

HSBC HOLDINGS PLC  
Form 6-K  
May 19, 2008

**FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934**

For the month of May, 2008

**HSBC Holdings plc**

42<sup>nd</sup> Floor, 8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes.....  No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.....).

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May 2008

**HSBC TO ACQUIRE**

**7**

**3.**

**21**

**PER CENT**

**OF  
IL&FS  
INVESTSMART  
IN  
INDIA**

*\*\*\* An investment in one of  
India*

*'s leading retail brokerages \*\*\**

*\*\*\* Gains a foothold in a market with 20 million retail  
investors*

*\*\*\**

HSBC, through Group subsidiaries, is to acquire 73.21 per cent  
of

IL&FS Investsmart Limited (

"

Investsmart

"

)

, a leading

retail

brokerage house in

India

.

Under the terms of the agreements, HSBC proposes to acquire a 43.85 per cent stake from E\*

T

RADE

Mauritius

Limited

,

an indirectly wholly-owned subsidiary of E\*TRADE Financial Corporation,

and

an additional 29.36 per cent from

Infrastructure Leasing and Financi

al

Services Limited

("IL&FS").

Both

shareholders

will receive a price of

INR  
200  
per share for their respective stakes, making  
a total consideration of  
INR10,225.5  
million  
(approximately US\$  
241.6  
million).

In addition, IL&FS will be paid

,  
as part of a three-year non-compete agreement,

INR82  
0  
.  
1  
million (approximately US\$19.4 million)

HSBC will  
also  
make an open offer to  
acquire  
up to  
20  
per cent  
of  
the remaining shares in  
Investsmart.

Details of the open offer to Investsmart shareholders  
will be published in the Indian press and distributed to shareholders in accordance with local regulations.

Sandy Flockhart,  
Group Managing Director  
and Chief Executive Officer of HSBC Asia Pacific, said: "

T  
he acquisition of Investsmart is consistent with  
HSBC's stated strategy of investing primarily in faster growing  
emerging markets

and  
India  
represents a high priority market for us.

This investment is of strategic importance to HSBC as it gives us 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."

Stuart Gulliver, Chief Executive of Global Banking and Markets

,  
said

:

"

This acquisition fits with Global Banking and Markets emerging markets-led strategy and leverages HSBC's global distribution capabilities.

We will benefit from an expanded institutional broking, equity capital markets and investment banking platform in a rapidly growing marketplace that offers great opportunity.

"

Naina Lal Kidwai, Group General Manager and Chief Executive Officer, HSBC in India

, added: "

Investsmart

,

s retail brokerage business

will b

e a great addition to

o

ur

offering in

India

and

Investsmart's local expertise and strong management team will play a key role

in

strengthening our service proposition

in

India

;

"

HSBC will be making the acquisition through Group subsidiaries, including

HSBC Securities and Capital Markets (

India

) Private Limited, the Group's

securities

arm in

India

.

The agreement and open offer are subject to regulatory and other approvals.

With

a market capitalisation of approximately US\$300 million,

Investsmart

is listed on the National Stock Exchange and the Bombay Stock Exchange and its Global Depository Shares are listed on the Luxembourg Stock Exchange.

**Media enquiries**

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**Notes to editors**

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**HSBC in India**

The HSBC Group in India

is represented by several entities including The Hongkong and Shanghai Banking Corporation Limited which offers a full range of banking and financial services to its over 2 million customers in

India

through its 47 branches and 170 ATMs across 26 cities. HSBC is one of

India

's leading financial services groups, with over 33,000 employees in its banking, investment banking and capital markets, asset management, insurance

broking,

two global IT

development

centres

and

six

global resourcing operations in the country. The Bank is t

he founding and a principal member of the HSBC Group which, with

over

10,000 offices in 8

3

countries and territories and assets of US\$

2,354

billion at 3

1 December

200

7

, is one of the world's largest banking and financial services organisations.

2.

**IL&FS Investsmart Limited (Investsmart)**

IL&FS Investsmart Group (

"

III

"

) is one of

India

's leading financial services organizations. IIL, through its subsidiaries in

India

and

Singapore

, provides a wide range of investment products to its retail and institutional clients including equity

and

commodity broking, investment banking, insurance broking

and

distribution, mutual funds distribution and related financing services.

IIL's 2

,

000 employees provide a complete range of investment solutions to over 138,000 customers in India through its 88 branches and 190 franchisee outlets from 133 cities and has been

recognized as "National Best Performing Financial Advisor - Retail" for two years in a row (06-07

and

07-08)

by CNBC TV 18

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:

Name: P A Stafford

Title: Assistant Group

Secretary

Date: May 19, 2008