



## **IL&FS AGREES TO SELL ITS STAKE IN INVESTSMART TO HSBC**

Infrastructure Leasing and Financial Services Limited (IL&FS), is to sell its 29.36 per cent stake in IL&FS Investsmart Limited (Investsmart), a leading retail brokerage house in India, to HSBC.

Under the terms of the agreements, HSBC, through Group subsidiaries, proposes to acquire IL&FS's 29.36 per cent stake of Investsmart for a consideration of INR 410 crores (approximately US\$ 96.9 million). In addition, IL&FS will be paid INR 82 crores (approximately US\$ 19.4 million) as part of a three-year non-compete agreement. HSBC also proposes to acquire an additional 43.85 per cent stake in Investsmart from E\*TRADE Mauritius Limited, an indirectly wholly-owned subsidiary of E\*TRADE Financial Corporation. Both IL&FS and E\*TRADE Mauritius Limited will receive a price of INR200 per share for their respective stakes.

HSBC will also make an open offer to acquire up to 20 per cent of the remaining shares in Investsmart. Details of the open offer to Investsmart shareholders will be published in the Indian press and distributed to shareholders in accordance with local regulations.

Established in 1997 by IL&FS, Investsmart is a financial services firm with a strong presence in retail broking. It has a national distribution network comprising 88 branches, 190 franchise outlets and more than 660 terminals in 133 cities throughout India. Its 2,000 staff serves over 138,000 clients. While strong in retail broking, it also has businesses in Institutional broking, investment banking, wealth management, insurance distribution and margin financing.

Ravi Parthasarathy, Chairman of IL&FS, said "IL&FS's goal is to position IIL as a leader in the brokerage sector. In particular, we have always felt the need for a successful brokerage Group to have an international capability. We believe that the strength of the HSBC Group provides a unique opportunity for Investsmart to execute its strategic vision.

It is IL&FS intention to retain a close association with Investsmart through co-operation on a number of areas that will be mutually beneficial and on an arm's length basis"



Mr. Parthasarathy added, “I believe that HSBC Group will provide Investsmart employees significant opportunities to enhance the value proposition for their customers. Investsmart employees will also benefit from the training and development infrastructure that arises from being a part of one of the world’s leading banking organizations.”

HSBC will be making the acquisition through Group subsidiaries, including HSBC Securities and Capital Markets (India) Private Limited, the Group’s broking arm in India. The agreement and open offer are subject to regulatory and other approvals.

With a market capitalization of approximately US\$300 million, Investsmart is listed on the National Stock Exchange and the Bombay Stock Exchange and its Global Depository Shares are listed on the Luxembourg Stock Exchange.

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Notes to editors

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**1.IL&FS**

Infrastructure Leasing & Financial Services Limited (IL&FS) is one of India's leading infrastructure development and finance Companies

IL&FS has a distinct mandate -- catalysing the development of infrastructure in the country. The organisation has focussed on the commercialization and development of infrastructure projects and creation of value added financial services. From concept to execution, IL&FS houses the expertise to provide the complete array of services necessary for successful project completion: visioning, documentation, finance, development, management, technology and execution

Over the years, IL&FS has broad-based its shareholding, which today includes Life Insurance Corporation of India, ORIX Corporation – Japan, Housing Development Corporation of India, and Abu Dhabi Investment Authority, State Bank of India, and Central Bank of India

**2. IL&FS Investsmart Limited**

IL&FS Investsmart Group (IIL) is one of India's leading financial services organizations. IIL, through its subsidiaries in India and Singapore, provides a wide range of investment products to its retail and institutional clients including equity & commodity broking, investment banking, insurance broking & distribution, mutual funds distribution, and related financing services. IIL’s 2,000 employees provide a complete range of investment



solutions to over 138,000 customers in India through its 88 branches and 190 franchisee outlets from 133 cities and has been recognized as “National Best Performing Financial Advisor - Retail” for two years in a row (06-07 & 07-08) by CNBC TV 18.

### 3.HSBC in India

The HSBC Group in India is represented by several entities including The Hongkong and Shanghai Banking Corporation Limited which offers a full range of banking and financial services to its over 2 million customers in India through its 47 branches and 170 ATMs across 26 cities. HSBC is one of India’s leading financial services groups, with over 33,000 employees in its banking, investment banking and capital markets, asset management, insurance broking, two global IT development centres and six global resourcing operations in the country. The Bank is the founding and a principal member of the HSBC Group which, with over 10,000 offices in 83 countries and territories and assets of US\$2,354 billion at 31 December 2007, is one of the world’s largest banking and financial services organisations.