

Price Waterhouse Chartered Accountants LLP

Review Report

To the Board of Directors of,
HSBC InvestDirect Financial Services (India) Limited,
Building No. 3, Western Express Highway,
Goregaon (East),
Mumbai – 400 063

1. We have reviewed the accompanying unaudited financial results of HSBC InvestDirect Financial Services (India) Limited (the “NBFC”) for the quarter ended September 30, 2022 and the year to date results for the period April 1, 2022 to September 30, 2022, which are included in the accompanying Statement of Profit and Loss, the unaudited Statement of Assets and Liabilities as on that date and the Statement of Cash Flows for the half-year ended on that date (the “Statement”) being submitted by the NBFC pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations, 2015. We have digitally signed the Statement for identification purposes only.
2. The Statement is the responsibility of the NBFC’s Management and has been approved by the NBFC’s Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (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. 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. 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 accompanying Statement has not been prepared in accordance with the applicable accounting standards and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 52 of the Listing Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement, or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of Income recognition, asset classification, provisioning and other related matters, to the extent those are not inconsistent with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

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

Russell I Parera
Partner
Membership Number: 042190
UDIN: 22042190BCULHP5490

Place: Mumbai
Date: November 11, 2022

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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)

HSBC InvestDirect Financial Services (India) Limited

Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2022

(All amounts in INR thousands, unless otherwise stated)

Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2022 (Unaudited)	June 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	March 31, 2022 (Audited)
Revenue from operations						
Interest income	178,173	171,808	90,001	349,981	197,215	416,123
Reversal of impairment on financial instruments	-	-	95	-	125	-
Net gain on fair value changes	6,007	2,367	7,659	8,374	9,219	17,304
Total revenue from operations	184,180	174,175	97,755	358,355	206,559	433,427
Other income	1,526	3	3	1,529	23	16,286
Total income	185,706	174,178	97,758	359,884	206,582	449,713
Expenses						
Finance costs	78,041	73,079	29,351	151,120	55,617	121,878
Impairment on financial instruments	79	64	-	143	-	261
Employee benefits expenses	12,306	13,427	10,305	25,733	20,027	44,112
Depreciation and amortisation	720	734	472	1,454	691	1,996
Others expenses	12,353	10,764	10,897	23,117	18,713	52,262
Total expenses	103,499	98,069	51,025	201,567	95,048	220,509
Profit before tax	82,207	76,110	46,733	158,317	111,534	229,204
Income tax expense:						
- Current tax	20,770	19,700	10,448	40,470	27,448	55,000
- Deferred tax	(232)	(391)	650	(623)	1,470	594
- (Excess) / Short provision for tax of earlier years	51	-	-	51	-	(18,724)
Total tax expense	20,589	19,309	11,098	39,898	28,918	36,870
Profit for the period	61,618	56,801	35,635	118,419	82,616	192,334
Other comprehensive income						
i) Items that will not be reclassified to profit or loss						
- Remeasurements of post-employment benefit obligations	(73)	(74)	103	(147)	206	(295)
- Changes in the fair value of equity investments at FVOCI	-	-	-	-	-	17,057
ii) Income tax relating to items that will not be reclassified to profit or loss	18	19	(26)	37	(52)	74
Other comprehensive profit/(loss) for the period	(55)	(55)	77	(110)	154	16,836
Total comprehensive income for the period	61,563	56,746	35,712	118,309	82,770	209,170
Earnings per equity share (Nominal value of Rs. 10 per share)						
- Basic and Diluted (Rs.)	0.42	0.39	0.24	0.81	0.56	1.31

HSBC InvestDirect Financial Services (India) Limited

Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2022

Statement of Unaudited Assets and Liabilities as at September 30, 2022

(All amounts in INR thousands, unless otherwise stated)

Particulars	As at 30-09-2022 (Unaudited)	As at 30-09-2021 (Unaudited)	As at 31-03-2022 (Audited)
ASSETS			
Financial assets			
Cash and cash equivalents	33,005	9,041	12,274
Bank balance other than cash and cash equivalents	403,942	403,570	403,202
Loans	10,013,821	4,712,653	8,581,427
Investments	102,417	1,259,299	209,799
Other financial assets	7,148	4,729	7,148
Non-financial assets			
Current tax assets (Net)	156,383	156,424	143,181
Deferred tax assets (Net)	2,770	1,160	2,110
Property, plant and equipment	3,884	3,162	4,351
Intangible assets	2,771	4,282	3,527
Other non-financial assets	6,592	4,174	5,209
Total assets	10,732,733	6,558,494	9,372,228
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13,124	10,500	10,700
Debt securities	4,054,766	98,975	2,816,565
Borrowings (other than debt securities)	1,620,189	1,620,000	1,620,000
Other financial liabilities	3,152	3,045	856
Non-financial Liabilities			
Current tax liabilities (Net)	-	15,311	-
Provisions	2,754	17,195	2,077
Other non-financial liabilities	1,502	931	3,093
EQUITY			
Equity share capital	1,462,847	1,462,847	1,462,847
Other equity	3,574,399	3,329,690	3,456,090
Total equity	5,037,246	4,792,537	4,918,937
Total liabilities and equity	10,732,733	6,558,494	9,372,228

HSBC InvestDirect Financial Services (India) Limited
Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2022

Statement of cash flows for the half year ended September 30, 2022

(All amounts in INR thousands, unless otherwise stated)

Particulars	April 1, 2022 to September 30, 2022 (Unaudited)	April 1, 2021 to September 30, 2021 (Unaudited)	April 1, 2021 to March 31, 2022 (Audited)
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before tax:	158,317	111,534	229,204
Adjustments :			
Depreciation and amortisation	1,454	691	1,996
Impairment on financial assets	143	-	261
Interest expense on borrowings	48,457	(125)	99,101
Interest paid on borrowings	(48,457)	-	(99,101)
Interest expense on debt securities	99,480	-	19,860
Liability no longer required written back	-	-	(16,173)
Interest income on bank deposits	(9,962)	(9,674)	(19,278)
Unrealised gain on mutual fund	(136)	(5,507)	(144)
Realised gain on mutual fund	(8,238)	(3,712)	(17,160)
Interest on income tax refund	(1,524)	-	-
Operating profit before working capital changes	239,534	93,207	198,566
Adjustments for working capital changes:			
(Increase)/decrease in bank balance other than cash and cash equivalents	(740)	143	511
(Increase)/decrease in loans	(1,432,537)	1,254,529	(2,614,632)
Increase in other financial assets	-	9,984	7,565
(Increase)/decrease in other non financial assets	(1,383)	(722)	(1,757)
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	2,424	(963)	(763)
Other financial liabilities	2,296	(6,593)	(8,782)
Provisions	530	363	917
Other non financial liabilities	(1,591)	(1,676)	486
Cash generated from operations	(1,431,001)	1,255,065	(2,616,455)
Less : Income taxes paid (net of refunds)	(52,200)	(31,499)	(42,341)
Net cash inflow / (outflow) from operating activities	(1,243,667)	1,316,773	(2,460,230)
CASH FLOW FROM INVESTING ACTIVITIES :			
Placement of fixed deposit with bank	(290,400)	(138,400)	(138,400)
Proceeds from fixed deposit with bank	290,400	140,000	140,000
Interest income on bank deposits	9,962	9,674	19,278
Purchase of fixed assets	(231)	(1,171)	(2,909)
Investment in mutual fund	(5,515,000)	(2,975,000)	(7,102,500)
Redemption in mutual fund	5,630,757	1,835,000	7,037,141
Net cash inflow / (outflow) from investing activities	125,488	(1,129,897)	(47,390)
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from issue of debt securities	5,388,721	98,975	3,199,265
Repayment of debt securities	(4,250,000)	(247,439)	(650,000)
Net cash inflow / (outflow) from financing activities	1,138,721	(148,464)	2,549,265
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	20,542	38,412	41,645
Add : Cash and cash equivalents at beginning of the period	12,274	(29,371)	(29,371)
Cash and cash equivalents at end of the period	32,816	9,041	12,274

Reconciliation of cash and cash equivalents as per the statement of cash flows

Cash and cash equivalents as per above comprise of the following

Particulars	As at 30-09-2022 (Unaudited)	As at 30-09-2021 (Unaudited)	As at 31-03-2022 (Audited)
Cash and cash equivalents	33,005	9,041	12,274
Bank overdrafts	(189)	-	-
Balances as per statement of cash flows	32,816	9,041	12,274

HSBC InvestDirect Financial Services (India) Limited
Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2022

Notes:

- 1 The above results have been prepared pursuant to the requirement of 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) and circular no. SEBI/HO/DDHS/CIR/2021/0000000637 dated October 05, 2021 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 November 11, 2022.
- 3 The spread of COVID-19 has severely impacted businesses around the globe. 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 financial statements.
- 4 The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.
- 5 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 November 11, 2022.

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

Russell I Parera
Partner
Membership No: 042190

Mumbai