

HSBC HOLDINGS PLC
Form 6-K
September 30, 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 September 2008

HSBC Holdings plc

42nd 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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HSBC

**ACQUIRES
93.86 PER CENT
OF
IL&FS INVESTSMART
IN
INDIA**

**** A*

C

*controlling interest in one of
India*

*'s leading retail brokerages ****

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

HSBC has completed the acquisition of 93.86 per cent of IL&FS Investsmart Limited (Investsmart), a leading retail brokerage in India, for a total consideration of INR 1,311.0 crore (approximately US\$296.4 million).

Sandy Flockhart, Group Managing Director and Chief Executive Officer of HSBC Asia-Pacific, said: "Investsmart gives HSBC access to the world's third-largest investor base, with over 20 million retail investors. In fact, the business already has 143,000 customers and operates in 128 cities. With Indian GDP expected to grow by 7.8 per cent in 2009, the opportunity here is obvious and underlines why HSBC has a stated strategic aim of focusing on high-growth economies."

Under the transaction agreement, HSBC acquired 43.85 per cent of Investsmart from E*TRADE Mauritius Limited, an indirectly wholly-owned subsidiary of E*TRADE Financial Corporation, and 29.36 per cent from Infrastructure Leasing and Financial Services Limited (IL&FS). The decision to acquire a controlling stake in Investsmart triggered an open offer to public shareholders, through which HSBC has accepted shares equivalent to 20.65 per cent of Investsmart's capital.

E*TRADE Mauritius Limited, IL&FS and those that tendered shares through the open offer received INR200 per share for their Investsmart shares. In addition, IL&FS was paid, as part of a three-year non-compete agreement,

INR82.0 crore (approximately US\$17.9 million).

In accordance with local regulations, HSBC paid interest of INR2.3 per share to the public shareholders who tendered their shares. This amounted to INR3.31 crore (approximately US\$0.72 million).

Naina Lal Kidwai, Group General Manager and Chief Executive Officer, HSBC in India, added: "Investsmart is a great addition

to our current operations, which already constitute the second largest foreign banking network in India

. We look forward to working with Investsmart's management team and growing this business

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HSBC was advised on the acquisition by the investment banking division of HSBC Global Banking and Markets.

ends/more

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Notes to editors

1

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

.8

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 3

4

,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 the founding and a principal member of the HSBC Group which, with over 9,500 offices in 85 countries and territories and assets of US\$2,547 billion at 30 June 2008, is one of the world's largest banking and financial services organisations.

2.

IL&FS Investsmart Limited (Investsmart)

IL&FS Investsmar

t Group (

IIL) 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 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. With a market capitalisation of approximately US\$260 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.

ends/all

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: September 30, 2008