,326</b>	<b>748,176</b>
<b>Expenses</b>			
Finance costs	92,505	156,849	295,719
Employee benefits expenses	20,303	19,621	40,554
Impairment on financial instruments	26	2,096	-
Depreciation and amortisation	674	984	1,764
Others expenses	20,836	24,452	51,294
<b>Total expenses</b>	<b>134,344</b>	<b>204,002</b>	<b>389,331</b>
<b>Profit before tax</b>	<b>122,559</b>	<b>178,324</b>	<b>358,845</b>
<b>Income tax expense:</b>			
- Current tax	33,398	48,597	85,693
- Deferred tax	(100)	493	9,624
<b>Total tax expense</b>	<b>33,298</b>	<b>49,090</b>	<b>95,317</b>
<b>Profit for the period</b>	<b>89,261</b>	<b>129,234</b>	<b>263,528</b>
<b>Other comprehensive income</b>			
i) Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations	(391)	159	(782)
ii) Income tax relating to items that will not be reclassified to profit or loss	98	(40)	197
<b>Other comprehensive profit/(loss) for the period</b>	<b>(293)</b>	<b>119</b>	<b>(585)</b>
<b>Total comprehensive income for the period</b>	<b>88,968</b>	<b>129,353</b>	<b>262,943</b>
<b>Earnings per equity share (Nominal value of Rs. 10 per share)</b>			
- Basic and Diluted (Rs.)	0.61	0.88	1.80

See accompanying notes to the financial results

**HSBC InvestDirect Financial Services (India) Limited**  
**Statement of Unaudited Financial Results as at and for the half year ended September 30, 2020**

**Notes:**

- 1 The above results have been prepared pursuant to the requirement of paragraph 5.1 of Annexure I and paragraph 1.2 of Annexure II of circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 (as amended by circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/167 dated December 24, 2019) issued by the Securities and Exchange Board of India ("SEBI"). The financial results have been prepared in accordance with recognition and measurement principles laid down in accordance with the Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the other accounting principles generally accepted in India. Any application guidance / clarification / directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued or applicable.
- 2 The above results have been reviewed and recommended for Board approval by the Audit Committee and approved and taken on record by the Board of Directors at the meeting held on October 12, 2020. The numbers for half year ended September 30, 2019 have been extracted from the audited special purpose financial statements as at and for half year ended September 30, 2019.
- 3 The spread of COVID-19 has severely impacted businesses around the globe. The Indian Government, the Reserve Bank of India and other regulators have announced various measures and relaxations acknowledging the current situation to ensure that there is enough liquidity in the hands of market participants and provided moratoriums to the borrowers in terms of their repayments to the financial institutions.

The Company is in the business of providing loans against securities and raising monies through borrowings. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the above results. The Company has further assessed the recoverability and carrying value of its assets comprising Loans and advances, Investments, fixed assets, other receivables as at balance sheet date, and has concluded that there are no material adjustments required in the above results. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

Further, in accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto six months for the payment of instalments falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. All the interest under moratorium have been recovered and there are no dues outstanding on account of the same.

- 4 Figures for the previous period/year have been regrouped wherever necessary to confirm to current period/year presentation.

For and on behalf of the Board of Directors of  
**HSBC InvestDirect Financial Services (India) Limited**

**Shantanu Shankar**  
Managing Director  
(DIN 08054929)

We, Price Waterhouse Chartered Accountants LLP, have signed this statement for identification purposes only and this Statement should be read in conjunction with our report dated October 12, 2020.

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

**Vivek Prasad**  
Partner  
Membership No: 104941

Mumbai  
October 12, 2020