

## 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

Unaudited Financial results for the quarter and nine months ended December 31, 2009 (Consol)

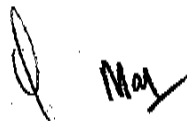
Rs. in Lakhs

Sr. No.	Particulars	For the quarter ended 31.12.2009 (Unaudited)	For the quarter ended 31.12.2008 (Unaudited)	For the nine months ended 31.12.2009 (Unaudited)	For the nine months ended 31.12.2008 (Unaudited)	For the year ended 31.03.2009 (Audited)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	a) Income from Operations	4,279.70	4,677.15	13,143.31	18,412.74	21,753.68
	b) Other Operating Income	(22.70)	(27.54)	497.99	173.55	136.83
2	<b>Expenditure</b>					
	a) Sub-brokerage and Commissions	363.08	270.24	1,338.77	1,163.47	1,359.53
	b) Employee Cost (Refer note 2)	2,206.86	3,951.94	7,245.73	9,262.27	10,991.13
	c) Depreciation	541.70	691.45	1,741.70	1,631.56	2,273.48
	d) Rent	804.12	1,040.20	2,682.30	2,673.80	3,972.79
	e) Provision for Contingencies	-	2,638.73	-	3,295.77	1,915.37
	f) Other Expenditure	1,932.91	2,344.16	4,943.14	5,870.53	7,312.28
	<b>Total Expenditure (a to f)</b>	<b>5,848.67</b>	<b>10,936.72</b>	<b>17,951.64</b>	<b>23,897.40</b>	<b>27,824.58</b>
3	<b>Loss from Operations before Other Income, Interest and Exceptional items (1-2)</b>	<b>(1,591.67)</b>	<b>(6,287.11)</b>	<b>(4,310.34)</b>	<b>(5,311.11)</b>	<b>(5,934.07)</b>
4	Other Income	0.44	252.09	164.04	423.14	538.47
5	<b>Loss before Interest and Exceptional items (3+4)</b>	<b>(1,591.23)</b>	<b>(6,035.02)</b>	<b>(4,146.30)</b>	<b>(4,887.97)</b>	<b>(5,395.60)</b>
6	Interest & Finance Charges	80.96	875.68	588.12	3,446.48	3,727.08
7	<b>Loss after Interest but before Exceptional Items (5-6)</b>	<b>(1,672.19)</b>	<b>(6,910.70)</b>	<b>(4,734.42)</b>	<b>(8,334.45)</b>	<b>(9,122.68)</b>
8	Exceptional items (Refer note 1 & 2)	19.00	869.00	(460.59)	869.00	880.00
9	<b>Loss from Ordinary activities before Tax (7-8)</b>	<b>(1,691.19)</b>	<b>(7,779.70)</b>	<b>(4,273.83)</b>	<b>(9,203.45)</b>	<b>(10,002.68)</b>
10	Less: Tax Expense (Refer note 9)	369.67	(1,006.41)	866.65	23.37	898.71
11	<b>Net Loss from Ordinary activities After Tax before Share of profit of an Associate and Minority Interest (9-10)</b>	<b>(2,060.86)</b>	<b>(6,773.29)</b>	<b>(5,140.48)</b>	<b>(9,226.82)</b>	<b>(10,901.39)</b>
12	Add: Share of Profit / (Loss) of Associates	3.58	0.63	(20.35)	(49.09)	(48.25)
13	Less: Minority Interest	-	-	-	(6.24)	(6.24)
14	<b>Net Loss from Ordinary activities After Tax (11+12-13)</b>	<b>(2,057.28)</b>	<b>(6,772.66)</b>	<b>(5,160.83)</b>	<b>(9,269.67)</b>	<b>(10,943.40)</b>
15	Extraordinary items (net of tax expense)	-	-	-	-	-
16	<b>Net Loss for the period (14-15)</b>	<b>(2,057.28)</b>	<b>(6,772.66)</b>	<b>(5,160.83)</b>	<b>(9,269.67)</b>	<b>(10,943.40)</b>
17	Paid up Equity Share capital (Face value Rs.10)	7,039.83	6,983.63	7,039.83	6,983.63	6,983.63
18	Reserves excluding revaluation reserves (as per Balance Sheet of previous accounting year)	-	-	-	-	54,324.43
19 (a)	Earnings per share-Basic and Diluted EPS before Extraordinary items (not annualised) (Rs.)	(2.92)	(9.70)	(7.37)	(13.27)	(15.67)
19 (b)	Earnings per share-Basic and Diluted EPS after Extraordinary items (not annualised) (Rs.)	(2.92)	(9.70)	(7.37)	(13.27)	(15.67)
20	Aggregate of Public shareholdings:					
	- Number of shares (nos.)	4,849,830	4,287,830	4,849,830	4,287,830	4,287,830
	- Percentage of shareholding	6.89%	6.14%	6.89%	6.14%	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 shareholding 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%	93.86%	93.11%	93.86%	93.86%

**Notes:**

**1 Exceptional items comprise following:**

Particulars	For the quarter ended 31.12.2009 (Unaudited)	For the quarter ended 31.12.2008 (Unaudited)	For the nine months ended 31.12.2009 (Unaudited)	For the nine months ended 31.12.2008 (Unaudited)	For the year ended 31.03.2009 (Audited)
Reversal of ex-gratia and excess managerial remuneration expenses for FY 2007-08 and FY 2008-09	-	-	891.84	-	-
Impairment of Goodwill	(19.00)	(869.00)	(19.00)	(869.00)	880.00
Refund of Income from The Bank of New York	-	-	(412.25)	-	-
	<b>(19.00)</b>	<b>(869.00)</b>	<b>460.59</b>	<b>(869.00)</b>	<b>880.00</b>



- 2 Employee remuneration expenses for the financial year 2007-08 and 2008-09 includes Rs.98.13 lakhs and Rs.44.96 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. Basis 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. 891.84 lakhs have during the quarter ended September '09 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 With a view to align 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 (IIBL) and surrender of its Insurance Broker Licence to Insurance Regulatory and Development Authority. The Company owns 45% of the total paid up capital of IIBL amounting to Rs.225 lakhs which was fully provided in earlier period, as diminution in value of investments.
- 4 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. The Company's application is in process and approval is yet to be received.
- 5 The Company issued 562,000 shares to its employees or employees of its subsidiaries at the exercise price of Rs.180 per share under the 2006 ESOP scheme in September 2009. Due to the aforesaid, the Company's equity capital has increased by Rs.56.20 lakhs and Reserves by Rs.955.40 lakhs in that quarter.
- 6 During the quarter, HSBC InvestDirect Securities (India) Ltd (Formerly IL&FS Investsmart Securities Limited) issued 16 lakhs Convertible Cumulative Preference Shares of Rs.100 each to HSBC Securities and Capital Markets (India) Private Limited.
- 7 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.
- 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 nine months ended December 2009 includes provision of Rs. 341.54 lakhs made for earlier years pertaining to disallowances of certain expenses made by Income tax authorities.
- 10 The Company and its Subsidiaries (the Group) has a single reportable business segment of "Financial Intermediation and related business".
- 11 The above financial results of the Group for the quarter ended December 31, 2009 have been reviewed and recommended by the Audit Committee and approved by the Board at its meeting held on January 28, 2010.
- 12 Equity investor complaints/ grievances for the quarter ended December 31, 2009: Pending at beginning of the quarter - Nil, received during the quarter - 2 and resolved during the quarter - 1, unresolved at the end of the quarter - 1.
- 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](http://www.hsbcinvestdirect.co.in)

For and on behalf of the Board of Directors

  
Manasije Mishra  
Managing Director and CEO

Mumbai  
28 January, 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

Unaudited Financial results for the quarter and nine months ended December 31, 2009 (Standalone)

Rs. in Lakhs

Sr. No.	Particulars	For the quarter ended 31.12.2009 (Unaudited)	For the quarter ended 31.12.2008 (Unaudited)	For the nine months ended 31.12.2009 (Unaudited)	For the nine months ended 31.12.2008 (Unaudited)	For the year ended 31.03.2009 (Audited)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	a) Income from Operations	387.02	475.12	1,153.47	2,171.31	2,477.19
	b) Other Operating Income	-	-	-	-	-
2	<b>Expenditure</b>					
	a) Employee Cost (see Note 2)	78.59	702.53	357.40	1,053.53	1,064.28
	b) Depreciation / Amortisation	29.29	32.89	88.01	50.47	82.83
	c) Rent (see Note 8)	40.20	12.91	85.16	87.21	107.55
	d) Legal & Professional Fees	15.62	26.56	74.85	35.36	42.36
	e) Other Expenditure	9.89	94.01	129.04	303.34	299.65
	<b>Total Expenditure (a to e)</b>	<b>173.59</b>	<b>868.90</b>	<b>734.46</b>	<b>1,529.91</b>	<b>1,596.67</b>
3	<b>Profit/ (Loss) from Operations before Other Income, Interest and Exceptional items (1-2)</b>	<b>213.43</b>	<b>(393.78)</b>	<b>419.01</b>	<b>641.40</b>	<b>880.52</b>
4	Other Income	0.10	46.11	0.11	82.22	92.80
5	<b>Profit/ (Loss) before Interest and Exceptional items (3+4)</b>	<b>213.53</b>	<b>(347.67)</b>	<b>419.12</b>	<b>723.62</b>	<b>973.32</b>
6	Interest & Finance Charges	0.01	0.03	0.03	0.18	0.32
7	<b>Profit/ (Loss) after Interest but before Exceptional items (5-6)</b>	<b>213.52</b>	<b>(347.70)</b>	<b>419.09</b>	<b>723.44</b>	<b>973.00</b>
8	Exceptional items (see Note 1 & 2)	252.89	1,221.00	(163.80)	1,985.25	2,072.35
9	<b>(Loss)/ Profit from Ordinary activities before Tax (7-8)</b>	<b>(39.37)</b>	<b>(1,568.70)</b>	<b>582.89</b>	<b>(1,261.81)</b>	<b>(1,099.35)</b>
10	Less: Tax Expense (see Note 8)	419.38	(113.66)	759.56	258.01	421.48
11	<b>Net Loss from Ordinary activities After Tax (9-10)</b>	<b>(458.75)</b>	<b>(1,455.04)</b>	<b>(176.67)</b>	<b>(1,519.82)</b>	<b>(1,520.83)</b>
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	<b>Net Loss for the period (11-12)</b>	<b>(458.75)</b>	<b>(1,455.04)</b>	<b>(176.67)</b>	<b>(1,519.82)</b>	<b>(1,520.83)</b>
14	Paid up Equity Share capital (Face value Rs.10)	7,039.83	6,983.63	7,039.83	6,983.63	6,983.63
15	Reserves excluding revaluation reserves (as per Balance Sheet of previous accounting year)	-	-	-	-	59,738.67
16 (a)	Earnings per share-Basic and Diluted EPS before Extraordinary items (not annualised) (Rs.)	(0.65)	(2.08)	(0.25)	(2.18)	(2.18)
16 (b)	Earnings per share-Basic and Diluted EPS after Extraordinary items (not annualised) (Rs.)	(0.65)	(2.08)	(0.25)	(2.18)	(2.18)
17	Aggregate of Public shareholdings:					
	- Number of shares (nos.)	4,849,830	4,287,830	4,849,830	4,287,830	4,287,830
	- Percentage of shareholding	6.89%	6.14%	6.89%	6.14%	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%	93.86%	93.11%	93.86%	93.86%

**Notes:**


**1 Exceptional items comprise following:**

Particulars	For the quarter ended 31.12.2009 (Unaudited)	For the quarter ended 31.12.2008 (Unaudited)	For the nine months ended 31.12.2009 (Unaudited)	For the nine months ended 31.12.2008 (Unaudited)	For the year ended 31.03.2009 (Audited)
Reversal of ex-gratia and excess managerial remuneration expenses for FY 2007-08 and FY 2008-09	-	-	891.84	-	-
Provision for diminution in value of Investments in subsidiary companies	(252.89)	(1,221.00)	(315.79)	(1,985.25)	(2,072.35)
Refund of Income from The Bank of New York	-	-	(412.25)	-	-
	<b>(252.89)</b>	<b>(1,221.00)</b>	<b>163.80</b>	<b>(1,985.25)</b>	<b>(2,072.35)</b>

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- 2 Employee remuneration expenses for the financial year 2007-08 and 2008-09 includes Rs.98.13 lakhs and Rs.44.96 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. Basis 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.891.84 lakhs have during the quarter ended September '09 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 With a view to align 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 Investmentsmart 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 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. The Company's application is in process and approval is yet to be received.
- 5 The Company issued 562,000 shares to its employees or employees of its subsidiaries at the exercise price of Rs.180 per share under the 2006 ESOP scheme in September 2009. Due to the aforesaid, the Company's equity capital has increased by Rs.56.20 lakhs and Reserves by Rs.955.40 lakhs in that quarter.
- 6 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 has obtained consent of its equity shareholders.
- 7 Since there were no outstanding Global Depository shares (GDS), the Company delisted its GDS from Luxembourg Stock Exchange effective June 17, 2009.
- 8 Rent expense for the quarter ended December 2009, includes prior period expense of Rs.26.80 lakhs. Tax expense for the quarter and nine months ended December 2009 includes provision of Rs.341.54 lakhs made for earlier years pertaining to disallowances of certain expenses made by Income tax authorities.
- 9 The Company has a single reportable business segment of "Investments in Financial Intermediation and related business".
- 10 The above financial results of the Company on a standalone basis for the quarter and nine months ended December 31, 2009 have been reviewed and recommended by the Audit Committee and approved by the Board at its meeting held on January 28, 2010. The above results have been subjected to "Limited review" by the auditors of the Company.
- 11 Equity investor complaints/ grievances for the quarter ended December 31, 2009: Pending at beginning of the quarter - Nil, received during the quarter - 2 and resolved during the quarter - 1, unresolved at the end of the quarter - 1.
- 12 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

Mumbai  
28 January, 2010

