

HSBC to acquire majority stake in IL and amp;FS Investmart

The Hong Kong and Shanghai Banking Corporation Ltd (HSBC) is set to acquire through its group subsidiaries a major stake in India's leading retail brokerage house IL and amp;FS Investsmart Ltd (IIL).

The acquisition amounting to 73.21 percent of IIL is awaiting approval from regulatory bodies.

HSBC will be making the acquisition through group subsidiaries, including HSBC Securities and Capital Markets (India) Private Limited, its securities arm in India.

Announcing this here Saturday, an HSBC spokesperson told IANS that 43.85 percent stake would be acquired from E*TRADE Mauritius Ltd, an indirectly wholly-owned subsidiary of E*TRADE Financial Corporation.

'The additional 29.36 percent would be acquired from Infrastructure Leasing and Financial Services Limited (IL and amp;FS.) Both shareholders will receive a price of Rs.200 per share for their respective stakes, making a total consideration of Rs.100 billion (approximately \$241.6 million).

'In addition to this, IL and amp;FS will be paid, as part of a three-year non-compete agreement, Rs.820.1 million (approximately \$19.4 million).'

The spokesperson said HSBC will also make an open offer to acquire up to 20 percent of the remaining shares in IIL.

With a market capitalisation of approximately \$300 million, IIL is listed on the National Stock Exchange and the Bombay Stock Exchange and its global depository shares are listed on the Luxembourg Stock Exchange.

In an official statement, HSBC's group managing director and CEO (Asia Pacific) Sandy Flockhart said the investment for this acquisition 'gives 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,' Flockhart said.

HSBC Global Banking and Markets chief executive Stuart Gulliver stated the acquisition 'fits with the strategy and leverages of HSBC's global distribution capabilities. We will benefit from an expanded institutional broking, equity capital markets and investment banking platform.'

HSBC India group general manager and CEO Naina Lal Kidwai added: 'Investsmart's local expertise and strong management team will play a key role in strengthening our service proposition in India.'

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