

HSBC InvestDirect (India) Ltd  
(Formerly: IL&FS Investment Ltd)

Unaudited Financial results for the quarter and six months ended September 30, 2009 (Standalone).

Rs. in Lakhs

Sr. No.	Particulars	For the quarter ended 30.09.2009 (Unaudited)	For the quarter ended 30.09.2008 (Unaudited)	For the six months ended 30.09.2009 (Unaudited)	For the six months ended 30.09.2008 (Unaudited)	For the year ended 31.03.2009 (Audited)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	a) Income from Operations	383.38	929.51	766.45	1,696.19	2,477.19
	b) Other Operating Income	-	-	-	-	-
2	<b>Expenditure</b>					
	a) Employee Cost	139.74	195.72	278.82	350.99	1,064.28
	b) Depreciation / Amortisation	29.36	16.14	58.72	17.58	82.83
	c) Rent	21.16	34.98	44.96	74.31	107.55
	d) Legal & Professional Fees	12.03	4.76	39.23	8.80	42.36
	e) Other Expenditure	35.15	139.37	119.15	209.33	299.63
	<b>Total Expenditure (a to e)</b>	<b>237.44</b>	<b>390.97</b>	<b>560.88</b>	<b>661.01</b>	<b>1,596.67</b>
3	<b>Profit from Operations before Other Income, Interest and Exceptional Items (1-2)</b>	<b>145.94</b>	<b>538.54</b>	<b>205.57</b>	<b>1,035.18</b>	<b>880.52</b>
4	Other Incomes	-	(8.12)	0.01	36.11	92.80
5	<b>Profit from Ordinary activities before Interest and Exceptional Items (3+4)</b>	<b>145.94</b>	<b>530.42</b>	<b>205.58</b>	<b>1,071.29</b>	<b>973.32</b>
6	Interest & Finance Charges	0.01	0.09	0.03	0.15	0.32
7	<b>Profit after Interest but before Exceptional items (5-6)</b>	<b>145.93</b>	<b>530.33</b>	<b>205.55</b>	<b>1,071.14</b>	<b>973.00</b>
8	Exceptional items (see Note 1 & 2)	(793.74)	764.25	(416.69)	764.25	2,072.35
9	<b>Profit/(Loss) from Ordinary activities before Tax (7-8)</b>	<b>941.67</b>	<b>(233.92)</b>	<b>622.24</b>	<b>306.89</b>	<b>(1,099.35)</b>
10	Less: Tax Expense	417.97	183.13	340.18	371.67	421.48
11	<b>Net Profit/(Loss) from Ordinary activities After Tax (9-10)</b>	<b>523.70</b>	<b>(417.05)</b>	<b>282.06</b>	<b>(64.78)</b>	<b>(1,520.83)</b>
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	<b>Net Profit/(Loss) for the period (11-12)</b>	<b>523.70</b>	<b>(417.05)</b>	<b>282.06</b>	<b>(64.78)</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.)	0.75	(0.60)	0.40	(0.09)	(2.18)
16 (b)	Earnings per share-Basic and Diluted EPS after Extraordinary items (not annualised) (Rs.)	0.75	(0.60)	0.40	(0.09)	(2.18)
17	Aggregate of Public shareholdings:					
	- Number of shares (nos.)	4,849,830	4,280,330	4,849,830	4,280,330	4,287,830
	- Percentage of shareholding	6.89%	6.13%	6.89%	6.13%	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
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	-	100%	-	100%
	- Percentage of shares (as a % of the total sharecapital of the company)	93.11%	-	93.11%	-	93.86%

12/11/09

## Notes:

## 1 Exceptional items comprise following:

Particulars	For the quarter ended 30.09.2009 (Unaudited)	For the quarter ended 30.09.2008 (Unaudited)	For the six months ended 30.09.2009 (Unaudited)	For the six months ended 30.09.2008 (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	-	891.84	-	-
Provision for diminution in value of Investments in subsidiary companies	(96.10)	(764.25)	(62.90)	(764.25)	(2,072.35)
Refund of Income from Bank of New-york	-	-	(412.25)	-	-
	795.74	(764.25)	416.69	(764.25)	(2,072.35)

- 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 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 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 During the quarter, the Company issued 562,000 shares to its employees or employees of its subsidiaries at the exercise price of Rs.180 per share under scheme of ESOP 2006. Due to the aforesaid, the Company's equity capital has increased by Rs.56.20 lakhs and Reserves by Rs.955.40 lakhs.
- 4 The Company received 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 had 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 had obtained consent of its equity shareholders.
- 5 Since there were no outstanding Global Depository shares (GDS), the Company delisted its GDS from Luxembourg Stock Exchange effective June 17, 2009.
- 6 The Company has made an application to Reserve Bank of India to register it as Non Banking Financial Company, the approval for which is still awaited.
- 7 The Company has a single reportable business segment of "Investments in Financial Intermediation and related business".
- 8 The above financial results of the Company on a standalone basis for the quarter ended September 30, 2009 have been reviewed and recommended by the Audit Committee and approved by the Board at its meeting held on October 29, 2009. The above results have been subjected to a "Limited review" by the auditors of the Company.
- 9 Equity investor complaints/ grievances for the quarter ended September 30, 2009: Pending at beginning of the quarter - Nil, received and resolved during the quarter - 10, unresolved at the end of the quarter - Nil.
- 10 Previous quarter/ year figures have been restated wherever necessary.

For and on behalf of the Board of Directors



Manasije Mishra  
Managing Director and CEO

Mumbai  
29 October 2009

**HSBC InvestDirect (India) Ltd**  
*(Formerly, IL&FS Investment Ltd)*
**Unaudited Financial results for the quarter and six months ended September 30, 2009 (Consol)**

Rs. in Lakhs

Sr. No.	Particulars	For the quarter ended 30.09.2009 (Unaudited)	For the quarter ended 30.09.2008 (Unaudited)	For the six months ended 30.09.2009 (Unaudited)	For the six months ended 30.09.2008 (Unaudited)	For the year ended 31.03.2009 (Audited)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	a) Income from Operations	4,741.08	6,938.82	8,863.61	13,735.58	21,753.68
	b) Other Operating Income	175.20	(24.26)	520.69	201.09	136.83
2	<b>Expenditure</b>					
	a) Sub-brokerage and Commissions	561.17	382.71	975.69	893.23	1,359.53
	b) Employees Cost	2,445.56	2,605.99	5,038.87	5,310.33	10,991.13
	c) Depreciation	544.62	653.02	1,200.00	940.11	2,273.48
	d) Rent	938.38	908.04	1,906.12	1,633.60	3,972.79
	e) Provision for Contingencies	-	-	-	-	1,915.37
	f) Other Expenditure	1,537.29	2,655.12	3,010.23	4,183.41	7,312.28
	<b>Total Expenditure (a to f)</b>	<b>6,027.02</b>	<b>7,204.88</b>	<b>12,130.91</b>	<b>12,960.68</b>	<b>27,824.58</b>
3	<b>(Loss) / Profit from Operations before Other Income, Interest and Exceptional items (1-2)</b>	<b>(1,110.74)</b>	<b>(270.32)</b>	<b>(2,746.61)</b>	<b>975.99</b>	<b>(5,934.07)</b>
4	Other Income	64.48	71.68	191.55	171.05	538.47
5	<b>(Loss) / Profit from Ordinary activities before Interest and Exceptional items (3+4)</b>	<b>(1,046.26)</b>	<b>(198.64)</b>	<b>(2,555.06)</b>	<b>1,147.04</b>	<b>(5,395.60)</b>
6	Interest & Finance Charges	386.45	1,356.92	507.16	2,570.80	3,727.08
7	<b>(Loss) / Profit after Interest but before Exceptional Items (5-6)</b>	<b>(1,432.71)</b>	<b>(1,555.56)</b>	<b>(3,062.22)</b>	<b>(1,423.76)</b>	<b>(9,122.68)</b>
8	Exceptional items (Refer note 1 & 2)	(891.85)	-	(479.59)	-	880.00
9	<b>(Loss) / Profit from Ordinary activities before Tax (7-8)</b>	<b>(540.86)</b>	<b>(1,555.56)</b>	<b>(2,582.63)</b>	<b>(1,423.76)</b>	<b>(10,002.68)</b>
10	Less: Tax Expense	574.77	1,021.80	496.98	1,029.78	898.71
11	<b>Net (Loss) / Profit from Ordinary activities After Tax before Share of profit of an Associate and Minority Interest (9-10)</b>	<b>(1,115.63)</b>	<b>(2,577.36)</b>	<b>(3,079.61)</b>	<b>(2,453.54)</b>	<b>(10,901.39)</b>
12	Add: Share of Loss of Associates	2.00	(33.33)	(23.93)	(49.72)	(48.25)
13	Less: Minority Interest	-	-	-	(6.24)	(6.24)
14	<b>Net (Loss) / Profit from Ordinary activities After Tax (11+12-13)</b>	<b>(1,113.63)</b>	<b>(2,610.69)</b>	<b>(3,103.54)</b>	<b>(2,497.02)</b>	<b>(10,943.40)</b>
15	Extraordinary items (net of tax expense)	-	-	-	-	-
16	<b>Net (Loss) / Profit for the period (14-15)</b>	<b>(1,113.63)</b>	<b>(2,610.69)</b>	<b>(3,103.54)</b>	<b>(2,497.02)</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)	-	-	-	-	54,324.45
19 (a)	Earnings per share-Basic and Diluted EPS before Extraordinary items (not annualised) (Rs.)	(1.59)	(3.74)	(4.44)	(3.58)	(15.67)
19 (b)	Earnings per share-Basic and Diluted EPS after Extraordinary items (not annualised) (Rs.)	(1.59)	(3.74)	(4.44)	(3.58)	(15.67)
20	Aggregate of Public shareholdings:					
	- Number of shares (nos.)	4,849,830	4,280,330	4,849,830	4,280,330	4,287,830
	- Percentage of shareholding	6.89%	6.13%	6.89%	6.13%	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
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	-	100%	-	100%
	- Percentage of shares (as a % of the total share capital of the company)	93.11%	-	93.11%	-	93.86%

## Notes:

## 1 Exceptional items comprise following:

Particulars	For the quarter ended 30.09.2009 (Unaudited)	For the quarter ended 30.09.2008 (Unaudited)	For the six months ended 30.09.2009 (Unaudited)	For the six months ended 30.09.2008 (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	-	891.84	-	-
Impairment of Goodwill	-	-	-	-	880.00
Refund of Income from Bank of New-york	-	-	(412.25)	-	-
	<b>891.84</b>	<b>-</b>	<b>479.59</b>	<b>-</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 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 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 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 During the quarter, the Company issued 562,000 shares to its employees or employees of its subsidiaries at the exercise price of Rs.180 per share under scheme of ESOP 2006. Due to the aforesaid, the Company's equity capital has increased by Rs.56.20 lakhs and Reserves by Rs.955.40 lakhs.
- 4 During the quarter, IL&FS Investsmart Securities Limited has issued Convertible Cumulative Preference Shares of Rs.1,600 lakhs to HSBC Securities and Capital Markets (India) Private Limited.
- 5 The Company received 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 had 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 had obtained consent of its equity shareholders.
- 6 Since there were no outstanding Global Depository shares (GDS), the Company delisted its GDS from Luxembourg Stock Exchange effective June 17, 2009.
- 7 The Company has made an application to Reserve Bank of India to register it as Non Banking Financial Company, the approval for which is still awaited.
- 8 The Company and its Subsidiaries (the Group) has a single reportable business segment of "Financial Intermediation and related business".
- 9 The above financial results of the Group for the quarter ended September 30, 2009 have been reviewed and recommended by the Audit Committee and approved by the Board at its meeting held on October 29, 2009.
- 10 Equity investor complaints/ grievances for the quarter ended September 30, 2009: Pending at beginning of the quarter - Nil, received and resolved during the quarter - 10, unresolved at the end of the quarter - Nil.
- 11 Previous quarter/ year figures have been restated wherever necessary.
- 12 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  
29 October 2009