PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS OF

HSBC INVESTDIRECT (INDIA) LIMITED

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

This public announcement ("**PA**") is being issued by SBI Capital Markets Limited (**"SBICAP" or "Manager to the Offer"**), on behalf of HSBC Securities and Capital Markets (India) Private Limited (**"HSCI"**) and HSBC Violet Investments (Mauritius) Limited (**"Violet"**) (hereinafter collectively referred to as the **"Acquirers"** and individually as the **"Acquirer"**) in respect of the delisting of the fully paid up equity shares (**"Shares"**) of HSBC InvestDirect (India) Limited (**"HIDIL"** or the **"Company"**) (formerly known as IL&FS Investsmart Limited), a public limited company incorporated under the Companies Act, 1956 and having its registered office at Dhana Singh Processor Premises, J. B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai-400 059, India, pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**"Delisting Regulations"**).

1. **BACKGROUND OF THE DELISTING OFFER**

a) HSCI is a company incorporated and registered under the laws of India having its registered office and principal place of business located at 52/60 Mahatma Gandhi Road, Fort, Mumbai - 400001. HSCI is a wholly-owned subsidiary of HSBC Investment Bank Holdings B.V., a company duly organised and existing under the laws of the Netherlands, and having its registered office at 8 Canada Square London E14 5HQ, United Kingdom.

b) Violet is a company incorporated and registered under the laws of Mauritius having its registered office located at C/o Kross Border Trust Services Limited, Saint Louis Business Centre, Comer Desroches & St. Louis Streets, Port Louis, Mauritius. Violet is a wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, Hong Kong, a company incorporated and registered under the laws of Hong Kong Special Administrative Region having its registered office and principal place of business located at HSBC Main Building, 1 Queen's Road Central, Hong Kong.

c) HSCI and Violet are the present promoters of HIDIL. The paid-up equity share capital of the Company as on date of this PA is Rs. 70,56,67,730 comprising of 7,05,66,773 equity shares of Rs.10/- each. HSCI and Violet collectively hold 6,55,48,443 equity shares as on date of this PA representing 92.89% of the paid up equity share capital of the Company.

d) HSCI, vide its letter dated June 16, 2009, expressed its intention to the Board of Directors of the Company to make a voluntary delisting offer to the shareholders of the Company. The Board of Directors of the Company has vide its resolution dated June 16, 2009, taken on record, and approved, the proposal received from the Acquirers to make a voluntary delisting offer to the public shareholders of the Company in accordance with the Delisting Regulations.

e) HSCI and Violet seek to acquire 50,18,330 shares representing 7.11% of the paid-up equity share capital (**"Offer Shares"**) aggregating to Rs.62,22,72,920 (**"Offer Size"**) at the floor price of Rs.124 per share held by the Public Shareholders of the HIDIL (the **"Public Shareholders"/ "Shareholders"**), if and when offered by the Public Shareholders, pursuant to the delisting offer under the Delisting Regulations (the **"Delisting Offer"**) and proposes to apply for delisting of the equity shares from the stock exchanges where the Shares of the Company are listed viz. the National Stock Exchange of India Limited (**"NSE"**) and Bombay Stock Exchange Limited (**"BSE"**).

f) A special resolution has been passed by the shareholders of the Company through 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 and the results of which were declared on July 28, 2009, approving the delisting of the Company's Shares pursuant to the Delisting Regulations. In terms of the proviso to the regulation 8(1)(b) of the Delisting Regulations, the said special resolution has been passed with a requisite majority. The Acquirers reserve the right to withdraw the Delisting Offer in the event all or any of the conditions for the Delisting Offer as mentioned in paragraph 10 below, have not been fulfilled.

g) HIDIL had made an application to BSE and NSE seeking an in-principle delisting approval vide its letter dated March 15, 2010. BSE and NSE have granted their in-principle approval for the proposed delisting vide their letter dated March 31, 2010 and March 24, 2010 respectively.

h) This PA is being issued in the following newspapers, as required under the Delisting Regulations:

Newspaper	Language	Editions
Financial Express	English	All
Jansatta	Hindi	All
Navshakti	Marathi	Mumbai

i) Changes, modifications or amendments of this PA, if any, will be notified by issuing a corrigendum in the aforementioned newspapers.

2. **THE OBJECT OF THE PROPOSED DELISTING**

Infrastructure Leasing & Financial Services Limited and E*TRADE Mauritius Limited, Mauritius, the erstwhile promoters of the HIDIL, holding 29.36% and 43.85% of the paid up capital of the Company, respectively, sold their entire stake in the Company to HSCI and Violet respectively in May, 2008 vide execution of share purchase agreements. Further, in compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto, HSCI and Violet made an open offer to the remaining shareholders in July, 2008 and acquired upto 20.65% of the total paid up share capital of the Company. Accordingly, HSCI and Violet now hold 49.49% and 43.40% of total paid up share capital of the Company, respectively. In view of the above acquisition, the Company has become member of the HSBC Group and HSCI is the largest shareholder in the Company. The principal business of HSCI is that of institutional equity trading operations (including securities broking) and investment banking (mergers and acquisitions and equity capital markets). HSCI and Violet intend to purchase the remaining equity shares of the Company. The objective of the Acquirers in making the Delisting Offer is to obtain full ownership of the Company, which will provide the Acquirers with increased operational flexibility to support the Company's business and meet the needs of its customers and to provide an exit opportunity to the Public Shareholders, since the equity shares are infrequently traded.

3. **BACKGROUND OF THE ACQUIRERS**

HSCI

a) HSCI is an unlisted company originally incorporated as James Capel (B&K) Private Limited on September 29, 1994 under the laws of India. The name was changed to James Capel Batlivala & Karani Private Limited w.e.f. January 13, 1995, which was further changed to HSBC Batlivala & Karani Securities (Holdings) Private Limited w.e.f. April 29, 1997. This was further changed to HSBC Securities India Holdings Private Limited w.e.f. April 1, 1998 and was further changed to HSBC Securities India Holdings Limited w.e.f. May 20, 1998. A fresh certificate of incorporation was issued on May 13, 1999 changing the name of the company to HSBC Securities India Holdings Private Limited. This was further changed to HSBC Securities and Capital Markets (India) Private Limited w.e.f. February 9, 2000. This was changed to HSBC Securities and Capital Markets (India) Limited w.e.f. April 1, 2000, which was subsequently changed to HSBC Securities and Capital Markets (India) Private Limited w.e.f December 14, 2000.

b) The registered office of HSCI is located at 52/60 Mahatma Gandhi Road, Fort, Mumbai - 400001.

c) The principal business of HSCI is that of institutional equity trading operations (including securities broking) and investment banking (mergers and acquisitions and equity capital markets).

d) HSCI is a wholly-owned subsidiary of HSBC Investment Bank Holdings BV.

e) The issued and paid up equity share capital of HSCI is Rs. 4,56,71,91,600 consisting of 4,56,71,916 equity shares of the face value of Rs. 100/- per equity share and preference share capital of Rs.25,00,00,000 consisting of 25,00,000 preference shares of the face value of Rs.100/-.

f) Based on the latest audited financial statements prepared in accordance with the Indian generally accepted accounting principles ("Indian GAAP"), the financial information of HSCI is as follows:

Particulars	Year ending March 31, 2009 (Audited)	Year ending March 31, 2008 (Audited)	Year Ending March 31, 2007 (Audited)
	INR (in lacs)	INR (in lacs)	INR (in lacs)
Gross Income	10,980	14,130	13,133
Profit/(Loss) after Income Tax	1,820	-4,969	4,418
Share Capital			
- Equity Capital	45,672	7,811	7,811
- Preference Capital	2,500	2,500	2,500
Reserves & Surplus	69,745	11,396	7,786
Net Worth	117,917	21,707	18,097
Book Value per share (in unit currency)#	252.71	42.05	25.93
Basic Earnings per share (in unit currency)#	6.72	60.25	53.28
Diluted Earnings per share (in unit currency)#	6.72	60.25	53.28
Return on Net worth (%)#	252.71	245.92	199.71

\# Excluding Preference Shares

VIOLET

a) Violet is an unlisted company incorporated on May 8, 2007 under the laws of Mauritius.

b) The registered office of Violet is located at C/o Kross Border Trust Services Limited, Saint Louis Business Centre, Comer Desroches & St. Louis Streets, Port Louis, Mauritius.

c) Violet is a directly and wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, Hong Kong.

d) The paid up share capital of Violet is USD 5,000 consisting of 500 equity shares each of a value of USD 10.

e) Based on the latest audited financial statements prepared in accordance with the International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, the financial information of Violet is as follows:

Particulars	Half Year Ending June 30, 2009 (Audited)		Year Ending December 31, 2008 (Audited)		Period from May 8, 07 to Dec 31, 2007 (Audited)	
	USD	INR (in lacs)	USD	INR (in lacs)	USD	INR (in lacs)
Gross Income	-	-	635	0		
Profit/(Loss) after Income Tax	(10,112)	(5)	(34,614)	(15)	(11,808)	(5)
Share Capital	5,000	2	5,000	2	5,000	2
Reserves & Surplus	(55,899)	(25)	(45,787)	(20)	(11,808)	(5)
Net Worth	(50,899)	(23)	(40,787)	(18)	(6,808)	(3)
Book Value per share (in unit currency)	(101.80)	(0.05)	(81.57)	(0.04)	(13.62)	(0.01)
Earnings per share (in unit currency)	(20.22)	(0.01)	(69.23)	(0.03)	(23.62)	(0.01)
Return on Net worth (%)	-	-	-	-	-	-

The Rupee equivalent quoted in each case is calculated in accordance with the RBI Reference rate appearing on www.rbi.org as on April 8, 2010 which is 1 USD = Rs.44.69.

4. **BACKGROUND OF THE COMPANY ("HIDIL") WHOSE SHARES ARE TO BE DELISTED**

a. HIDIL (formerly known as IL&FS Investsmart Limited), a public limited company was incorporated on September 1, 1997 under the Companies Act, 1956 as Investsmart India Limited. The name of the Company was changed to IL&FS Investsmart Limited on March 25, 2003. On June 15, 2000, the registered office of the Company was changed from Mahindra Towers, 4th Floor, 'B' Wing, Dr. G. M. Bhosale Marg, Worli, Mumbai 400 018 to IL&FS Financial Centre, Plot C-22, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051. Subsequently, on March 18, 2009, the registered office address of the Company was changed to its current location at Dhana Singh Processor Premises, J. B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai-400 059, Maharashtra, India. The name of the Company was changed from "IL&FS Investsmart Limited" to "HSBC InvestDirect (India) Limited" post receipt of fresh certificate of incorporation dated August 3, 2009 from the Registrar of Companies, Maharashtra.

b. The Company through its Subsidiaries offers a comprehensive range of value-added products and services backed by a professional service orientation for retail and corporate customers. The business activities undertaken by the Company through its subsidiaries include (i) Securities Broking; (ii) Portfolio Management Services; (iii) Distribution of Financial Products; and (iv) Securities related financing (NBFC).

c. Present capital structure of the Company

As on March 31, 2010

Particulars	No. of shares	Amount (Rs.)
AUTHORISED CAPITAL		
Equity shares of Rs.10/- each	7,50,00,000	75,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Equity shares of Rs.10/- each	7,05,66,773	70,56,67,730

The Company had granted 25,00,000 options to its employees under the ESOP Scheme-2006 in terms of SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. Out of the above, 704,500 vested options (including 163,000 options exercised and pending allotment) are outstanding with the employees/ex-employees as on date. Assuming that all the vested options are exercised, the equity share capital of the Company would increase to Rs.71,27,12,730/- consisting of 7,12,71,273 equity shares of Rs.10/- each. There are no partly paid-up equity shares.

If any of the vested options are exercised and consequently equity shares are issued after the date of this PA resulting in an increase in the paid-up equity share capital of the Company, the Offer Shares would stand increased accordingly. In such an event, the change in the issued and paid-up capital of the Company and consequently the Offer Shares will be announced by way of corrigendum to this PA and in the same newspapers in which this PA appears.

The shareholding pattern of the Company as on March 31, 2010 is given below:

Category	No. of Shares held	% shareholding
(A) Promoter's holding		
HSCI	3,49,22,751	49.49
Violet	3,06,25,692	43.40
Sub-total (A)	6,55,48,443	92.89
(B) Public Shareholding		
1. Institutions		
Mutual Funds/UTI	12,63,284	1.79
Banks	300	0.00
Foreign Institutional Investors	14,40,031	2.04
2. Non Institutional		
Bodies Corporate	7,02,617	0.99
Indian Public	15,00,235	2.12
HUF	96,192	0.14
Trust	0	0.00
NRIs	11,324	0.02
Clearing Member	4,347	0.01
Sub-total (B)	50,18,330	7.11
GRAND TOTAL (A) + (B)	7,05,66,773	100.00

d. A brief summary of the *consolidated* financials of the Company for the year ended March 31, 2009, March 31, 2008 and March 31, 2007 are as set out below:

Particulars	Year Ending March 31, 2009 (Audited)	Year Ending March 31, 2008 (Audited)	Year Ending March 31, 2007 (Audited)
	INR (in lacs)	INR (in lacs)	INR (in lacs)
Gross Income	22,429	39,485	24,069
Profit/(Loss) after Income Tax	(10,901)	5,417	4,008
Equity Share Capital	6,984	6,984	6,984
Reserves & Surplus	54,324	65,266	62,264
Net Worth	61,308	72,250	69,248
Book Value per share (in unit currency)	87.79	103.51	99.21
Basic Earnings per share (in unit currency)	(15.67)	7.87	5.78
Diluted Earnings per share (in unit currency)	(15.67)	7.85	5.78
Return on Net worth (%)	-	7.50%	5.79%

e. **Listing details**

i. The equity shares of the Company are listed on the NSE and the BSE.

ii. The Acquirers are seeking to delist the equity shares of the Company from the stock exchanges on which the same are listed i.e. BSE and NSE.

f. **Stock Market Data**

I. High, low and average closing market prices of the equity shares of the Company during the preceding three calendar years;

• In BSE

(Rs.)

Particulars	High*	Low*	Average**
2009	285.35	43.05	177.36
2008	300.00	58.25	153.35
2007	300.00	144.90	200.46

*(Source: Capitaline * High/Low during the year **Average of daily closing prices)*

• In NSE

(Rs.)

Particulars	High*	Low*	Average**
2009	284.00	43.00	177.69
2008	310.00	58.00	153.47
2007	300.00	142.00	200.57

*(Source: Capitaline * High/Low during the year **Average of daily closing prices)*

ii. Monthly high and low prices and volumes traded in each month during the six months preceding the date of the PA;

• In BSE

Particulars	High* (Rs.)	Low* (Rs.)	Volume**
March 2010	248.00	210.10	35,890
February 2010	245.00	222.60	13,139
January 2010	255.00	233.50	89,772
December 2009	270.00	220.10	45,260
November 2009	272.00	260.00	1,20,729
October 2009	275.00	251.25	80,973

*(Source: Capitaline * High/Low during the Month **Total volume during the month)*

• In NSE

Particulars	High* (Rs.)	Low* (Rs.)	Volume**
March 2010	273.50	209.50	82,952
February 2010	247.30	217.50	63,706
January 2010	253.75	238.00	36,064
December 2009	270.00	246.10	55,830
November 2009	276.70	257.00	2,06,371
October 2009	279.00	252.60	93,651

*(Source: Capitaline * High/Low during the Month **Total volume during the month)*

5. **The aggregate shareholding of the promoters together with persons acting in concert and of the directors of the promoters where the promoter is a company and of persons who are in control of the company**

Category	No. of Shares held	% shareholding
Promoters		
HSBC Securities and Capital Markets (India) Private Limited	3,49,22,751	49.49
HSBC Violet Investments (Mauritius) Limited	3,06,25,692	43.40
Sub-total (A)	**6,55,48,443**	**92.89**
Directors of Promoters (B)	Nil	Nil
Grand Total (A+B)	**6,55,48,443**	**92.89**

6. **THE LIKELY POST-DELISTING SHAREHOLDING PATTERN**

The likely post delisting shareholding pattern of the Company, assuming all the Offer Shares are acquired pursuant to the Delisting Offer, will be as follows:

Particulars	Before Delisting Offer (as on March 31, 2010)		Post Delisting Offer	
	No. of shares	%	No. of shares	%
HSBC Securities and Capital Markets (India) Private Limited ("HSCI")	3,49,22,751	49.49	3,99,41,081	56.60
HSBC Violet Investments (Mauritius) Limited ("Violet")*	3,06,25,692	43.40	3,06,25,692	43.40
Public shareholding	50,18,330	7.11	Nil	Nil
Total	**7,05,66,773**	**100%**	**7,05,66,773**	**100%**

**Violet would like to retain the right to participate in the delisting offer and may also acquire shares from non-resident shareholders as mutually decided by the Acquirers*

7. **DETERMINATION OF THE FLOOR PRICE**

a. The result of the board meeting held for considering the Delisting Offer was notified to the Stock Exchanges on June 16, 2009. The annualized trading turnover of the Equity Shares of the Company during the six calendar months preceding the month in which the board meeting was notified (December 2008 - May 2009) to BSE and NSE, being the stock exchanges on which the Equity Shares of the Company are listed is detailed below:

Name of Stock Exchange	Total no. of Equity Shares traded during December 2008 to May 2009	Total no. of listed Equity Shares during December 2008 - May 2009	Annualised trading turnover (in terms of % of total listed Equity Shares)
BSE	2,36,025	6,98,36,273	0.68%
NSE	4,27,985	6,98,36,273	1.23%

(Source: www.bseindia.com and www.nseindia.com)

In terms of the Explanation to Regulation 15(2)(b) of the Delisting Regulations, as the annualized trading turnover is less than 5% of the total listed equity shares, the equity shares of the Company are deemed to be infrequently traded for the purposes of the Delisting Regulations.

Accordingly, the floor price is determined as per regulation 15(3) of the Delisting Regulations as under:

Sr. No.	Particulars	Based on the Audited Financial data for period ended March 31, 2009
A.	Highest price paid by the Promoter for acquisitions, if any, of equity shares of the class sought to be delisted, including by way of allotment in a public or rights issue or preferential allotment, during the twenty six weeks period prior to the date on which the recognised stock exchanges were notified of the board meeting in which the delisting proposal was considered and after that date upto the date of the public announcement	Nil
B.	**Other Financial Parameters**	
1.	Return on Net Worth (%)	-
2.	Book Value per share (Rs.)#	Rs. 89.00
3.	Earning per share (Rs.)	-
4.	Price Earning Multiple	-
5.	Industry Composite Price earning multiple (Industry-Financial Services)*	20.90

#Source: As per valuation report dated March 31, 2010 received from Haribhakti & Co.
**Source: Capital Markets Issue vol. XXV/03 dated April 05-18, 2010;*

Haribhakti & Co. Chartered Accountants, having its office at 42, Free Press House, 215, Nariman Point, Mumbai- 400021 has vide its valuation report dated March 31, 2010 has arrived at a fair value per share of Rs.124 per share, based on the following parameters:

The book value per share has been arrived after considering the book value of all the assets and liabilities as on March 31, 2009. The value of the shares of the Company under BV method is arrived at Rs.89. The value of the Company under PECV method is arrived at Rs. 98. Assigning weight of "1" to the value arrived under BV method and weight of "2" to the value arrived under PECV method, the value of the equity shares of the Company is arrived at Rs.95.

Return on Networth (RoNW) is based on the average of the consolidated adjusted PBT (excluding interest/dividend income earned on surplus assets) on consolidated average networth for last four years of the Company. The value of the shares of the Company under RoNW method is arrived at Rs.124.

With a view to arrive at a fair valuation as enshrined in the Supreme Court judgment in case of HLL Employee union Vs HLL and others, it has been considered appropriate to assign equal weight of "2" to the value arrived as per the PECV Method, which focuses on the future maintainable earnings of the business and Market Value Method, which underscores the trading value of equity shares in the market and a weight of "1" to the value arrived as per NAV Method, which focuses on net worth of the Company.

On consideration of all the relevant facts and circumstances, the price per share of the Company based on the parameters indicated as per the principles of valuation considered in the Hon'ble Supreme Court decision in the case of Hindustan Lever Employee Union Vs Hindustan Lever Ltd, 1995 (83 Com Case 30) is arrived at Rs. 93 per share. Hence, in accordance with the terms of regulation 15(3) of the Delisting Regulations, the value per share as calculated under Return on Networth, being the highest amongst the above method, is considered as the floor price i.e. Rs.124.

8. **DETAILS OF THE ESCROW ACCOUNT AND THE AMOUNT DEPOSITED THEREIN**

a) The estimated consideration payable under the Delisting Regulations, being the Floor Price of Rs.124 per share multiplied by the number of Offer Shares outstanding with the Public Shareholders, i.e. 50,18,330 shares, is Rs.62,22,72,920 (Rupees Sixty-two crores twenty-two lacs seventy-two thousand nine hundred and twenty only).

b) In accordance with the Delisting Regulations, the Acquirers, The *Hongkong and Shanghai Banking Corporation Limited* ("**HSBC Bank**") and the Manager to the Offer have entered into an escrow agreement dated April 7, 2010 pursuant to which the Acquirers have opened an escrow account with HSBC Bank and has deposited in such account an amount of Rs.62,50,00,000/- (Rupees Sixty-Two Crores, Fifty Lakhs), representing more than 100% of the estimated consideration payable as calculated in paragraph 8(a) above, with authority to the Manager to the Offer to release this cash deposit in the prescribed circumstance.

c) If the Acquirers accept the Discovered Price, the Acquirers shall forthwith deposit in the escrow account such additional sum as may be sufficient to make up the entire sum due and payable as consideration in respect of equity shares outstanding with Public Shareholders and open a special account with the Escrow Bank and transfer thereto, the entire amount due and payable as consideration in respect of the equity shares tendered in the Delisting Offer at or below the Exit Price.

9. **DETERMINATION OF THE EXIT PRICE**

a) All Public Shareholders may tender their equity shares during the Bid Period (as defined in paragraph 16 herein below) at or above the floor price.

b) In accordance with the Delisting Regulations, the price payable by the Acquirers for the equity shares they propose to acquire pursuant to the Delisting Offer will not be less than the price at which the maximum number of equity shares have been tendered (the "**Discovered Price**") pursuant to the Delisting Offer.

c) The Acquirers are obligated to accept the Discovered Price if it is equal to the Floor Price, but is under no obligation to accept the Discovered Price if it is higher than the Floor Price. The Acquirers may at their discretion, acquire the equity shares at the Discovered Price if it is higher than the Floor Price. The price so accepted by the Acquirers (not less than the Discovered Price) is referred to as the exit price (the "**Exit Price**").

d) The Acquirers shall announce the Discovered Price and its decision to accept or reject the Discovered Price and if accepted also announce the Exit Price as applicable, in the same newspapers in which this PA appears, in accordance with the timetable set out herein.

e) Once the Acquirers announce the Exit Price, the Acquirers will acquire, subject to the terms and conditions of this PA, including but not limited to fulfilment of the conditions mentioned in paragraph 10 below, all the equity shares tendered up to and equal to the Exit Price, for a cash consideration equal to the Exit Price for each such equity share tendered.

10. **CONDITION TO THE DELISTING OFFER**

The acquisition of Shares by the Acquirers and the delisting of the equity shares of the Company are conditional upon fulfilment of all the following to the satisfaction of the Acquirers;

a) The Acquirers receiving the statutory approvals for acquisition of shares of HIDIL as mentioned in paragraph 18 herein below;

b) The Acquirers accepting the Discovered Price or offering an Exit Price; and a minimum of 25,09,165 equity shares being 50% of the Offer Shares being tendered at or below the Discovered Price or Exit Price;

c) The shareholding of the Acquirers taken together with the shares accepted in the book-building offer through eligible bids at the Exit Price, reaching at least 6,80,57,608 equity shares constituting 96.44% of the total issued and paid-up equity share capital being the aggregate of pre offer shareholding of the Acquirers and fifty per cent of the Offer Shares;

d) In the event that the issued and paid-up capital of HIDIL increases on account of exercise of vested options, then the number of Offer Shares would increase to the extent of the shares allotted to them and accordingly, the Acquirers will be required to acquire at least fifty percent of such an increased number of Offer Shares.

e) No amendments of the Delisting Regulations or any applicable regulations, which in the opinion of the Acquirers would prejudice the Acquirers from proceeding with the Delisting Offer.

11. **DISCLOSURE REGARDING THE MINIMUM ACCEPTANCE CONDITION FOR SUCCESS OF THE OFFER**

This Delisting Offer made shall be deemed to be successful if, the post offer shareholding of the Acquirers, taken together with the shares accepted in the book-building offer through eligible bids at the Exit Price, reaches at least 6,80,57,608 equity shares constituting 96.44% of the total issued and paid-up equity share capital being the aggregate of pre offer shareholding of the Acquirers and fifty per cent of the Offer Shares.

12. **PROPOSED TIME TABLE FOR THE DELISTING OFFER**

The proposed timetable for the Delisting Offer is as follows:

Activity	Day & Date
Public Announcement	Saturday, April 10, 2010
Specified Date*	Saturday, April 10, 2010
Dispatch of Bid Letters/ Bid Forms/ Transfer Deeds to Eligible Shareholders as on Saturday, April 10, 2010 i.e. Specified Date	Saturday, April 17, 2010
Bid Opening Date (10.00 am)	Wednesday, April 28, 2010
Last Date of Revision (upwards) or withdrawal of bids by the shareholders	Monday, May 3, 2010
Bid Closing Date (3.00 pm)	Tuesday, May 4, 2010
Announcement of Discovered Price/Exit Price and the Acquirer's Acceptance/Non-acceptance of Discovered Price / Exit Price	Friday, May 14, 2010
Final Date of Payment of Consideration#	Tuesday, May 18, 2010
Return of Shares to shareholders in case of failure of Delisting Offer/ Bids have not been accepted	Tuesday, May 18, 2010

** Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Bid Letter will be sent. However, all owners (registered or unregistered) of the Equity Shares of the Company are eligible to participate in the Delisting Offer any time before and on the bid closing date.*

\#Subject to the acceptance of the Discovered Price or offer of an Exit Price, higher than the Discovered Price by the Acquirers.

All the dates are subject to change and are dependent on obtaining the requisite statutory and regulatory approval as may be applicable. In the event there is any change in the proposed timetable, it will be announced by way of corrigendum to this PA and in the same newspapers in which this PA appears.

13. **DETAILS OF TRADING MEMBER AND BIDDING CENTRES**

a) The Public Shareholders may tender their Offer Shares through online electronic system, the facility for which will be provided by the BSE. In this regard, the Acquirers have appointed Karvy Stock Broking Limited and SMC Global Securities Limited ("**Trading Member**") to facilitate the lodging of Bids on behalf of Public Shareholders. Shares held in physical form are required to be submitted along with the transfer deed or pledged to the Trading Member along with the bidding details, who in turn enters the bid and submit the forms to Registrar to the Offer for verification.

b) The details of centres of the Trading Member where the Bids are to be submitted ("**Bid Centres**") are as follows:

#	Bid Centre	Address of Bid Centre	Contact Person	Phone No.	Fax	Mode of delivery	IP address
1.	Mumbai	Karvy Stock Broking Ltd. 24, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai – 400 023	Ms.Nutan Shirke	022-66382666	022-66331135	Hand Delivery	10.115.197.137
2.	Hyderabad	Karvy Stock Broking Ltd. 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034	Mr. Suresh Kumar	040-23440612 040-23440616	040-23431505	Hand Delivery/ Regd Post	10.226.161.234
3.	Bengaluru	Karvy Stock Broking Ltd No.59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004	Mr. Kumaraswamy	080-26621192	080-26621169	Hand Delivery	10.226.187.162
4.	Ahmedabad	SMC Global Securities Limited 10-A, Kalapuram, C.G. Road Ahmedabad -380003	Mr. Hetal N. Shah	079-26424801/ 4805	079-30615566/ 5576	Hand Delivery	177.177.11.17
5.	Chennai	SMC Global Securities Limited 2nd Floor, Mookambika Complex, 4, Lady Desi, Kachari Road, Mylapore, Chennai-600004	Mr. Giri & Mr.Murli	044-24661796/ 1797	044-24661793	Hand Delivery	10.224.101.12
6.	Kolkata	SMC Global Securities Limited 18, Rabindra Sarani, Poddar Court, Gate No.-4, 4th Floor, Kolkata-700001	Mr. N.N. Rao / Mr. Sankit	033-39847000	033-39847004	Hand Delivery	10.225.202.2
7.	New Delhi	SMC Global Securities Limited 11/6B, Shanti Chamber, Pusa Road New Delhi-110005	Mr. Devendra Mani Dwivedi	011-30111000	011-25754383	Hand Delivery	10.226.66.69

14. **PROCEDURE FOR BIDDING**

a) The shareholders other than the Promoters may submit Bids by completing the bid forms accompanying their Bid Letter and submitting the Bid Forms to the Trading Member at any of the Bid Centres set out above in paragraph 13 by hand delivery on or before the prescribed time on the Bid Closing Date.

b) Shareholders (in particular those Shareholders who are resident in areas where no Bid Centres are located) may also submit their Bids by registered post (at their own risk and cost and clearly marking the envelope as "HIDIL Delisting Offer") so as to ensure that their Bids are delivered to the following address on or before the prescribed time on the Bid Closing Date: Karvy Stock Broking Ltd., 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034. If the duly filled Bid Forms arrive before the Bid Period starts, the Bid will be considered valid, and however, the Trading Member will submit the Bid on commencement of the Bid Period.

c) **Shares should not be tendered to the Manager to the Offer or the Registrar to the Offer or to the Acquirers or to the Company.**

d) The Shareholders, who have tendered their Offer Shares by submitting Bids pursuant to the terms of this Public Announcement and the Bid Letter, may withdraw or revise their bids upwards not later than one day prior to the Bid Closing Date. Downward revision of Bids shall not be permitted. Any such request for withdrawal or revision of Bids must reach the same trading member to whom the original bid form was submitted by 3.00 pm one day prior to the Bid Closing Date.

e) The Manager has opened a Special Depository Account with the National Securities Depository Limited ("**NSDL**") ("**Special Depository Account**"), details of which are as follows:

Particulars	Details
Depository	NSDL
Depository Account Name	SBI Capital Markets Ltd - HIDIL Delisting Escrow Account
Depository Participant	Karvy Stock Broking Ltd.
Depository Identification No.	IN300394
Client Identification No.	17601089

f) In order for the Bid Forms to be valid, shareholders, who hold Shares in dematerialized form, must have transferred their Shares from their respective depository accounts to the Special Depository Account opened by the Manager to the Offer, enclosing a photocopy of the delivery instruction to their depository participant with the due acknowledgement of such depository participant. Alternatively, shareholders, who hold Shares in dematerialized form, may mark a pledge for their Offer Shares to the Manager to the Offer in favour of the Special Depository Account prior to the submission of their Bids, enclosing a photocopy of the pledge instructions to their depository participant with the due acknowledgement of such depository participant.

g) All transfers should be in off-market mode.

h) The Shareholders who hold their Offer Shares through CDSL will have to execute an inter-depository delivery instruction for the purpose of crediting their Offer Shares in favour of the Special Depository Account.

i) **It is the sole responsibility of shareholders to ensure that their Offer Shares are credited to or pledged in favour of the Special Depository Account on or before 3.00 p.m. on the Bid Closing Date.**

j) The Manager to the Offer will hold in trust the equity shares/share certificates, equity shares lying in credit of the special depository account and the transfer form(s), until the Acquirers complete their obligations under the Delisting Offer in accordance with the Delisting Regulations.

k) The ISIN for the Shares of the Company is INE800B01013.

l) If a Shareholder fails to receive or misplaces the Bid Letter, a copy may be obtained by writing to the Registrar to the Offer at their address given, clearly marking the envelope "HIDIL Delisting Offer". Alternatively, the Shareholder may obtain copies of Bid Forms at the Bid Centres.

m) In order for Bid Forms to be valid, unregistered Shareholders who hold shares in physical form, must have submitted the Bid Form along with the original contract note issued by a registered share broker of a recognized stock exchange through whom such shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as applicable), either by hand delivery or by Registered Post or by courier such that these are received by the Trading Member before 3:00 p.m. Indian Standard Time on Bid Closing Date. The Trading Member shall immediately after entering the bid on the system send them to the Company or the share transfer agent for confirming their genuineness.

n) It shall be the responsibility of the Shareholders tendering in the Offer to obtain all requisite approvals (including corporate, statutory or regulatory approvals) if any, prior to tendering in the Offer and the Acquirers shall take no responsibility for the same. On receipt of the Offer Shares in the Special Depository Account, the Acquirers shall assume that the shareholders have submitted their Bid only after obtaining applicable approvals, if any. The Acquirers reserve the right to reject those Bids which are submitted without attaching a copy of such required approvals.

o) The Shares to be acquired under this Offer are to be acquired free from all liens, charges and encumbrances and together with all rights attached thereto. Shares that are subject to any charge, lien or encumbrances are liable to be rejected.

p) Clause 5 of Schedule II of the Delisting Regulations provide that Public Shareholders who have tendered their Offer Shares by submitting Bid Forms pursuant to the terms of this Public Announcement, may withdraw or revise their Bids upwards not later than one day before the Bid Closing Date. Downward revision of Bids shall not be permitted. Any such request for revision or withdrawal of the Bids can only be exercised by submitting the Form of Withdrawal or Form of Revision. Any such requests for withdrawal or revision of Bid must reach the same Trading Member at the same Bid Centre where the original bid form was submitted by 3.00 pm one day prior to the Bid Closing Date. **Please note that the Form of Withdrawal and/ or Form of Revision will not be accepted at other Bid Centres.**

15. **PROCEDURE FOR SETTLEMENT**

a) If the Acquirers accept or offer the Exit Price and all other conditions attaching to the Offer are satisfied, the Acquirers shall acquire all Offer Shares that have been tendered at prices up to and equal to the Exit Price, for a cash consideration equal to the Exit Price for each such Offer Share. For this purpose, Acquirers will open a special account and transfer thereto, the entire amount due and payable as consideration in respect of the Offer Shares tendered under the Offer at the Discovered Price or Exit Price, as applicable.

b) All the Shareholders whose bids are verified to be genuine shall be paid the Exit Price stated in the public announcement within ten working days from the Bid Closing Date (i.e. by Tuesday, May 18, 2010) by way of a crossed account payee cheque/ demand draft/ pay order. All cheques/demand drafts will be drawn in the name of the first holder, in case of joint holder(s).

c) Share certificates for any invalid bid, will be dispatched to the shareholders by registered post, at the shareholder's sole risk. Equity shares held in dematerialised form for any invalid bid will be credited back to the respective beneficiary account with their respective depository participants as per the details furnished by the beneficial owners in the Bid Form.

d) Additionally, if and once the Shares have been delisted, all shareholders whose Shares have not been acquired by the Acquirers may offer their Shares to the Acquirers at the Exit Price within a period of one year following the date of the delisting. Such shareholders will be required to submit the required documents to the Registrar to the Offer within the stipulated time.

e) If the Acquirers do not accept or offer an Exit Price, all Offer Shares tendered/pledged in the Special Depository Account shall be returned/released from pledge as soon as is practicable to the relevant shareholders.

16. **THE DATES OF OPENING AND CLOSING OF THE OFFER**

a) All Public Shareholders holding equity shares are eligible to participate in the book-building process (the "**Eligible Shareholders**") by tendering whole or part of equity shares held by them at or above the floor price. The bid period for the book-building process (the "**Bid Period**") shall commence at 10.00 a.m. on Wednesday, April 28, 2010 (the "**Bid Opening Date**") and close at 3.00 p.m. on Tuesday, May 04, 2010 (the "**Bid Closing Date**").

b) Bids received after 3.00 p.m. on the Bid Closing Date may not be considered for the purpose of determining the Discovered Price payable for the Shares by the Acquirers pursuant to the book building process.

17. **PERIOD FOR WHICH THE DELISTING OFFER SHALL BE VALID**

The Public Shareholders may submit their Bids to the Acquirers during the Bid Period. Additionally, once the equity shares have been delisted, shareholders, whose equity shares have not been acquired by the Acquirers, may offer their equity shares for sale to the Acquirers at the Exit Price for a period of one year following the date of the delisting of the equity shares from BSE and NSE.

18. **STATUTORY APPROVALS**

a) To the best of Acquirers' knowledge, as on date of the public announcement there are no statutory approvals required for the Acquirers to acquire the Shares under the Delisting Offer.

b) If any statutory or regulatory approvals become applicable, the acquisition of the Shares by the Acquirers will be subject to such statutory or regulatory approvals.

c) The acquisition of Shares from non- residents (NRs) and non-resident Indians (NRIs) may be subject to approval from the Reserve Bank of India (RBI) by such NRs/NRIs under the Foreign Exchange Management Act, 1999. Such NRs and NRIs should enclose the copy of the RBI permission received by them for tendering Shares held by them in HIDIL. In case the RBI permission is not submitted, the Acquirers reserve the right to reject such Shares tendered by them.

d) The Acquirers reserve the right not to proceed with the Delisting of the Shares in the event the conditions mentioned in this PA are not fulfilled, and that any of the regulatory/ statutory approvals, if any, are not obtained or conditions which the Acquirers consider in its sole discretion to be onerous are imposed in respect of such approvals.

19. **TAX DEDUCTED AT SOURCE**

Summary of various provisions related to Tax Deduction at Source ("TDS" or "withholding tax") under the Income Tax Act, 1961.

a) All the Shareholders should be classified as resident and non-resident. The status as resident / non-resident is to be determined on the basis of criteria laid down in section 6 of the Income Tax Act, 1961.

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