

## Press Release

### For immediate publication

Mumbai, India

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### India Infoline quarterly income and net profit at INR2304Mn and INR297.8Mn

Results (consolidated) for the quarter ended December 31, 2008

- Income for the quarter at INR 2.3bn, down 26% yoy
- Net profit\* for the quarter at INR 297.8mn, down 54% yoy
- EBIDTA margins in Q3FY09 at 26.4% as compared to 39.6% in Q3FY08
- The Board approves an Interim dividend of Rs2.80 per share

#### Summary consolidated financials:

(INR Mn)

	Quarter ended Dec.31, 2008	Quarter ended Dec.31, 2007	Growth% Year-on- year	Nine months ended Dec.31, 2008	Nine months ended Dec.31, 2007	Growth% Year-on- year
Income	2,304.0	3,106.7	(26%)	7,761.2	6,393.8	21%
EBIDTA	608.9	1,230.5	(51%)	2,486.2	2,345.2	6%
Profit Before Tax	453.6	1,020.1	(56%)	1,904.0	1,900.2	0%
Profit After Tax*	297.8	651.4	(54%)	1,195.3	939.9	27%

\*before exceptional items

Mr Nirmal Jain, Chairman, India Infoline, said “These are challenging times not only for the financial services industry in India but for the global economy as a whole. While the immediate future continues to be uncertain, we remain convinced about India’s longer term prospects. We believe that for companies like ours that are focused on creating a long term de-risked business model, these times offer an opportunity to further strengthen our infrastructure, systems and processes. We need to prepare for the new emerging paradigm where there will be significantly higher premium for governance, risk management and compliance.”

As of December 31, 2008, the company held cash and cash equivalents of INR 884 crores. Of this, 71% is lying with mutual fund debt schemes, 19% in fixed deposits of reputed public and private sector banks and the balance in bank current accounts.

### **Broking**

The market share on the NSE for the quarter under review was marginally lower at 3.6% as compared to 3.89% in the previous quarter. Our average daily volumes for the equity business stood at INR 19.98 bn as compared to INR 26.22 bn in Q2FY09, a decrease of 24% qoq. We have improved mix of our business, with increase in share of cash market turnover. Our commodities broking business continues to grow gradually with our average daily volumes at INR 2.49 bn as compared to INR 1.95 bn in Q3FY08. Mr. R. Venkataraman, Executive Director commented “The marginal fall in our market share is an aberration but we had quite an eventful quarter in terms of progress on improvement in product performance and more efficient customer service.”

### **Life Insurance distribution**

Our life insurance business faced rough weather in line with the environment for private sector insurance companies. We have also undertaken a special initiative to increase the relative share of endowment products. Our Life Insurance business mobilized first-year premium of Rs432mn in the quarter under review. We had received in-principle approval for Insurance broking license from IRDA (Insurance Regulatory and Development Authority) in June 2008. On completion of formalities, we received the Insurance broking license in December 2008. Subsequently we have started the process of putting in place infrastructure and relationships with major Insurance companies. We have also started training our people and getting them IRDA certifications. We have already started selling products for LIC, commencing with Jeevan Aastha. We have also tied up with Max New York Life Insurance for distribution of their products. The organization setup for our Insurance distribution is being revamped and restructured to support effective cross-selling and productivity-linked pay structure.

### **Retail consumer finance**

The loans portfolio of our consumer finance business now stands at INR 8.4 bn as against INR 8.1 bn in the previous quarter. We have completely exited the unsecured lending businesses (including personal and business loans), which has reduced the risk of the portfolio as well. During the quarter we deliberately

curtailed the mortgage as well as other lending business. This was in view of the heightened uncertainties in the economy as well as the credit markets. Going forward we propose to concentrate our efforts on secured lending specially mortgages and loan against property. We believe that the credit environment has eased significantly and we shall be resuming our lending activities soon. We still maintain a cautious stance since we contemplate further softening of real estate prices.

Mr Apul Nayyar, CEO, Moneyline, commented "During the last quarter the quality of our assets and our credit policies have successfully passed the acid test as our NPAs on the overall book remained less than 1% despite the fact that the denominator (portfolio) was falling. We remain sanguine about the long-term prospects for our consumer credit business since India remains an under-penetrated growth market. Passing this down-cycle unscathed will help us emerge a stronger player when the cycle turns."

### **International expansion plans**

The company has in place subsidiaries for its global asset management and advisory business in Singapore and USA. It plans to set up subsidiaries in Dubai, Mauritius and London for undertaking financial services business and subject to necessary regulatory approvals. The Board has approved fresh investment upto US\$10 million in overseas subsidiaries. The company plans to extend its research coverage to other Asian countries and evaluate feasibility of broking, investment banking and asset management in these markets. It also plans to offer services for offshore asset and wealth management targeted mainly at overseas Indian diaspora.

### **Other businesses**

Our investment banking division has successfully completed two deals during this quarter, with a few more in the pipeline. Assets under advice of our wealth management team are now over US\$ 200 million. This has been a commendable performance considering the adverse market conditions. The business is conducted through a separate subsidiary and is expected to break even over the next 12 to 18 months.

### **Credit Ratings by ICRA**

The A1+ ratings on the short term debt programs of India Infoline Ltd and India Infoline Investment Services Ltd were re-affirmed. The rating indicates the highest-credit-quality rating assigned by ICRA to short-term debt instruments. The long-term debt program of India Infoline Limited was assigned a rating of LAA- .

### **Preferential warrants to promoters and others**

The company had issued 55mn equity warrants (as adjusted for stock split) at an exercise price of Rs. 88 (adjusted for stock split) to promoters and others in July 2007 as per SEBI guidelines. The company received Rs48.4 crores, which was 10% of the subscription amount. The warrants have lapsed unexercised on January 3, 2009. The upfront advance received has been credited to share forfeiture account.

### Buyback of shares

The Company commenced Buy-back of Equity Shares through open market on Stock Exchanges. The Board had earmarked INR98.91 crores towards this buyback through stock exchanges upto a maximum price of INR43.20 per share.

As on December 31<sup>st</sup>, 2008 pursuant to the resolution of the Board of Directors passed at the Meeting held on November 29, 2008 and Public Announcement released on December 5, 2008, the Company had bought Back 1,55,673 equity Shares of (par value) INR 2/- each.

### About India Infoline Ltd (Bloomberg: IIFL)

The India Infoline group, comprising the holding company, India Infoline Ltd (NSE: INDIAINFO, BSE: 532636) and it's subsidiaries, is one of the leading players in the Indian financial services space. India Infoline offers advice and execution platform for the entire gamut of financial services covering products ranging from Equities and derivatives, Commodities, Wealth management, Asset management, Insurance, Fixed deposits, Loans, Investment Banking, Gov bonds and other small savings instruments. It owns and manages the website, [www.indiainfoline.com](http://www.indiainfoline.com), which is one of India's leading online destinations for personal finance, stock markets, economy and business.

India Infoline has recently been awarded the 'Best Broker, India' by FinanceAsia. A forerunner in the field of equity research, India Infoline's research is acknowledged by none other than Forbes as 'Best of the Web' and '...a must read for investors in Asia'. India Infoline's research is available not just over the Internet but also on international wire services like Bloomberg, Thomson First Call and Internet Securities where it is amongst one of the most read Indian brokers.

A network of 976 business locations spread over 365 cities across India facilitates the smooth acquisition and servicing of a large customer base. All our offices are connected with the corporate office in Mumbai with cutting edge networking technology. The group caters to a customer base of about a million customers, over a variety of mediums viz. online, over the phone and at our branches.

India Infoline refers to India Infoline Ltd and its group companies.

The press release, results and presentation for analysts / press for the quarter ended December 31, 2008, is available under the 'Investors' Corner' section on our website [www.indiainfoline.com](http://www.indiainfoline.com)

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