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## **HSBC TO ACQUIRE 73.21 PER CENT OF IL&FS INVESTSMART IN INDIA**

*\*\*\* An investment in one of India's leading retail brokerages \*\*\**

*\*\*\* Gains a foothold in a market with 20 million retail investors \*\*\**

HSBC, through Group subsidiaries, is to acquire 73.21 per cent of IL&FS Investsmart Limited ("Investsmart"), a leading retail brokerage house in India.

Under the terms of the agreements, HSBC proposes to acquire a 43.85 per cent stake from E\*TRADE Mauritius Limited, an indirectly wholly-owned subsidiary of E\*TRADE Financial Corporation, and an additional 29.36 per cent from Infrastructure Leasing and Financial Services Limited ("IL&FS"). Both shareholders will receive a price of INR200 per share for their respective stakes, making a total consideration of INR10,225.5 million (approximately US\$241.6 million). In addition, IL&FS will be paid, as part of a three-year non-compete agreement, INR820.1 million (approximately US\$19.4 million).

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.

Sandy Flockhart, Group Managing Director and Chief Executive Officer of HSBC Asia Pacific, said: "The acquisition of Investsmart is consistent with HSBC's stated strategy of investing primarily in faster growing emerging markets and India represents a high priority market for us. This investment is of strategic importance to HSBC as it gives us a foothold in one of the largest retail broking markets in the world. With over 20 million retail investors, India has the world's third largest investor base and its National and Bombay stock exchanges are respectively the third and fifth largest stock exchanges globally by transaction volume."

*more*

## **HSBC to acquire 73.21 per cent of Investsmart in India/2**

Stuart Gulliver, Chief Executive of Global Banking and Markets, said: “This acquisition fits with Global Banking and Markets emerging markets-led strategy and leverages HSBC’s global distribution capabilities. We will benefit from an expanded institutional broking, equity capital markets and investment banking platform in a rapidly growing marketplace that offers great opportunity.”

Naina Lal Kidwai, Group General Manager and Chief Executive Officer, HSBC in India, added: “Investsmart’s retail brokerage business will be a great addition to our offering in India and Investsmart’s local expertise and strong management team will play a key role in strengthening our service proposition in India.”

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

With a market capitalisation 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**

#### **1 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.

#### **2. IL&FS Investsmart Limited (Investsmart)**

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 and commodity broking, investment banking, insurance broking and 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 and 07-08) by CNBC TV 18.

*ends/all*