



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS

The Members

**HSBC InvestDirect Financial Services (India) Limited**

The Board has pleasure in presenting the Twenty Seventh Annual Report and the Audited Financial Statements of the Company for the Financial Year (FY) ended 31 March 2023.

### BACKGROUND

HSBC InvestDirect Financial Services (India) Limited (“the Company”) is a wholly owned subsidiary of HSBC InvestDirect (India) Private Limited and is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC), registered with Reserve Bank of India (RBI). As per scale-based regulations issued by RBI, the Company is now categorized as Middle Layer as the asset size of the Company has crossed Rs. 10,000 million during the current year.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The world seems to be recovering from the aftermath of the challenges posed in the last few years. Overall, despite the challenges, India has emerged as a bright spot in terms of economic growth amidst an outlook of global slowdown. Recently, The World Bank has reported that India is better positioned to navigate global headwinds and handle global spillovers, as compared to other major emerging economies. CRISIL recently reported that riding on macroeconomic tailwinds, NBFCs are expected to see their AUM grow 11-12% — a four-year high — to Rs 13 lakh crore by the end of this fiscal.

The recent RBI Scale based norms is another welcome step for the industry that will elevate the status of NBFCs in line with several other public sector NBFCs. Hence NBFCs with stronger business models, strong capital adequacy, strong underwriting capabilities and focus on digital strategy will continue to perform better and grow stronger in years to come.

### FINANCIAL RESULTS

The performance of your Company for the FY 2022-23 is summarized below:

| Particulars   | For the year ended<br>31.03.2023<br>(Rs. in millions) | For the year ended<br>31.03.2022<br>(Rs. in millions) |
|---|---|---|
| Revenue from operations                                 | 817.71  | 433.43  |
| Other Income  | 1.90  | 16.29   |
| <b>Total Revenue</b>                                    | <b>819.61</b>   | <b>449.71</b>   |
| Total Expenses  | 498.68  | 220.51  |
| <b>Profit before Tax</b>                                | <b>320.93</b>   | <b>229.20</b>   |
| Provision for Tax (including current and deferred tax)  | 83.08   | 36.87   |
| <b>Profit for the year</b>                              | <b>237.84</b>   | <b>192.33</b>   |
| <b>Other comprehensive income / (loss) for the year</b> | <b>(0.97)</b>   | <b>16.84</b>  |
| <b>Total comprehensive income for the year</b>          | <b>236.87</b>   | <b>209.17</b>   |

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



## **DIVIDEND**

The Directors do not recommend any dividend for the FY 2022-23.

## **TRANSFER TO RESERVES**

Your Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriations. However, your Company has transferred Rs. 47.55 million to Special Reserve as required under section 45 – IC of the RBI Act, 1934.

## **OPERATIONS & OUTLOOK**

During the FY 2022-23, the revenue from operations has increased by 88.66% from Rs. 433.43 million in the FY 2021-22 to Rs. 817.71 million in the FY 2022-23 due to increase in average lending rate from 6.89% to 8.67%. The loan book has increased from Rs. 8.58 million as at 31 March 2022 to Rs. 11,471 million as at 31 March 2023. The other income has decreased from Rs. 16.29 million in the FY 2021-22 to Rs. 1.90 million in the FY 2022-23 due to exceptional item reversed in previous year.

The outlook of the Company for the year ahead is to grow its loan book in a sustainable manner. The mass affluent and High Networth Individual (HNI) segments are key focus areas for the HSBC Group in India. HSBC provides a range of banking and wealth management solutions in this space and the objective is to offer a comprehensive value proposition to help the customers meet their needs. Loan Against Securities (LAS) is a relevant product offering for the said customer segments to help them meet their borrowing and liquidity needs. LAS offering is thus positioned to complement the core banking and wealth management proposition and help HSBC build deep and sustainable relationship in its core target customer segments.

## **OPPORTUNITIES AND THREATS**

Your Company is continuously reviewing the evolving situation in the light of COVID 19 & other Geo- Political risks and playing a responsible role in minimizing the adverse impact on its business and the stakeholders' interest.

The NBFCs' ground-level understanding of their customers' profile and their credit needs gives them an edge, as does their ability to innovate and customize products as per their customers' needs.

The Company's robust risk management approach helped navigate through the recent phase of unprecedented market events and volatility.

A fast evolving regulatory and market landscape requires the Company to continue to be agile, flexible and quick.

## **FINANCE**

During FY 2022-23, the Company met its funding requirements through issuance of Commercial Papers and Bank Borrowings. The Debt / Equity ratio as on 31 March 2023 was 1.34. The Company has been regular in servicing all its debt obligations.

## **RATINGS**

India Ratings & Research, a Fitch Group company has assigned following ratings to your Company.

### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



Long term debt  
Short term debt

IND AAA / Stable  
IND A1+

CRISIL has assigned the following ratings to your Company for Commercial Papers.

Commercial Paper

CRISIL A1+

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Below mentioned are changes in the Board of Directors from 1 April 2022 till as on date;

| S. No. | Name             | Designation   | Date of resignation | Date of appointment/<br>Change in designation <sup>§</sup> |
|--------|------------------|---|---------------------|--|
| 1      | Madhur Malviya   | Director  | 13 April 2022       | NA   |
| 2      | Brij Bhushan     | Director  | NA                  | 27 September 2022 <sup>§</sup>                             |
| 3      | Payal Advani     | Director  |                     | 27 September 2022 <sup>§</sup>                             |
| 4      | Deepak Sarup     | Chairman & Director<br>(Non-Executive)                  | 16 November 2022    | 27 September 2022 <sup>§</sup>                             |
| 5      | Roopa Varma      | Chairperson &<br>Additional Director<br>(Non-Executive) | NA                  | 01 February 2023   |
| 6      | Sanket Sanghavi  | Additional Director                                     |                     | 01 February 2023   |
| 7      | Shantanu Shankar | Managing Director                                       | 18 March 2023       | NA   |
| 8      | Berlin Varghese  | Managing Director                                       | NA                  | 03 April 2023  |

The Directors place on record their sincere appreciation for the valuable contribution made by the resigning Directors during their tenure with the Company. The requirements with respect to noting and intimating the Registrar of Companies, Maharashtra, and Reserve Bank of India with respect to their resignations were duly complied with.

During the year under review Brij Bhushan and Payal Advani were liable to retire by rotation and they have offered themselves for reappointment at the ensuing Annual General Meeting.

The required resolutions reappointing the aforesaid Directors at the ensuing Annual General Meeting is included in the Notice of the said Annual General Meeting.

During the FY 2022-23 five meetings of the Board of Directors of your Company were held on the following dates:

### HSBC InvestDirect Financial Services (India) Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,  
Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477  
E-mail: nbfchelpdesk@hsbc.co.in  
CIN No.: U67190MH1996PLC097473



| Date of Board Meetings | Directors present  |
|------------------------|--|
| 30 May 2022            | Mr. Deepak Sarup<br>Mr. Brij Bhushan<br>Ms. Payal Advani<br>Mr. Shantanu Shankar                       |
| 28 July 2022           | Mr. Deepak Sarup<br>Mr. Brij Bhushan<br>Ms. Payal Advani<br>Mr. Shantanu Shankar                       |
| 11 November 2022       | Mr. Deepak Sarup<br>Mr. Brij Bhushan<br>Ms. Payal Advani<br>Mr. Shantanu Shankar                       |
| 09 February 2023       | Mr. Brij Bhushan<br>Ms. Payal Advani<br>Mr. Shantanu Shankar<br>Ms. Roopa Varma<br>Mr. Sanket Sanghavi |
| 02 March 2023          | Mr. Brij Bhushan<br>Ms. Payal Advani<br>Mr. Shantanu Shankar<br>Ms. Roopa Varma<br>Mr. Sanket Sanghavi |

## AUDIT COMMITTEE

The Audit Committee comprises Mr. Brij Bhushan, Ms. Payal Advani and Ms. Roopa Varma as it's Members as on 31 March 2023.

During the FY 2022-23 four meetings of the Audit Committee of your Company were held on the following dates:

| Date of Audit Committee Meetings | Members present  |
|----------------------------------|--|
| 30 May 2022                      | Mr. Deepak Sarup<br>Mr. Brij Bhushan<br>Ms. Payal Advani |
| 28 July 2022                     | Mr. Deepak Sarup<br>Mr. Brij Bhushan<br>Ms. Payal Advani |
| 11 November 2022                 | Mr. Deepak Sarup<br>Mr. Brij Bhushan<br>Ms. Payal Advani |
| 09 February 2023                 | Ms. Roopa Varma<br>Mr. Brij Bhushan<br>Ms. Payal Advani  |

## HSBC InvestDirect Financial Services (India) Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

\*The CSR Committee comprises Ms. Roopa Varma and Ms. Payal Advani as its Members as on 31 March 2023.

During the FY 2022-23, your Company supported Concern India Foundation and spent INR 5,420,000/- (Rupees Fifty-Four Lakhs Twenty Thousand Only) towards CSR initiatives in order to comply with Section 135 of the Companies Act, 2013. The said amount was provided to Concern India Foundation towards “Solar Energy based solution in BEST Bus Depot at Bandra (W), Mumbai and The National Association for the Blind (NAB) India”. Your Company has framed its

CSR Policy the details of which are given in **Annexure A**.

During the FY 2022-23, one meeting of CSR of your Company was held on the following date:

| <b>Date of CSR Meeting</b> | <b>Members present</b>  |
|----------------------------|---|
| 08 September 2022          | Mr. Shantanu Shankar*<br>Mr. Deepak Sarup<br>Ms. Payal Advani |

*\*Note: Mr. Shantanu Shankar resigned from the Board of Directors and its Committees w.e.f. 18 March 2023.*

## **NOMINATION AND REMUNERATION COMMITTEE (NRC)**

The NRC comprises Mr. Brij Bhushan (Chairman), Ms. Roopa Varma and Ms. Payal Advani as its Members as on 31 March 2023.

During the FY 2022-23, three meetings of the NRC was held on the following date:

| <b>Date of Nomination and Remuneration Committee Meeting</b> | <b>Members present</b>                                   |
|--|--|
| 26 May 2022  | Mr. Deepak Sarup<br>Mr. Brij Bhushan<br>Ms. Payal Advani |
| 21 February 2023   | Mr. Brij Bhushan<br>Ms. Payal Advani                     |
| 02 March 2023  | Ms. Roopa Varma<br>Mr. Brij Bhushan<br>Ms. Payal Advani  |

## **INFORMATION TECHNOLOGY STRATEGY (IT Strategy) COMMITTEE**

\*Information Technology Strategy Committee comprises Ms. Payal Advani (Chairperson) and Ms. Roopa Varma as its Members as on 31 March 2023.

During the FY 2022-23, two meetings of the IT Strategy Committee were held on the following dates:

### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



| Date of Information Technology Strategy Committee Meeting | Members present  |
|---|--|
| 15 July 2022  | Mr. Deepak Sarup<br>Ms. Payal Advani<br>Mr. Shantanu Shankar |
| 10 January 2023   | Mr. Brij Bhushan<br>Ms. Payal Advani<br>Mr. Shantanu Shankar |

*\*Note: Mr. Shantanu Shankar resigned from the Board of Directors and its Committees w.e.f. 18 March 2023.*

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, the Directors state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments 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 2023 and of the profit of the Company for the year ended on that date;
- iii. the Directors 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;
- iv. the Directors have prepared the annual accounts on a 'going concern' basis; and
- v. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY OF THE COMPANY**

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The said policy is attached as **Annexure B**.

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the RBI Master Directions for NBFCs.

## **LOANS, GUARANTEES OR INVESTMENTS**

The provisions of Section 186 of the Companies Act, 2013 pertaining to granting of loans to any persons or bodies corporate and giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are complied to the extent applicable.

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

The details are provided in Financial Statements in note 37 in Notes to Accounts.

### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



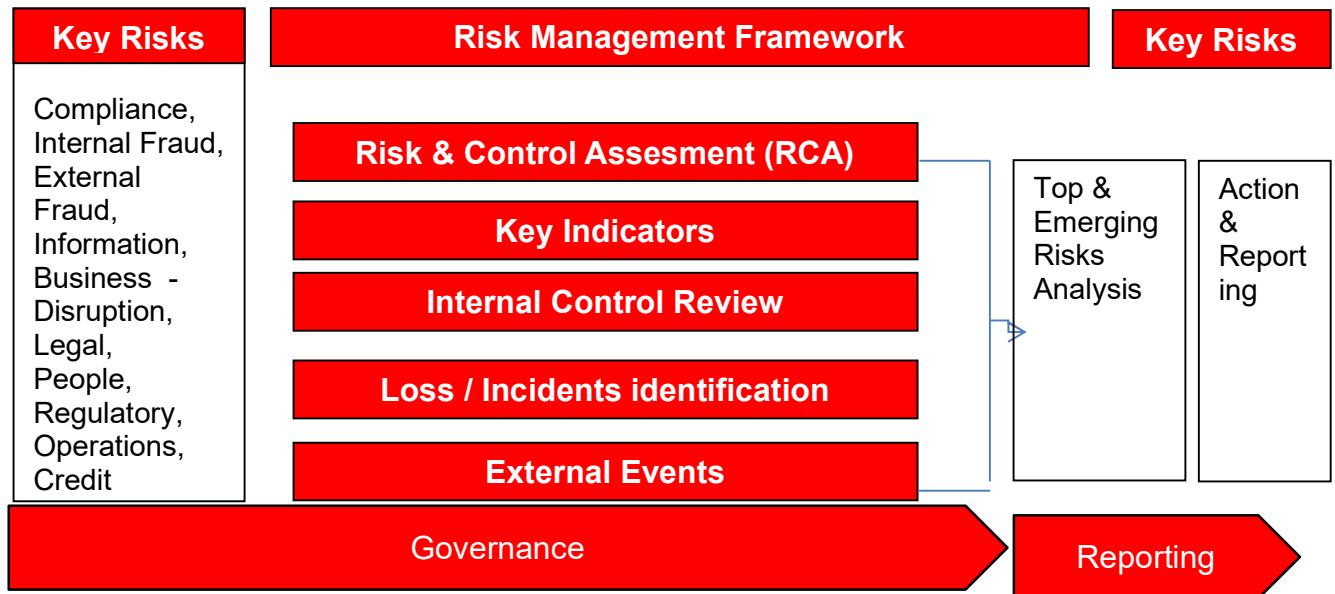
## CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, EXPORT & FOREIGN EARNING AND OUTGO

The Company had incurred Rs. 0.20 million as foreign exchange expenditure. Since your

Company does not own any manufacturing facility, the statement giving details of conservation of energy and technology absorption in accordance with provisions of section 134(3)(m) of the Companies Act, 2013 is not applicable. However, your Company has been using Information Technology in its operations and promotes conservation of resources.

## RISK MANAGEMENT POLICY

Your Company has in place a robust and matured Risk Review framework in line with HSBC Group guidelines. Risk Forums at various levels, as defined in the framework, exist to regularly review risks that are likely to impair business. Key component of the Company's risk management framework are as under:



The purpose of the Risk Management Framework is to ensure that the company identifies & effectively manages its risk issues in cost effective manner with targeted and accepted level of risks in line with the HSBC Group policies.

## ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

A structured questionnaire was prepared covering various aspects of the Board's functioning such as role of the Board and committees, Board composition, skills and application, Board procedures and practices, Board culture and behavior.

An exercise was carried out to evaluate the performance of the Board, Committees and individual Directors, who were evaluated on parameters such as level of engagement and contribution,

## HSBC InvestDirect Financial Services (India) Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



independence of judgment, safeguarding the interest of your Company and other stakeholders. The Directors expressed their satisfaction with the evaluation process.

## **DEPOSITS**

Your Company has not accepted any deposits from the public or employees during the FY 2022-23.

## **MATERIAL CHANGES AND COMMITMENTS**

There have been no material changes and commitments affecting the financial position of your Company which have occurred between the end of the FY i.e. 31 March 2023 to which the

Financial Statements relate and the date of the report.

## **CHANGE IN THE NATURE OF BUSINESS**

During the FY 2022-23, there has been no change in the nature of the business of your Company.

## **INTERNAL COMPLAINTS COMMITTEE**

Your Directors confirm that the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company is committed to creating and maintaining an atmosphere in which employees can work together, without fear of sexual harassment, exploitation and intimidation. Accordingly, your Company has in place a Policy for Prohibition, Prevention, & Redressal of Sexual Harassment of Women at the Workplace and an Internal Complaints Committee is set up to redress complaints received regarding sexual harassment. During the FY 2022-23, no complaints were received.

## **SIGNIFICANT AND MATERIAL ORDERS**

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

## **AUDITORS AND AUDITORS' REPORT**

The Auditors, Price Waterhouse Chartered Accountants LLP (PWC) (Firm Registration No. F012754N/N500016), Mumbai, had been re-appointed as Auditors, in the twenty fourth Annual General Meeting held on 22 September 2020, for a period of five years. The Auditors had confirmed that, their appointment was in accordance with the Section 139 of the Companies Act, 2013 and the Rules made thereunder and that they are not disqualified in terms of Section 141 of the Companies Act, 2013. Further, the Auditors' report does not contain any qualification, reservation or adverse remarks.

## **SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Board has appointed M/s. A. K. Jain & Co., Practicing Company Secretary to conduct secretarial audit of your Company. The Secretarial Auditor had conducted the audit and their report thereon was placed before the Board. The report of the Secretarial Audit is attached as **Annexure C**. There are no qualifications or observations in the Report.

## **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473





## **FRAUDS REPORTED BY AUDITORS**

During the FY 2022-23, there were no frauds committed by your Company and no material frauds committed on your Company by its officers or employees. Further, during the FY 2022-23, there

were no frauds reported by the Auditors to the Audit Committee or the Board under Section 143(12) of the Companies Act, 2013.

## **COST RECORDS**

As your Company is not into manufacturing, it is not required to maintain cost records as required under Companies Act, 2013.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to your Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of the reliable financial disclosures.

Further, the Statutory Auditors express an opinion on the effectiveness of the company's internal financial controls over financial reporting (IFCFR) and the procedures in respect thereof are carried out along with an audit of the financial statements.

Based on the testing performed by them, they have opined that your Company had in all material aspects, an adequate Internal Financial Controls system over financial reporting and such controls were operating effectively as at 31 March 2023.

Your Company has appointed B. K. Khare & Company, Chartered Accountants, to conduct internal audit covering all areas of operations and the reports are placed before the Audit Committee.

## **COMPLIANCE WITH SECRETARIAL STANDARDS**

Your Company has complied with all the applicable Secretarial Standards.

## **INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

During the year under review, your Company was not required to transfer any securities/money to the IEPF.

## **REMUNERATION RECEIVED BY MANAGING DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY**

During the year under review, Managing Director of the Company has received remuneration from the holding Company. Your Company does not have a subsidiary Company as on year ended 31 March 2023.

## **RELATED PARTY TRANSACTIONS POLICY**

The Company has adopted a Policy and a Framework on Related Party Transactions for the purpose of identification, monitoring and approving of such transactions. The said Policy is annexed as **Annexure D**.

## **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



The details of Related Party Transactions, as required to be disclosed by Indian Accounting Standard 24 on “Related Party Disclosures” specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are given in the Notes to the Financial Statements.

During the year, the Company has not entered into any transactions with Related Parties which are not in its ordinary course of business or not on an arm’s length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

## **HUMAN RESOURCES**

Your Company recognises people as its most valuable asset and it has built an open and transparent culture to nurture this asset. Your Company had 25 permanent employees on the rolls of your Company as on 31 March 2022.

## **COMPLIANCE AND CORPORATE PHILOSOPHY**

Your Company has complied and continues to comply with all the applicable regulations and guidelines issued by RBI. These inter alia include Capital Adequacy, Net Owned Funds, provisioning for Non-Performing Assets (NPAs) and for Standard Assets, Concentration of Credit and Investment, filings, etc. The Capital to Risk Assets Ratio (“CRAR”) of the Company was 44.41% on 31 March 2023 against the CRAR of 15%, prescribed for the Company by RBI.

Your Company firmly believes that strong corporate governance and compliance practices are of paramount importance to maintain the trust and confidence of its stakeholders and the reputation of your Company. To ensure transparency, fairness and objectivity in the organisation’s

functioning and unquestioned integrity of all personnel involved, your Company has proactively adopted best practices with regard to corporate governance and compliance. The Board of Directors has also adopted the internal guidelines on Corporate Governance.

## **NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR**

During the year under review, none of the companies have become or ceased to be its subsidiaries, joint ventures or associate companies.

## **PENALTY**

During the year under review your Company had filed for satisfaction of four charges against the Company with a delay. The Ministry of Corporate Affairs (MCA) has condoned the delay in satisfaction of the said charges with a payment of INR 1,15,000 for each charge, amounting to INR 4,60,000. The Company has filed the Order of condonation with the MCA for the said satisfaction, however due to migration of MCA portal from version 2 to version 3, the satisfaction status of charges is awaited to be reflected on the portal.

## **CAUTIONARY STATEMENTS**

Certain statements in the Report describing your Company’s objectives and predictions may be ‘forward-looking statements’ within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward- looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and

### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



# HSBC | InvestDirect

political conditions in India, volatility in interest rates, new regulations and Government policies that may impact your Company's business as well as its ability to implement the strategy. Your Company does not undertake to update these statements.

## **ACKNOWLEDGEMENTS**

Your Company maintained cordial relationships with Regulatory Authorities, Financial Institutions, Banks and customers during the year under review.

The Directors are grateful for the support extended by them and the employees and look forward to receiving their continued support and encouragement.

**For and on behalf of the Board of Directors**

**Sd/-  
Roopa Varma  
Chairperson  
Additional Director (Non-Executive)  
DIN: 09779388**

**Place: Mumbai  
Date: 25 May 2023**

## **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,  
Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477  
E-mail: nbfchelpdesk@hsbc.co.in  
CIN No.: U67190MH1996PLC097473



### Format for the Annual Report on CSR Activities to be Included in the Board's Report For the Financial Year 2022-23

#### 1. Brief outline on CSR Policy of the Company.

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

1. Promoting Education
2. Environmental Sustainability

Within Promoting Education focus is particularly on:

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

Within the Environmental Sustainability focus is particularly on:

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

#### 2. Composition of CSR Committee:

| Sl. No. | Name of Director  | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-------------------|--------------------------------------|--|--|
| 1       | Shantanu Shankar* | Chairman of CSR & Managing Director  | 1  | 1  |
| 2       | Deepak Sarup#     | Chairperson of the Board             | 1  | 1  |
| 3       | Payal Advani      | Director                             | 1  | 1  |

*\*Note –Shantanu Shankar, Chairman of CSR & Managing Director resigned from the Board of Directors and its Committees w.e.f. 18 March 2023. Berlin Varghese, Managing Director is appointed as Chairman of the CSR Committee w.e.f. 03 April 2023.*

*#Note – Deepak Sarup resigned from the Board of Directors and its Committees w.e.f. 16 November 2022.*

#### HSBC InvestDirect Financial Services (India) Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. **Not Applicable**
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). **NA**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs) | Amount required to be set-off for the financial year, if any (in Rs) |
|---------|----------------|---|--|
| 1       | 2022-23        | NA  | NA   |

6. Average net profit of the company as per section 135(5) **Rs. 270,553,133**
7. (a) Two percent of average net profit of the company as per section 135(5) (a) Rs. 5,420,000  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. (b) NIL  
 (c) Amount required to be set off for the financial year, if any (c) NIL  
 (d) Total CSR obligation for the financial year (7a+7b-7c). **(d) Rs. 5,420,000**

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.)  |                   |  |         |                   |
|---|--|-------------------|--|---------|-------------------|
|   | Total Amount transferred to Unspent CSR Account as per section 135(6). |                   | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |         |                   |
|   | Amount.  | Date of transfer. | Name of the Fund   | Amount. | Date of transfer. |
| 5,420,000   | NA   | NA                | NA   | NA      | NA                |

(b) Details of CSR amount spent against ongoing projects for the financial year 2022-23: **NIL**

| (1)     | (2)                  | (3)   | (4)                  | (5)                      |            | (6)               | (7)                           | (8)  | (9)  | (10)                                      | (11)   |                   |
|---------|----------------------|---|----------------------|--------------------------|------------|-------------------|-------------------------------|--|--|---|--|-------------------|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the | Local area (Yes/No). | Location of the project. |            | Project duration. | Amount allocated for the proj | Amount spent in the current financial Year | Amount transferred to Unspent CSR Account for the project as per | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency |                   |
|         |                      |   |                      | State.                   | Distri ct. |                   |                               |  |  |   | Name   | CSR Registra tion |
|         |                      |   |                      |                          |            |                   |                               |  |  |   |  |                   |

## HSBC InvestDirect Financial Services (India) Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



|     |  |      |  |  |  |  |                    |             |                               |  |  |         |
|-----|--|------|--|--|--|--|--------------------|-------------|-------------------------------|--|--|---------|
|     |  | Act. |  |  |  |  | ect<br>(in<br>Rs.) | (in<br>Rs.) | Section<br>135(6)<br>(in Rs.) |  |  | number. |
| NIL |  |      |  |  |  |  |                    |             |                               |  |  |         |

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

| (1)     | (2)   | (3)   | (4)                    | (5)                      |   | (6)                                    | (7)                                       | (8)   |                          |
|---------|---|---|------------------------|--------------------------|---|--|---|---|--------------------------|
| Sl. No. | Name of the Project   | Item from the list of activities in schedule VII to the Act.  | Local area (Yes / No). | Location of the project. |   | Amount spent for the project (in Rs.). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. |                          |
|         |   |   |                        | State.                   | District.   |  |   | Name.   | CSR registration number. |
| 1.      | Solar energy-based solution at BEST Bus Depot at Bandra (West), Mumbai and 'The National Association for the Blind (NAB) India' | The activities are related item no. iv of Schedule VII – ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air | Yes                    | Maharashtra              | Mumbai Metropolitan Region (includes Mumbai and suburban areas) | 5,420,000                              | No  | Concern India Foundation                              | CSR00000898              |

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



|  |  |   |  |  |  |  |  |  |
|--|--|---|--|--|--|--|--|--|
|  |  | and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga |  |  |  |  |  |  |
|--|--|---|--|--|--|--|--|--|

(d) Amount spent in Administrative Overheads - NIL (borne by the Company)

(e) Amount spent on Impact Assessment, if applicable - NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – NIL

(g) Excess amount for set off, if any – NIL

| Sl. No. | Particular  | Amount (in Rs.) |
|---------|---|-----------------|
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | Rs. 5,420,000   |
| (ii)    | Total amount spent for the Financial Year   | Rs. 5,420,000   |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | NIL             |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NA              |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | NA              |

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | 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 of the Fund   | Amount (in Rs.) | Date of transfer. |  |
| NIL     |                           |  |  |  |                 |                   |  |

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

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



| (1)     | (2)         | (3)                  | (4)  | (5)               | (6)  | (7)   | (8)  | (9)   |
|---------|-------------|----------------------|--|-------------------|--|---|--|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in Rs.). | Amount spent on the project in the reporting Financial Year (in Rs.). | Cumulative amount spent at the end of reporting Financial Year. (in Rs.) | Status of the project - Completed /Ongoing. |
| NIL     |             |                      |  |                   |  |   |  |   |

10. 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- **None**

**(asset-wise details).**

- 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).

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

For **HSBC InvestDirect Financial Services (India) Limited**

**Sd/-**  
**Berlin Varghese**  
**Managing Director and Chairman – CSR Committee**

**Place: Mumbai**  
**Date: 25 May 2023**

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473





### **HSBC InvestDirect Financial Services (India) Limited (HIFSL) Remuneration Framework**

#### 1. GOVERNANCE

- 1.1. HIFSL's remuneration framework is reviewed and approved by the Board of HIFSL.
- 1.2. The HIFSL remuneration framework must comply with the HSBC Group ("HSBC") remuneration policy as approved by the Remuneration Committee of HSBC Holdings plc ("RemCo), unless it thereby conflicts with the requirements of any local country regulations, in which case the local regulations prevail.

#### 2. OBJECTIVES OF REMUNERATION FRAMEWORK

- 2.1. As the quality and commitment of its human capital is deemed fundamental to HSBC's success, HSBC's stated strategy is to attract, retain and motivate the very best people. This strategy is referenced to the overall business strategy and the commercial environment.
- 2.2. In order to ensure alignment between remuneration and business strategy, individual remuneration is determined through assessment of performance delivered against both annual and long term objectives summarised in performance scorecards as well as adherence to the HSBC Values. Altogether, performance is judged, not only on what is achieved over the short and long term, but also on how it is achieved, as the latter contributes to the sustainability of the organisation. The financial and non-financial measures incorporated in the annual scorecards are carefully considered to ensure alignment with the long term strategy of the Group. Actual levels of variable pay depend on the performance of the HSBC Group, its constituent businesses and the individual, taking into account competitive market practice and relevant regulator requirements.
- 2.3. To ensure that the interests of HSBC and its employees are aligned with those of its shareholders, that HSBC's approach to risk management supports the interests of all stakeholders and that remuneration is consistent with effective risk management, HSBC requires a proportion of variable pay awards above certain thresholds to be deferred into awards of Restricted Shares.

#### 3. REWARD STRATEGY

- 3.1. A global reward strategy for HSBC has been approved by the Group RemCo. This strategy provides a framework for the RemCo in carrying out its responsibilities and includes the following key elements:
  - (i) an assessment of reward with reference to clear and relevant objectives and with reference to adherence to the HSBC Values;
  - (ii) a focus on total compensation (salary and variable pay) with variable pay (namely annual cash bonus and the value of long term awards) differentiated by performance;
  - (iii) the use of considered discretion to assess the extent to which performance has been achieved rather than applying a formulaic approach which, by its nature, may encourage inappropriate risk taking and cannot cover all scenarios;

#### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



# HSBC | InvestDirect

- (iv) as appropriate a significant proportion of variable pay to be deferred into HSBC Holdings plc Restricted Shares to tie recipients to the future performance of HSBC and aid retention; and
- (v) a total remuneration package (total compensation and benefits) which is competitive in relation to comparable organisations in each of the markets in which HSBC operates.

## 4. RISK ALIGNMENT

- 4.1. The variable pay pool takes into account performance which is considered within the context of the Risk Appetite Statement. This helps to ensure that the variable pay pool is shaped by risk considerations and any Group-wide notable events. The Risk Appetite Statement describes and measures the amount and types of risk that HSBC is prepared to take in executing its strategy. It shapes the integrated approach to business, risk and capital management and supports achievement of the Group's objectives. In addition, the Group funding methodology considers the relationship between capital, dividends and variable pay to ensure the distribution of post-tax profits between these three elements is considered appropriate. Finally, the commercial requirement to remain competitive in the market and overall affordability are considered.
- 4.2. The Group Chief Risk Officer regularly updates the RemCo on the Group's performance against the Risk Appetite Statement. The RemCo uses these updates when considering remuneration to ensure that return, risk and remuneration are aligned. In addition, the Financial Crime Compliance function will provide input on significant events and internal audit findings in respect of AML issues.
- 4.3. Group-wide thematic reviews of risk are also carried out to determine if there are any transgressions which could affect the amount of current year variable pay or any instances where malus of previously awarded variable pay is required.
- 4.4. All variable pay and incentive schemes are also required to adhere to a set of policy principles and approval standards as defined in the Group Standards Manual. Under the terms of the Group Standards Manual, all plans require the approval of the Finance, Risk, Legal, Compliance and HR functions. The Finance function validates the achievement of relevant financial metrics (e.g. the definition of profitability from which bonus funding is derived).

## 5. DESIGN AND STRUCTURE OF REMUNERATION

### 5.1. Overview

- (i) Reward is delivered via a combination of fixed and variable pay (salary, annual cash bonus and long term awards). The variable pay element is differentiated by performance. Taking into account the expected value of awards, the performance related elements of pay make up a considerable proportion of the total remuneration package for senior staff, whilst maintaining an appropriate balance between fixed and variable elements. Remuneration is structured to provide an opportunity for top quartile total compensation for higher levels of performance.

### 5.2. Salary

- (i) All executive staff receive a salary to reflect their market value, responsibility and contribution to the Group. HSBC pays market competitive salaries with variable pay awards based on performance.

### 5.3. Annual bonus

#### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



# HSBC | InvestDirect

- (i) Rationale and eligibility criteria
  - (a) All executive staff are eligible for consideration of an annual bonus to reflect the extent to which annual objectives have been met, absolute and relative performance to peers and competitive market practice.
- (ii) Performance measurement/assessment
  - (a) The annual bonus is designed to reward performance and is dependent on the achievement of financial and non-financial objectives which derive from those determined at the corporate Group level. This framework facilitates a rounded approach to objective setting. Individual performance is also reviewed against other risks specifically chosen such as credit, market, operational and information and security risks. It is also assessed against adherence to the HSBC Values.
  - (b) The determination of bonus pools is a fully discretionary process informed by various performance metrics (including performance in the context of the risk appetite framework), affordability (including cost and quantity of capital and liquidity considerations) and the commercial requirement to remain competitive in the market. HSBC's discretionary approach allows full flexibility in aligning bonus pools to business performance.
  - (c) Actual levels of pay will depend on the performance of the Group, of constituent businesses and of the individual, taking into account competitive market practice. The Group Management Board objectives are cascaded down to regions' and businesses' objectives in an aligned manner, thereby ensuring that return, risk and efficient capital usage shape reward considerations. This framework impacts on the level of individual remuneration received as achievement of such objectives is an important determinant of the level of variable compensation awarded. The Group Chief Risk Officer and the Risk function provide input into objectives, ensuring that key risk measures are included.
  - (d) Remuneration is carefully benchmarked against the market and internally to ensure that it is set at an appropriate level.
- (iii) Deferral and vesting
  - (a) To ensure that the interests of HSBC and its employees are aligned with those of shareholders, and that the approach to risk management supports the interests of all stakeholders, a proportion of variable pay awards above certain thresholds is required to be deferred into HSBC Holdings plc Restricted Shares. Vesting of these shares is subject to continued employment (which may be terminated by HSBC in the event of material misconduct) and the delivered value will vary in accordance with the share price and dividend. Prior to vesting awards made are subject to amendment, reduction or cancellation at the full discretion of the RemCo.
  - (b) Vesting of deferred awards will be over an appropriate period as determined by the RemCo, in accordance with the risk framework.
  - (c) No employees are permitted to hedge their economic exposure to the equity price risk of unvested shares. Breach of this requirement will result in disciplinary action which may include clawback of deferred incentives and termination of employment.

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



## 6. MAPPING HSBC REWARD FRAMEWORK TO REQUIREMENTS IN THE COMPANIES ACT, 2013

Each required element and factor under clause 178 (4) in The Companies Act, 2013 is satisfied by the HSBC Reward Framework as mapped below:

- 6.1. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully: See Paragraph 3.1 (v) of HSBC Rewards Framework
- 6.2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks: See Paragraph 5.3 (ii) of HSBC Rewards Framework
- 6.3. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals: See paragraph 3.1 (ii) and 5.1 (i) of HSBC Rewards Framework.

**For and on behalf of the Board of Directors**

**Sd/-  
Roopa Varma  
Chairperson  
Additional Director (Non-Executive)  
DIN: 09779388**

**Place: Mumbai  
Date: 25 May 2023**

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473

FORM NO. MR-3  
SECRETARIAL AUDIT REPORT

For The Financial Year Ended on 31<sup>st</sup> March, 2023

[Pursuant to 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  
**HSBC InvestDirect Financial Services (India) Limited**  
9-11 Floors, NESCO IT Park, Building No. 3  
Western Express Highway, Goregaon (East)  
Mumbai - 400063

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HSBC InvestDirect Financial Services (India) Limited (CIN: U67190MH1996PLC097473)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (Not Applicable to the Company during the Audit Period);
- (iv) 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. (Not Applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

..2



..2..

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not Applicable to the Company during the Audit Period);
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not Applicable to the Company during the Audit Period);
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable to the Company during the Audit Period);
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not Applicable to the Company during the Audit Period);
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not Applicable to the Company during the Audit Period);
- f. 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; (Not Applicable to the Company during the Audit Period);
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not Applicable to the Company during the Audit Period) and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable to the Company during the Audit Period).
- i. The Securities Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 (Not applicable except Regulation 52 due to listing of commercial papers);

We have also examined compliance of Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on sampling basis, the Company has complied with the following Rules, Regulations, Guidelines, Circulars and Notifications as specifically applicable to the Company:

..3



1. SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22<sup>th</sup> October, 2019 for listing of Commercial Paper;
2. Master Direction-Know Your Customer (KYC) Direction, 2016;
3. Master Direction-Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016; and
4. Master Direction - Information Technology Framework for the NBFC Sector.
5. Framework for Scale Based Regulation for Non-Banking Financial Companies.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board.

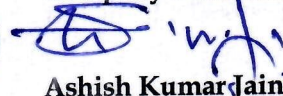
We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. are mentioned below:

| Date of event    | Details of the specific events/ actions bearing on Company's affairs pursuance of the above referred laws, rules, regulations, guidelines etc.           |
|------------------|--|
| On various dates | The Company has issued Commercial Papers for an amount of INR 1355 Crore which were listed on National Stock Exchange of India Limited on various dates. |



For A. K. Jain & Co  
Company Secretaries

  
Ashish Kumar Jain

Proprietor  
Peer Review Certificate No.1485/2021  
FCS: 6058 CP: 6124  
UDIN: F006058E000382676

Place: Mumbai  
Date: 25<sup>th</sup> May, 2023

**Annexure "A"**

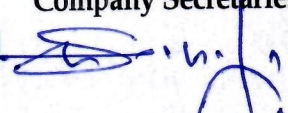
To  
The Members  
**HSBC InvestDirect Financial Services (India) Limited**  
9-11 Floors, NESCO IT Park, Building No. 3  
Western Express Highway, Goregaon (East)  
Mumbai - 400063

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The 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 A. K. Jain & Co.  
Company Secretaries

  
Ashish Kumar Jain  
Proprietor  
Peer Review Certificate  
No.1485/2021  
FCS: 6058 CP: 6124  
UDIN: F006058E000382676

Place: Mumbai  
Date: 25<sup>th</sup> May, 2023





### Related Party Transactions Policy

#### INTRODUCTION

The Board of Directors (“**the Board**”) of HSBC InvestDirect Financial Services (India) Limited (“**the Company**” or “**HIFSL**”), has adopted the following Related Party Transaction Policy (“**Policy**”) with regards to any contract or arrangement with a Related Party under the applicable provisions of the Companies Act, 2013 read with rules framed thereunder (the “**Act**”) and other applicable provisions, regulations, if any.

The Policy shall be effective immediately and the same shall be applicable to all prospective transactions.

#### I) PURPOSE

This Policy is framed as per the provisions of the Act and Master Direction- Non- Banking Financial Company-Systemically Important- Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and intend to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its Members.

The Company is required to disclose each year in the financial statements, transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

#### II) DEFINITIONS

- a) “**Annual Turnover**” and “**Annual Consolidated Turnover**” means turnover of the Company as reflected in the Audited Financial Statements of the preceding financial year;
- b) “**Arm’s Length Transaction**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest;
- c) “**Associate**” means a company as defined under the provisions of the Act including any amendments/ modifications from time to time
- d) “**Audit Committee**” or “**Committee**” means Committee of Board of Directors of the Company constituted under provisions of the Act.
- e) “**Board**” means Board of Directors of the Company;
- f) “**Company Secretary**” means a person who is appointed by the Company to perform the functions of the Company Secretary under provisions of the Act;
- g) “**Key Managerial Personnel (KMP)**” means a person who is defined as KMP under the provisions of the Act including any amendments/ modifications from time to time;
- h) “**Material Related Party Transaction**” means a transaction with a Related Party in terms of the provisions of the Act including any amendments/ modifications from time to time;
- i) “**Net worth**” means net worth of the Company computed in accordance with the provisions of the Act including any modifications/amendment from time to time;
- j) “**Policy**” means Related Party Transaction Policy;

#### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



- k)** “**Related Party**” means related party as defined under the provisions of the Act including any modifications/amendment from time to time;
- l)** “**Relative**” means relative as defined under Section 2(77) of the Companies Act, 2013 and includes anyone who is related to another in any of the following manner
- they are members of a Hindu Undivided Family
  - they are husband and wife
  - father (including step-father)
  - mother (including step-mother)
  - son (including step-son)
  - son’s wife
  - daughter
  - daughter’s husband
  - brother (including step-brother); or
  - sister (including step-sister)
- m)** “**Transaction**” with a related party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transaction and for the purpose of applying thresholds laid down in this Policy it shall include previous transaction(s) during the financial year with the said Related Party.

### **III) APPROVAL OF TRANSACTION**

#### **a) Approval of the Audit Committee**

- i. All Related Party Transactions must be reported to the Audit Committee and referred for prior approval by the Committee. Where any Member/Director is considered interested in any transaction with related party, such Director shall not be present at the meeting during discussions and voting on the subject matter of the resolution relating to such transaction.
- ii. To review a related party transaction, the Committee will be provided with all relevant material information of the related party transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the various informations/criteria/factors as mentioned in the Act, to the extent relevant to the Related Party Transaction.
- iii. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in the Act and the Rules made thereunder including any modifications/ amendment thereat from time to time.
- iv. The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- v. If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.
- vi. The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.

#### **HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



- vii. To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.
- viii. The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

**b) Approval of the Board and the Shareholders**

- i. The Board shall approve such Related Party Transactions as are required to be approved under Act and/or any other Regulations applicable to the Company and/or transactions referred to it by the Audit Committee.
- ii. Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.
- iii. All such related party transactions exceeding threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company by way of an Ordinary Resolution and related party/ies shall abstain from voting on such resolution.
- iv. In case the shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

**c) Transactions which do not require approval**

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

#### **IV) IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

Every officer of the Company entrusted with the authority to enter into any transaction shall be responsible for providing notice to the Board or Audit Committee, through the Company Secretary of the Company of any potential Related Party Transaction involving the Company and the Related Party listed in the comprehensive list prepared and circulated by the Company Secretary of the Company. The Board / Audit Committee will determine whether the Transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company will try and ensure that notice of any potential Related Party Transaction is given well in advance, so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed Transaction.

#### **IV) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification,

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473



revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case.

In any case, where the Committee / Board determines not to ratify a Related Party Transaction

that has been commenced without approval, the Committee / Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee / Board has authority to modify or waive any procedural requirements of this Policy.

## **V) EXCEPTIONS**

Approval of Audit Committee/ Board of Directors/ Shareholders under this Policy shall not be required if the transaction(s) is in the Company's ordinary course of business and the same is on an arm's length basis.

## **VI) IMPLEMENTATION**

This Policy will be communicated to all concerned employees and other persons of the Company and the same shall be effective from immediate effect and be reviewed on annual basis.

**For and on behalf of the Board of Directors**

**Sd/-  
Roopa Varma  
Chairperson  
Additional Director (Non-Executive)  
DIN: 09779388**

**Place: Mumbai  
Date: 25 May 2023**

**HSBC InvestDirect Financial Services (India) Limited**

Regd. Office: 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway,

Goregaon (East), Mumbai 400 063, Toll Free No.: 18002094477

E-mail: nbfchelpdesk@hsbc.co.in

CIN No.: U67190MH1996PLC097473