

**Limited Review Report on unaudited financial results of HSBC InvestDirect Financial Services (India) Limited for the quarter and half year ended 30<sup>th</sup> September, 2023 under Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To the Board of Directors of

HSBC InvestDirect Financial Services (India) Limited

- 1 We have reviewed the accompanying Statement of unaudited financial results of HSBC InvestDirect Financial Services (India) Limited ('the NBFC'), for the quarter and half year ended 30<sup>th</sup> September, 2023 ('the Statement') attached herewith, being submitted by the NBFC pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations').
- 2 This Statement, which is the responsibility of the NBFC's management and approved by the Board of Directors of the NBFC, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, as amended read with relevant rules issued thereunder, the circulars, guidelines and directions issued by the Reserve Bank of India ('the RBI') from time to time, applicable to NBFCs ('the RBI guidelines') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements with Regulation 52 of the Listing Regulations. 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 Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in 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, prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act, as amended read with relevant rules issued thereunder, the RBI guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, 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 RBI in respect of income recognition, asset classification, provisioning, to the extent applicable to the NBFC, and other related matters.
- 5 As described in Note 7, the figures for the for the quarter and half year ended 30<sup>th</sup> September, 2022 as reported in this Statement were reviewed by predecessor auditor who expressed an unmodified conclusion on the financial results dated 11<sup>th</sup> November, 2022. Figures for the year ended 31<sup>st</sup> March, 2023 as reported in this Statement were audited by predecessor auditor who expressed an unmodified opinion on those annual financial results dated 25<sup>th</sup> May, 2023.

Our conclusion is not modified in respect of this matter.

For **M M Nissim & Co LLP**  
*Chartered Accountants*  
Firm Registration No: 107122W/W100672



**Sanjay Khemani**  
*Partner*  
Membership No. 044577  
UDIN: 23044577BGUVOR2792

Mumbai  
3<sup>rd</sup> November, 2023

HSBC InvestDirect Financial Services (India) Limited

Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2023

(All amounts in INR thousands, unless otherwise stated)

Particulars	Quarter ended			Half year ended		Year ended
	Sep 30, 2023 (Unaudited)	Jun 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)	March 31, 2023 (Audited)
<b>Revenue from operations</b>						
Interest income	336,198	257,966	178,173	594,164	349,981	804,265
Net gain on fair value changes	1,709	3,153	6,007	4,862	8,374	13,444
<b>Total revenue from operations</b>	<b>337,907</b>	<b>261,119</b>	<b>184,180</b>	<b>599,026</b>	<b>358,355</b>	<b>817,709</b>
Other income	48	5	1,526	53	1,529	1,901
<b>Total income</b>	<b>337,955</b>	<b>261,124</b>	<b>185,706</b>	<b>599,079</b>	<b>359,884</b>	<b>819,610</b>
<b>Expenses</b>						
Finance costs	197,745	142,663	78,041	340,408	151,120	388,454
Impairment on financial instruments	271	217	79	488	143	289
Employee benefits expenses	18,428	18,960	12,306	37,388	25,733	55,401
Depreciation and amortisation	726	693	720	1,419	1,454	2,831
Others expenses	18,112	12,703	12,353	30,815	23,117	51,706
<b>Total expenses</b>	<b>235,282</b>	<b>175,236</b>	<b>103,499</b>	<b>410,518</b>	<b>201,567</b>	<b>498,681</b>
<b>Profit before tax</b>	<b>102,673</b>	<b>85,888</b>	<b>82,207</b>	<b>188,561</b>	<b>158,317</b>	<b>320,929</b>
<b>Income tax expense:</b>						
- Current tax	25,923	23,000	20,770	48,923	40,470	82,970
- Deferred tax	40	(880)	(232)	(840)	(623)	259
- Excess provision for tax of earlier years	-	-	51	-	51	(145)
<b>Total tax expense</b>	<b>25,963</b>	<b>22,120</b>	<b>20,589</b>	<b>48,083</b>	<b>39,898</b>	<b>83,084</b>
<b>Profit for the period</b>	<b>76,710</b>	<b>63,768</b>	<b>61,618</b>	<b>140,478</b>	<b>118,419</b>	<b>237,845</b>
<b>Other comprehensive income</b>						
i) Items that will not be reclassified to profit or loss						
- Remeasurements of post-employment benefit obligations	-	-	(73)	-	(147)	(1,305)
ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	18	-	37	329
<b>Other comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(55)</b>	<b>-</b>	<b>(110)</b>	<b>(976)</b>
<b>Total comprehensive income for the period</b>	<b>76,710</b>	<b>63,768</b>	<b>61,563</b>	<b>140,478</b>	<b>118,309</b>	<b>236,869</b>
<b>Earnings per equity share (Nominal value of Rs. 10 per share)</b>						
- Basic and Diluted (Rs.)	0.52	0.44	0.42	0.96	0.81	1.63

**Notes:****1 Statement of Asset and Liabilities for the half year ended September 30, 2023**

(All amounts in INR thousands, unless otherwise stated)

<b>Particulars</b>	<b>As at 30-09-2023 (Unaudited)</b>	<b>As at 31-03-2023 (Audited)</b>
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	667	3,597
Bank balance other than cash and cash equivalents	405,352	403,260
Loans	16,354,311	11,471,138
Investments	17,057	17,057
Other financial assets	7,148	7,148
<b>Non-financial assets</b>		
Current tax assets (Net)	157,094	154,430
Deferred tax assets (Net)	3,020	2,180
Property, plant and equipment	2,870	3,260
Intangible assets	2,708	2,016
Other non-financial assets	4,531	1,839
<b>Total assets</b>	<b>16,954,758</b>	<b>12,065,925</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	15,176	14,153
Debt securities	8,507,251	3,813,259
Borrowings (other than debt securities)	3,127,444	3,075,128
Other financial liabilities	4,695	671
<b>Non-financial Liabilities</b>		
Current tax liabilities (Net)	-	-
Provisions	2,036	3,263
Other non-financial liabilities	1,873	3,646
<b>EQUITY</b>		
Equity share capital	1,462,847	1,462,847
Other equity	3,833,436	3,692,958
<b>Total equity</b>	<b>5,296,283</b>	<b>5,155,805</b>
<b>Total liabilities and equity</b>	<b>16,954,758</b>	<b>12,065,925</b>

## 2 Statement of Cash flows for the half year ended September 30, 2023

(All amounts in INR thousands, unless otherwise stated)

Particulars	Half year ended Sept 30, 2023 (Unaudited)	Half year ended Sept 30, 2022 (Unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Profit before tax:</b>	188,561	158,317
Adjustments :		
Depreciation and amortisation	1,419	1,454
Impairment on financial assets	488	143
Interest expense on borrowings	125,484	48,457
Interest expense on debt securities	213,527	99,480
Interest income on loans	(580,679)	(340,019)
Interest income on bank deposits	(13,485)	(9,962)
Unrealised gain on mutual fund	-	(136)
Realised gain on mutual fund	(4,862)	(8,238)
Stamp duty on mutual fund	288	-
Interest on income tax refund	-	(1,524)
Provision for employee benefit - gratuity	1,228	
Interest paid on borrowings	(125,956)	(48,268)
Interest received on loans	542,960	323,011
<b>Operating profit before working capital changes</b>	<b>348,973</b>	<b>222,715</b>
<b>Adjustments for working capital changes:</b>		
(Increase) in loans	(4,845,943)	(1,415,529)
(Increase) in other non financial assets	(2,692)	(1,383)
Increase in trade payables	1,023	2,424
Increase/ (decrease) in other financial liabilities	4,024	2,296
Increase/ (decrease) in provisions	(2,455)	530
Increase/ (decrease) in other non financial liabilities	(1,773)	(1,591)
Cash generated from operations	(4,847,816)	(1,413,253)
Less : Income taxes paid (net of refunds)	(51,587)	(52,200)
<b>Net cash (outflow) from operating activities</b>	<b>(4,550,430)</b>	<b>(1,242,738)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Placement of fixed deposit with bank	(320,400)	(291,140)
Proceeds from fixed deposit with bank	320,400	290,400
Interest income on bank deposits	11,393	9,962
Purchase of property, plant and equipment and intangible as	(1,720)	(231)
Investment in mutual fund	(5,760,000)	(5,515,000)
Redemption in mutual fund	5,764,574	5,630,757
<b>Net cash inflow from investing activities</b>	<b>14,247</b>	<b>124,748</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from borrowings	2,750,000	-
Repayment of borrowings	(2,600,000)	-
Net proceeds from bank OD	(97,212)	
Proceeds from issue of debt securities	14,230,465	5,388,721
Repayment of debt securities	(9,750,000)	(4,250,000)
<b>Net cash inflow from financing activities</b>	<b>4,533,253</b>	<b>1,138,721</b>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<b>(2,930)</b>	<b>20,731</b>
Add : Cash and cash equivalents at beginning of the period	3,597	12,274
<b>Cash and cash equivalents at end of the period</b>	<b>667</b>	<b>33,005</b>

### 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 30-09-2023 (Unaudited)	As at 30-09-2022 (Unaudited)
Cash and cash equivalents	667	33,005
<b>Balances as per statement of cash flows</b>	<b>667</b>	<b>33,005</b>

- 3 These financial results (the 'Statement' or 'Results') together with the results for the comparative reporting periods of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India and in compliance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 4 The Company has applied its significant accounting policies in the preparation of this Statement consistent with those followed in the annual financial statements for the year ended March 31, 2023. 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.
- 5 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 03, 2023.
- 6 Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker as defined in Ind AS 108 – Operating Segments. The Board of Directors have been identified as the chief operating decision maker. The Company operates in a single business segment of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.
- 7 Figures for the quarter and half year ended September 30, 2022 and year ended March 31, 2023 were reviewed/audited, as the case may be, by the predecessor auditors of the Company.
- 8 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**

**Berlin Varghese**  
Managing Director  
(DIN 10059070)