CORRIGENDUM TO THE PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS OF

IL&FS INVESTSMART LIMITED

Regd. Off.: The IL&FS Financial Centre, Plot No. C -22, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051, India

This corrigendum to the Public Announcement is in continuation of and shall be read in conjunction with the Public Announcement ("PA") published on May 20, 2008 and issued to the shareholders of IL&FS Investsmart Limited ("IIL"/ "Target Company") by SBI Capital Markets Limited ("Manager to the Offer") on behalf of HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), HSBC Violet Investments (Mauritius) Limited ("Violet"), together referred to as "the Acquirers" alongwith HSBC Investment Bank Holdings BV ("HIBH") (person acting in concert with HSCI) and The Hongkong and Shanghai Banking Corporation Limited, Hong Kong ("HBAP") (person acting in concert with Violet) (collectively being the Persons Acting in Concert ("PACs") with the Acquirers), in compliance with Regulations 10 and 12 and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "SEBI (SAST) Regulations").

The shareholders of IIL are requested to kindly note the following amendments with respect to the PA:

1) ***Paragraph 7 of the PA***

   a. Please note that, under para 26, Emerging Voting Capital was calculated taking into account the outstanding ESOPs which have been granted and may be eligible to be vested and exercised within 15 days after the closure of the offer in terms of Regulations 21(1) and 21(5) of the Regulations. This information was ascertained from the annual reports of the Target Company.

   b. Subsequent to the filing of the PA with SEBI, the Target Company has advised that no ESOPs can be vested and exercised by the employees during the Offer and 15 days therefrom i.e. after the closure of the Offer in terms of Regulation 21(5) of the SEBI (SAST) Regulations.

   c. In light of this fact, the Voting Capital of the Target Company stands reduced from 7,21,11,273 Equity Shares (Emerging Voting Capital) to 6,98,36,273 Equity Shares and therefore number of the equity shares to be acquired under the Offer stands reduced from 1,44,22,255 to 1,39,67,255 which is 20% of the voting capital of the Target Company i.e. 6,98,36,273. Accordingly, the Offer Size also stands reduced from Rs.2,88,44,51,000 (Rupees Two hundred eighty eight crores forty four lakhs fifty thousand only) to Rs.2,79,34,51,000 (Rupees Two hundred seventy nine crores thirty four lakhs fifty one thousand only).

2) ***Paragraph no. 9 and 10 of the PA:*** The words "the Acquirers", wherever appeared, should be read as "the Acquirers and the PACs".

3) ***Paragraph no. 19(e) of the PA:*** In the financial information of Violet, the words 'Nine months period ending December 31, 2007' should be read as 'For the period from May 8, 2007 to December 31, 2007'.

4) ***Paragraph no. 21(a) should be read as follows:*** "HBAP is a company incorporated on August 14, 1866 under the laws of Hongkong Special Administrative Region and is a person acting in concert with Violet. The equity shares of HBAP are not listed on any stock exchange."

5) ***Paragraph 30 should be read as follows:*** "Save as set out below, the Acquirers do not have any plans at present to dispose of or otherwise encumber any assets of the Target Company in the next two years.

   The Acquirers may dispose of assets of the Target Company:

   (i) in the ordinary course of business of the Target Company; and/or

   (ii) to the extent required for the purpose of restructuring and / or rationalization of assets, investments or liabilities of the Target Company for commercial reasons, operational efficiencies or on account of regulatory approvals / directions.

   In addition to the above, the shareholders may note that in terms of extant regulations and policies, banks in India are not being permitted to engage, directly or indirectly, in any commodities business or activities. As stated above, Violet is a wholly owned subsidiary of HBAP which has a banking branch in India. Although the present acquisition is not being made by the said Indian banking branch of HBAP, to ensure compliance of the prevailing policy relating to commodities business, the Acquirers propose to discontinue the commodities broking business currently being undertaken through IL&FS Investsmart Commodities Limited ("IICL") (a wholly owned subsidiary of the Target Company). This will be implemented by surrendering of the current memberships held by IICL in MCX and NCDEX. The surrender will be effected post completion of the Offer formalities and the consummation of the underlying transaction with IL&FS and E*TRADE

   The Acquirers undertake that they shall not sell, dispose of or otherwise encumber any substantial asset(s) of the Target Company except with the prior approval of the shareholders of the Target Company to the extent required by applicable laws.

6) ***Para 32 of the PA***: The words "MCX, NCDEX" stand deleted from the paragraph.

This announcement should be read in conjunction with the PA. The terms not defined herein will have the same meaning as defined in the PA. All other terms and conditions of the Open Offer remain unchanged.

The Acquirers and PACs accept responsibility for the information contained in this announcement and also for the obligations of the Acquirers and PACs as laid down in the SEBI (SAST) Regulations.

This Corrigendum to the PA will also be available on the SEBI's website (www.sebi.gov.in).

Issued for and on behalf of the Acquirers by:

Manager to the Offer

SBI Capital Markets Limited

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June 02, 2008