

HSBC InvestDirect (India) Limited

(Formerly known as IL&FS Investsmart Ltd)

Registered Office: Dhana Singh Processor Premises, J B Nagar, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059

Audited Financial results for the quarter and year ended 31 March 2010 (Standalone)

Rs. in Lakhs

| Sr. No. | Particulars | For the nine months ended 31 December 2009 (Unaudited) | For the quarter ended 31 March 2010 (Unaudited) | For the quarter ended 31 March 2009 (Unaudited) | For the year ended 31 March 2010 (Audited) | For the year ended 31 March 2009 (Audited) |
|---------|---|---|---|---|--|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | a) Income from Operations | 1,153.47 | 287.49 | 305.88 | 1,440.96 | 2,477.19 |
| | b) Other Operating Income | - | - | - | - | - |
| 2 | Expenditure | | | | | |
| | a) Employee Cost (see note 2) | 357.40 | 295.96 | 10.75 | 653.36 | 1,064.28 |
| | b) Depreciation / Amortisation | 88.01 | 29.28 | 32.36 | 117.29 | 82.83 |
| | c) Rent | 85.16 | (12.06) | 20.34 | 73.10 | 107.55 |
| | d) Legal & Professional Fees | 74.85 | 17.29 | 7.00 | 92.14 | 42.36 |
| | e) Shared Service charges (see note 3) | - | 77.80 | - | 77.80 | - |
| | e) Other Expenditure | 129.04 | 1.92 | (3.69) | 130.96 | 299.65 |
| | Total Expenditure (a to e) | 734.46 | 410.19 | 66.76 | 1,144.65 | 1,596.67 |
| 3 | Profit/ (Loss) from Operations before Other Income, Interest and Exceptional items (1-2) | 419.01 | (122.70) | 239.12 | 296.31 | 880.52 |
| 4 | Other Income | 0.11 | 9.50 | 10.58 | 9.61 | 92.80 |
| 5 | Profit/ (Loss) before Interest and Exceptional items (3+4) | 419.12 | (113.20) | 249.70 | 305.92 | 973.32 |
| 6 | Interest & Finance Charges | 0.03 | 0.02 | 0.14 | 0.05 | 0.32 |
| 7 | Profit/ (Loss) after Interest but before Exceptional items (5-6) | 419.09 | (113.22) | 249.56 | 305.87 | 973.00 |
| 8 | Exceptional items (see Note 1 & 2) | (163.80) | (9.14) | 87.10 | (172.94) | 2,072.35 |
| 9 | (Loss)/ Profit from Ordinary activities before Tax (7-8) | 582.89 | (104.08) | 162.46 | 478.81 | (1,099.35) |
| 10 | Less: Tax Expense (see Note 9) | 759.56 | (131.58) | 163.47 | 627.98 | 421.48 |
| 11 | Net Loss from Ordinary activities After Tax (9-10) | (176.67) | 27.50 | (1.01) | (149.17) | (1,520.83) |
| 12 | Extraordinary items (net of tax expense) | - | - | - | - | - |
| 13 | Net Loss for the period (11-12) | (176.67) | 27.50 | (1.01) | (149.17) | (1,520.83) |
| 14 | Paid up Equity Share capital (Face value Rs.10) | 7,039.83 | 7,056.68 | 6,983.63 | 7,056.68 | 6,983.63 |
| 15 | Reserves excluding revaluation reserves (as per Balance Sheet of previous accounting year) | | | | 60,831.33 | 59,738.67 |
| 16(a) | Earnings per share-Basic and Diluted EPS before Extraordinary items (not annualised) (Rs.) | (0.25) | 0.04 | (0.00) | (0.21) | (2.18) |
| 16(b) | Earnings per share-Basic and Diluted EPS after Extraordinary items (not annualised) (Rs.) | (0.25) | 0.04 | (0.00) | (0.21) | (2.18) |
| 17 | Aggregate of Public shareholdings: | | | | | |
| | - Number of shares (nos.) | 4,849,830 | 5,018,330 | 4,287,830 | 5,018,330 | 4,287,830 |
| | - Percentage of shareholding | 6.89% | 7.11% | 6.14% | 7.11% | 6.14% |
| 18 | Promoters and Promoter Group Shareholding | | | | | |
| a) | Pledged/ Encumbered | | | | | |
| | - Number of shares | - | - | - | - | - |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | - | - | - | - | - |
| | - Percentage of shares (as a % of the total sharecapital of the company) | - | - | - | - | - |
| b) | Non-encumbered | | | | | |
| | - Number of shares | 65,548,443 | 65,548,443 | 65,548,443 | 65,548,443 | 65,548,443 |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100% | 100% | 100% | 100% | 100% |
| | - Percentage of shares (as a % of the total sharecapital of the company) | 93.11% | 92.89% | 93.86% | 92.89% | 93.86% |

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Statement of Assets and Liabilities as at 31 March 2010 (stand-alone)

Rs in Lakhs

| Particulars | Rs in Lakhs | |
|--|-------------------------------------|-------------------------------------|
| | As at 31 March 2010 (Audited) | As at 31 March 2009 (Audited) |
| SOURCES OF FUNDS | | |
| Shareholders' Funds | | |
| Capital | 7,056.68 | 6,983.63 |
| Reserves and Surplus: | 60,831.33 | 59,738.67 |
| | 67,888.01 | 66,722.30 |
| Deferred tax liability (net) | - | 30.31 |
| TOTAL | 67,888.01 | 66,752.61 |
| Fixed Assets (net) | 1,013.10 | 1,122.55 |
| Investments | 48,867.15 | 47,849.03 |
| Current Assets, Loans and Advances | | |
| Inventories | 29.52 | 65.83 |
| Sundry Debtors | - | - |
| Cash and Bank balances | 2,633.22 | 1,170.01 |
| Other current assets | 14.21 | 122.24 |
| Loans and Advances | 15,761.84 | 16,659.66 |
| | 18,438.79 | 18,017.74 |
| Less: Current Liabilities and Provisions | | |
| Liabilities | 166.07 | 147.68 |
| Provisions | 264.96 | 89.03 |
| | 431.03 | 236.71 |
| Net Current Assets | 18,007.76 | 17,781.03 |
| Miscellaneous Expenditure (to the extent not written off) | - | - |
| Profit and Loss Account (Debit balance) | - | - |
| TOTAL | 67,888.01 | 66,752.61 |

Notes:

1 Exceptional items comprise following:

| Particulars | For the nine months ended 31 December 2009 (Unaudited) | For the quarter ended 31 March 2010 (Unaudited) | For the quarter ended 31 March 2009 (Unaudited) | For the year ended 31 March 2010 (Audited) | For the year ended 31 March 2009 (Audited) |
|---|--|--|--|---|---|
| Reversal of ex-gratia and excess managerial remuneration expenses for FY 2007-08 and FY 2008-09 | 891.84 | (24.77) | - | 867.07 | - |
| Provision for diminution in value of Investments in subsidiary companies and an associate | (315.79) | 33.91 | (87.10) | (281.88) | (2,072.35) |
| Refund of Income from The Bank of New York | (412.25) | - | - | (412.25) | - |
| | 163.80 | 9.14 | (87.10) | 172.94 | (2,072.35) |

2 Employee remuneration expenses for the financial year 2007-08 and 2008-09 includes Rs.73.48 lakhs and Rs.44.84 lakhs respectively of remuneration paid to wholetime directors of the Company which are in excess of the limits prescribed under the Companies Act, 1956 for which the Company has applied to the Central Government for approval. Employee remuneration expenses for the year ended 31 March 2009 includes Rs.748.75 lakhs paid as ex-gratia to the erstwhile Managing Director & CEO post his resignation. Based on external legal advice, the Company has taken a view that this payment, not being in the nature of managerial remuneration under the Act, did not require Central Government approval. However, out of abundant caution, the Company has applied to the Central Government for approval of the same. Pending receipt of approvals from the Government, the amount paid as ex-gratia and the amounts paid in excess of the limits prescribed under section 198 and 309 of the Companies Act aggregating to Rs.867.07 lakhs have during the year ended March 2010 been reversed to the Profit and Loss account as a prior period credit included in Exceptional Items with a corresponding debit to advances as any excess remuneration paid is to be held in trust by the directors.

- 3 Effective 1 January, 2010, the Company commenced a formal arrangement for cross charging among HSBC InvestDirect (India) Limited and its subsidiaries ("Group"). Some of the employees of the Group are responsible for providing services to more than one entity of the Group. Hence, their remuneration is shared in proportion of the time spent in each entity. Besides, Shared Service Costs also represents sharing of cost incurred on common infrastructure and utilities across the Group. Following aforesaid cross-charging arrangement, the Company incurred shared service cost of Rs.77.80 lakhs (previous year: Rs. Nil).
- 4 With a view to aligning the business with the long term strategy of HSBC InvestDirect, the Board of Directors, vide resolution passed on January 05, 2010, approved discontinuation of the insurance broking business by IL&FS Investsmart Insurance Brokers Ltd (IIIBL) and surrender of its Insurance Broker Licence to Insurance Regulatory and Development Authority. The Company owns 45% of the total paid up capital of IIIBL amounting to Rs.225 lakhs which was fully provided in earlier period, as diminution in value of investments.
- 5 The Company currently operates as a non-operative holding company and its principal activity has been investment in and loans given to subsidiaries, an associate and employees' welfare trust. The Company also holds a certificate of registration from Delhi Stock Exchange ("DSE") as a stock broker. The Company has applied for surrender of trading rights on DSE and the surrender process is still not concluded. It is the understanding of the Company that post conclusion of the surrender process with DSE, the Company would need to obtain a Certificate of Registration ("CoR") from the Reserve Bank of India ("RBI") to carry on activities as a Non Banking Financial Company ("NBFC"). For this purpose, the Company voluntarily approached RBI and was advised to make the application for obtaining CoR. Based on RBI's advise, the Company made an application to RBI in April 2009 for registration as NBFC and has been providing additional documents and information to RBI as requested and approval is yet to be received.
- 6 Under the 2006 ESOP scheme, the Company issued 562,000 shares in September 2009 and 168,500 shares in January 2010 at the exercise price of Rs.180 per share to its eligible ex-employees or employees/ ex-employees of its subsidiaries. Due to the aforesaid, the Company's equity capital has increased by Rs.73.05 lakhs and Reserves by Rs.1,241.85 lakhs.
- 7 The Company received a proposal dated 16 June 2009 from HSBC Securities and Capital Markets (India) Private Limited ("HSCI") to voluntarily delist the equity shares of the Company presently traded on the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), from the BSE and the NSE, in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Regulations"), by purchasing the publicly held equity shares of the Company ("Delisting Proposal").

The Company has obtained consent of its equity shareholders on 28 July 2009. A delisting offer was made for the 5,241,330 equity shares held by the public. The open offer closed on 4 May 2010. HSCI, by Public Announcement (PA) dated 13 May 2010, announced their acceptance to acquire all equity shareholding tendered under delisting offer at or below Rs.400 per share being the discovered price determined through the book building process.
- 8 Since there were no outstanding Global Depository shares (GDS), the Company delisted its GDS from Luxembourg Stock Exchange effective June 17, 2009.
- 9 Tax expense for the quarter and year ended March 2010 includes provision of Rs.297.68 lakhs and Rs.639.29 lakhs respectively made for earlier years pertaining to disallowances of certain expenses made by Income tax authorities.
- 10 The Company has a single reportable business segment of "Investments in Financial Intermediation and related business".
- 11 The above financial results of the Company on a standalone basis for the quarter and year ended March 31, 2010 have been reviewed and recommended by the Audit Committee and approved by the Board at its meeting held on May 19, 2010.
- 12 Equity investor complaints/ grievances for the quarter ended March 31, 2010: Pending at beginning of the quarter - 1, received during the quarter - 1 and resolved during the quarter - 2, unresolved at the end of the quarter - Nil.
- 13 Figures for previous periods have been regrouped wherever necessary to conform to the current quarter's presentation.

For and on behalf of the Board of Directors



Manasije Mishra
Managing Director and CEO

19 May 2010

HSBC InvestDirect (India) Limited

(Formerly known as IL&FS Investment Ltd)

Registered Office: Dhana Singh Processor Premises, J B Nagar, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059

Audited Financial results for the quarter and year ended 31 March 2010 (Consol)

Rs. in Lakhs

| Sr. No. | Particulars | For the nine months ended 31 December 2009 (Unaudited) | For the quarter ended 31 March 2010 (Unaudited) | For the quarter ended 31 March 2009 (Unaudited) | For the year ended 31 March 2010 (Audited) | For the year ended 31 March 2009 (Audited) |
|---------|--|--|---|---|--|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | a) Income from Operations | 13,143.31 | 3,766.32 | 3,410.92 | 16,909.63 | 21,800.24 |
| | b) Other Operating Income | 430.49 | (60.89) | (48.40) | 369.60 | 136.83 |
| 2 | Expenditure | | | | | |
| | a) Sub-brokerage and Commissions | 1,338.77 | 305.78 | 196.06 | 1,644.55 | 1,359.53 |
| | b) Employee Cost (Refer note 2) | 7,157.78 | 2,099.99 | 1,728.86 | 9,257.77 | 10,991.13 |
| | c) Depreciation | 1,741.70 | 561.74 | 641.92 | 2,303.44 | 2,273.48 |
| | d) Rent | 2,682.30 | 550.06 | 1,298.99 | 3,232.36 | 3,972.79 |
| | e) Provision for Contingencies | - | 162.29 | (1,380.40) | 162.29 | 1,915.37 |
| | f) Other Expenditure | 4,875.64 | 1,468.85 | 1,441.75 | 6,344.49 | 7,358.84 |
| | Total Expenditure (a to f) | 17,796.19 | 5,148.71 | 3,927.18 | 22,944.90 | 27,871.14 |
| 3 | Loss from Operations before Other Income, Interest and Exceptional items (1-2) | (4,222.39) | (1,443.28) | (564.66) | (5,665.67) | (5,934.07) |
| 4 | Other Income | 76.09 | 44.90 | 57.03 | 120.99 | 538.47 |
| 5 | Loss before Interest and Exceptional items (3+4) | (4,146.30) | (1,398.38) | (507.63) | (5,544.68) | (5,395.60) |
| 6 | Interest & Finance Charges | 588.12 | 63.14 | 280.60 | 651.26 | 3,727.08 |
| 7 | Loss after Interest but before Exceptional Items (5-6) | (4,734.42) | (1,461.52) | (788.23) | (6,195.94) | (9,122.68) |
| 8 | Exceptional items (Refer note 1 & 2) | (460.59) | (25.47) | 11.00 | (486.06) | 880.00 |
| 9 | Loss from Ordinary activities before Tax (7-8) | (4,273.83) | (1,436.05) | (799.23) | (5,709.88) | (10,002.68) |
| 10 | Less: Tax Expense (Refer note 10) | 866.65 | 194.32 | 875.34 | 1,060.97 | 898.71 |
| 11 | Net Loss from Ordinary activities After Tax before Share of profit of an Associate and Minority Interest (9-10) | (5,140.48) | (1,630.37) | (1,674.57) | (6,770.85) | (10,901.39) |
| 12 | Add: Share of (Loss)/ Profit of Associates | (20.35) | 10.81 | 0.84 | (9.54) | (48.25) |
| 13 | Less: Minority Interest | - | - | - | - | (6.24) |
| 14 | Net Loss from Ordinary activities After Tax (11+12-13) | (5,160.83) | (1,619.56) | (1,673.73) | (6,780.39) | (10,943.40) |
| 15 | Extraordinary items (net of tax expense) | - | - | - | - | - |
| 16 | Net Loss for the period (14-15) | (5,160.83) | (1,619.56) | (1,673.73) | (6,780.39) | (10,943.40) |
| 17 | Paid up Equity Share capital (Face value Rs. 10) | 7,039.83 | 7,056.68 | 6,983.63 | 7,056.68 | 6,983.63 |
| 18 | Reserves excluding revaluation reserves (as per Balance Sheet of previous accounting year) | - | - | - | 48,824.32 | 54,324.45 |
| 19 (a) | Earnings per share-Basic and Diluted EPS before Extraordinary items (not annualised) (Rs.) | (7.37) | (2.28) | (2.40) | (9.67) | (15.67) |
| 19 (b) | Earnings per share-Basic and Diluted EPS after Extraordinary items (not annualised) (Rs.) | (7.37) | (2.28) | (2.40) | (9.67) | (15.67) |
| 20 | Aggregate of Public shareholdings: | | | | | |
| | - Number of shares (nos.) | 4,849,830 | 5,018,330 | 4,287,830 | 5,018,330 | 4,287,830 |
| | - Percentage of shareholding | 6.89% | 7.11% | 6.14% | 7.11% | 6.14% |
| 21 | Promoters and Promoter Group Shareholding: | | | | | |
| a) | Pledged/ Encumbered | | | | | |
| | - Number of shares | - | - | - | - | - |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | - | - | - | - | - |
| | - Percentage of shares (as a % of the total sharecapital of the company) | - | - | - | - | - |
| b) | Non-encumbered | | | | | |
| | - Number of shares | 65,548,443 | 65,548,443 | 65,548,443 | 65,548,443 | 65,548,443 |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100% | 100% | 100% | 100% | 100% |
| | - Percentage of shares (as a % of the total share capital of the company) | 93.11% | 92.89% | 93.86% | 92.89% | 93.86% |

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Upto December 2009 the Company believed that its businesses fell within a single reportable segment, i.e. "Financial Intermediation and related business". Effective January 2010, the Company has identified that its activities fall into three reportable segments viz. Broking, Financing and Others. Items that cannot be included in these are treated as unallocated/reconciling items. Due to this change, the Company has reported multi-segment information for the first time, on an annual basis. Quarterly and year-to-date financial numbers as regards segment revenue, segment results and capital employed have not been given.

Segmentwise Revenue, Results and Capital Employed under Clause 41 of the Listing Agreement (Consolidated)

| Sr No. | Particulars | Rs in Lakhs | |
|------------|---|--|--|
| | | For the year ended 31 March 2010 (Audited) | For the year ended 31 March 2009 (Audited) |
| (1) | (2) | (3) | (4) |
| I | Segment Revenue | | |
| | (a) Broking | 11,305.16 | 9,797.30 |
| | (b) Financing | 5,525.82 | 11,532.79 |
| | (c) Others | 2,186.24 | 2,694.68 |
| | (d) Unallocated | - | 233.72 |
| | Total Revenue | 19,017.22 | 24,258.49 |
| | Less: Intersegment Revenue | 1,617.00 | 1,782.95 |
| | Net Income from Operations | 17,400.22 | 22,475.54 |
| II | Segment Results | | |
| | Segment Results Profit/ (Loss) before tax from each segment | | |
| | (a) Broking | (4,253.91) | (9,508.04) |
| | (b) Financing | (1,645.87) | (122.22) |
| | (c) Others | (422.68) | (376.94) |
| | | (6,322.46) | (10,007.20) |
| | Less: Interest | (0.05) | (0.32) |
| | Less: Net unallocable expenditure | (285.68) | (228.89) |
| | Add: Un-allocable Income | 898.31 | 233.73 |
| | Total Loss before Tax | (5,709.88) | (10,002.68) |
| III | Capital Employed | | |
| | (Segment assets - Segment liabilities) | | |
| | (a) Broking | 10,850.25 | 6,322.06 |
| | (b) Financing | 38,841.80 | 46,187.21 |
| | (c) Others | 8,052.21 | 2,757.72 |
| | (d) Unallocated | 6,652.98 | 5,857.33 |
| | Total | 64,397.24 | 61,124.32 |

Statement of Assets and Liabilities as at 31 March 2010 (Consolidated)

| Particulars | Rs in Lakhs | |
|--|-------------------------------------|-------------------------------------|
| | As at 31 March 2010 (Audited) | As at 31 March 2009 (Audited) |
| SOURCES OF FUNDS | | |
| Shareholders' Funds | | |
| Capital | 7,056.68 | 6,983.63 |
| Reserves and Surplus | 55,264.60 | 53,984.34 |
| | 62,321.28 | 60,967.97 |
| Share Application money | - | 3,000.00 |
| Loan Funds | 2,008.57 | 2,012.98 |
| Minority Interest | 8,700.00 | - |
| TOTAL | 73,029.85 | 65,980.95 |
| Goodwill on Consolidation | 183.77 | 183.77 |
| Fixed Assets (net) | 7,661.91 | 8,807.26 |
| Deferred Tax Assets | - | 385.78 |
| Investments | 151.16 | 167.06 |
| Current Assets, Loans and Advances | | |
| Inventories | 3,529.97 | 137.87 |
| Sundry Debtors | 8,779.82 | 3,133.93 |
| Cash and Bank balances | 21,571.60 | 32,651.79 |
| Other current assets | 614.79 | 841.63 |
| Loans and Advances | 45,135.45 | 34,481.16 |
| | 79,631.63 | 71,246.38 |
| Less: Current Liabilities and Provisions | | |
| Liabilities | 18,628.69 | 11,409.60 |
| Provisions | 2,410.21 | 3,059.59 |
| | 21,038.90 | 14,469.19 |
| Net Current Assets | 58,592.73 | 56,777.19 |
| Miscellaneous Expenditure (to the extent not written off) | - | - |
| Profit and Loss Account (Debit balance) | 6,440.28 | (340.11) |
| TOTAL | 73,029.85 | 65,980.95 |

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Notes:

1 Exceptional items comprise following:

| Particulars | For the nine months ended 31 December 2009 (Unaudited) | For the quarter ended 31 March 2010 (Unaudited) | For the quarter ended 31 March 2009 (Unaudited) | For the year ended 31 March 2010 (Audited) | For the year ended 31 March 2009 (Audited) |
|---|--|---|---|--|--|
| Reversal of ex-gratia and excess managerial remuneration expenses for FY 2007-08 and FY 2008-09 | 891.84 | 76.47 | - | 968.31 | - |
| Reversal of expenses incurred for increase in authorised share capital | - | (70.00) | - | (70.00) | - |
| Impairment of Goodwill | (19.00) | 19.00 | (11.00) | - | 880.00 |
| Refund of Income from The Bank of New York | (412.25) | - | - | (412.25) | - |
| | 460.59 | 25.47 | (11.00) | 486.06 | 880.00 |

- 2 Employee remuneration expenses for the financial year 2007-08 and 2008-09 includes Rs.73.48 lakhs and Rs.146.08 lakhs respectively of remuneration paid to wholetime directors of the Company which are in excess of the limits prescribed under the Companies Act, 1956 for which the Company has applied to the Central Government for approval. Employee remuneration expenses for the quarter and nine months ended 31 December 2008 and for the year 2008-09 also includes Rs.748.75 lakhs paid as ex-gratia to the erstwhile Managing Director & CEO post his resignation. Based on external legal advice, the Company has taken a view that this payment, not being in the nature of managerial remuneration under the Act, did not require Central Government approval. However, out of abundant caution, the Company has applied to the Central Government for approval of the same. Pending receipt of approvals from the Government, the amount paid as ex-gratia and the amounts paid in excess of the limits prescribed under section 198 and 309 of the Companies Act aggregating to Rs.968.31 lakhs have during the year ended March 2010 been reversed to the Profit and Loss account as a prior period credit included in E; corresponding debit to advances as any excess remuneration paid is to be held in trust by the directors.
- 3 With a view to aligning the business with the long term strategy of HSBC InvestDirect, the Board of Directors, vide resolution passed on January 05, 2010, approved discontinuation of the insurance broking business by IL&FS Investsmart Insurance Brokers Ltd (IIIBL) and surrender of its Insurance Broker Licence to Insurance Regulatory and Development Authority. The Company owns 45% of the total paid up capital of IIIBL amounting to Rs.225 lakhs which was fully provided in earlier period, as diminution in value of investments.
- 4 HSBC InvestDirect (India) Ltd has informed BSE that with a view to aligning the business with the long term strategy of HSBC InvestDirect, the Board of Directors of the Company, vide resolution passed on January 28, 2010, approved discontinuation of the institutional equities broking business by HSBC InvestDirect Securities (India) Ltd. (HISL).
- 5 The Company received a proposal dated 16 June 2009 from HSBC Securities and Capital Markets (India) Private Limited ("HSCI") to voluntarily delist the equity shares of the Company presently traded on the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), from the BSE and the NSE, in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Regulations"), by purchasing the publicly held equity shares of the Company ("Delisting Proposal").
- The Company has obtained consent of its equity shareholders on 28 July 2009. A delisting offer was made for the 5,241,330 equity shares held by the public. The open offer closed on 4 May 2010. HSCI, by Public Announcement (PA) dated 13 May 2010, announced their acceptance to acquire all equity shareholding tendered under delisting offer at or below Rs.400 per share being the discovered price determined through the book building process.
- 6 Under the 2006 ESOP scheme, the Company issued 562,000 shares in September 2009 and 168,500 shares in January 2010 at the exercise price of Rs.180 per share to its eligible ex-employees or employees/ ex-employees of its subsidiaries. Due to the aforesaid, the Company's equity capital has increased by Rs.73.05 lakhs and Reserves by Rs.1,241.85 lakhs.
- 7 During the year, HSBC InvestDirect Securities (India) Ltd (Formerly IL&FS Investsmart Securities Limited) issued 87 lakhs Compulsory Convertible Preference Shares of Rs.100 each to HSBC Securities and Capital Markets (India) Private Limited.
- 8 The Company received a proposal dated June 16, 2009 from HSBC Securities and Capital Markets (India) Pvt Ltd ("HSCI") to voluntarily delist the equity shares of the Company presently traded on the Bombay Stock Exchange Ltd ("BSE") and National Stock Exchange of India Ltd ("NSE"), from the BSE and the NSE, in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Regulations"), by purchasing the publicly held equity shares of the Company ("Delisting Proposal"). HSCI requested the Board of Directors of the Company to obtain the consent of the equity shareholders of the Company, by way of a special resolution, for the Delisting Proposal by way of postal ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Company obtained consent of its equity shareholders.
- 9 Since there were no outstanding Global Depository shares (GDS), the Company delisted its GDS from Luxembourg Stock Exchange effective June 17, 2009.
- 10 Tax expense for the quarter and year ended March 2010 includes provision of Rs. 289.87 lakhs and Rs.667.98 lakhs respectively made for earlier years pertaining to disallowances of certain expenses made by Income tax authorities.
- 11 The above financial results of the Group for the quarter and year ended March 31, 2010 have been reviewed and recommended by the Audit Committee and approved by the Board at its meeting held on May 19, 2010.

12. Equity investor complaints/ grievances for the quarter ended March 31, 2010: Pending at beginning of the quarter - 1, received during the quarter - 1 and resolved during the quarter - 2, unresolved at the end of the quarter - Nil.
13. Figures for previous periods have been regrouped wherever necessary to conform to the current quarter's presentation.
14. As per Clause 41 of the Listing Agreement, the standalone unaudited financial results of the Company will be available on the Company's website www.hsbcinvestdirect.co.in. For the quarter ended 31 March 2010 on a standalone basis, HSBC InvestDirect (India) Limited has reported turnover of Rs.296.99 lakhs, Loss before tax of Rs.104.08 lakhs, and Loss after tax Rs.11.08 lakhs.

For and on behalf of the Board of Directors


Manasije Mantra
Managing Director and CEO

Mumbai
19 May, 2010