

Press Release

India Infoline Limited

Mumbai, India.

October 17, 2006

Consolidated results for the 6 months ended September 30, 2006

Revenues up 114% yoy to Rs 167.6 crores. PAT up 64% yoy to Rs 32.9 crores.

- 1H FY07 Revenues up 114% yoy to Rs167.4 crores
- 1H FY07 EBITDA up 87% yoy to Rs 61.3 crores
- 1H FY07 PBT up 82% yoy to Rs 50.8 crores
- 1H FY07 PAT up 64% yoy to Rs 32.9 crores

Consolidated results for the 3 months ended September 30, 2006

- 2Q FY07 consolidated Revenues up 59% yoy to Rs79.5 crores
- 2Q FY07 consolidated EBITDA up 20% yoy to Rs25.3 crores
- 2Q FY07 consolidated PBT up 16% yoy to Rs20.8 crores
- 2Q FY07 consolidated PAT up 11% yoy to Rs14.0 crores
- Share of Insurance in total revenues has increased from 10% in Q1 to 14% in Q2.

Aggressive investment in growth – India Infoline network of over 400 branches covering 250 cities and towns

In keeping with our focus on the growing financial services space, and to consolidate our position in the industry, we have invested significantly in expanding our geographical reach by setting up new branches across the country.

During the quarter, the company had exponential growth in its footprint across the country. It added 168 branches. Thus, in the first half of the current financial year, the company has set up 229 totally new branches, in the process more than doubling the number of branches in the first six months of the current year. In addition, there are 142 branches in the pipeline, which will become functional in the current OND quarter. Thus the India Infoline network will be about 550 branches spread over 330 cities and towns. We also added substantial manpower in the current quarter, and our employee strength has crossed 12,000.

Once a majority of these branches stabilize, we expect our margins to bounce back to historical average.

Mr. Nirmal Jain, Chairman and Managing Director said “We have doubled our network as well as manpower strength built over six years in a short span of 6 months. This has entailed an increased outlay in terms of manpower and establishment costs in the current quarter, which has affected our margins. The full benefits of this investment will be realized over the next 12-18 months. Our strategy is based on the premise that, notwithstanding short-term ups and downs, the long-term growth potential for financial services in India justifies this investment.”

In the first phase, these branches would be focused on the distribution business, especially Insurance. Training has been imparted to all the staff in these locations.

Retail Equities Broking– Increased market share

Our overall market share in the NSE, based on market volume data across segments, has increased by 12% in the current quarter. Our trading volumes were impacted to a lesser extent as compared to the overall decline in trading volumes on the NSE Cash and F&O segments, because of client acquisition and research. The significant increase in our reach will further enable us to increase our market share.

Our on-line trading platform is already one of the most advanced in the market. We are making substantial additional investments to improve our technological capabilities in our trading platforms, including bandwidth compression and charting tools.

Institutional equities broking- increased thrust

Our institutional business has also gained momentum in the current quarter. Sachin Neema, who has joined us as Head of Research has rich experience in institutional broking and research. We are also strengthening our sales team and capabilities. We distribute our research on Internet Securities, First Call, Bloomberg to global fund managers and we are amongst the most read Indian brokerage reports.

Life Insurance – WAPI exceeds FY06 business in six months

We have already sold more policies in the first half of current fiscal than what we did in the entire previous year. Weighted Annualised Premium Income (WAPI) was up 70% in Q2 compared to Q1. For 1H07, our WAPI was Rs.130 crores compared to Rs110 crores achieved in FY06. Revenues in 1H FY07 were up as 254% compared to 1HFY06. We have also increased our market share in the overall business of ICICI Prudential Life Insurance Co Ltd. The expanded manpower and branch network will give a substantial boost to this business segment. Traditionally, most of the insurance business is concentrated in the second half of the year and we are fully geared up to reap the full advantage of this trend.

Mortgage and Loans - huge potential

Our business of distribution of mortgages and personal loans is gathering momentum. We are already present in 4 cities, and are doing business with ICICI Bank, IDBI, Kotak Mahindra Bank and Citi Financial. A huge thrust is planned for this business as it has good long term growth potential. It is less cyclical and there are huge cross-selling opportunities to leverage our branch network and customer base. This is an additional product offering in our overall portfolio of financial services products that we offer to our customers.

Mutual Funds – increasing focus

Our overall mobilization of mutual funds and other savings instruments was up 17% in Q2 as compared to Q1. The share of equity schemes was lower since the number of equity NFOs declined. We continue to focus on mobilization of mutual funds as this is a good retail product and we expect the business to improve substantially in the coming days once our branch network stabilizes and becomes productive.

While in life insurance, we are the *numero uno* corporate agent, in the business of distribution of mutual funds, we have significant room to improve. We are adding special teams focused on this along with special training for our human resources. In coming 12 to 18 months, we plan to increase our market share in mutual funds.

Commodities – increasing presence

Our trading turnover increased 11% during Q2 compared to Q1. We are now conducting commodities business from over 100 branches. Commodities trading is increasing rapidly and we expect this business to contribute increasingly to our overall business. Margins were under slight pressure as the commodity markets were very volatile in May.

Investment Banking – many deals in advanced stages

Our investment banking division has gained traction and a number of deals are in an advanced stage of finalization. The primary focus of the division is on private equity and mezzanine financing for mid-cap companies. We expect revenue flows to commence from the OND quarter. We will leverage our research capabilities for investment banking, and remain focused on services sector and on the SME segment. Our pan-India reach gives us advantage in distributing IPOs.

Guidance

On a consolidated basis, we expect to generate revenues in the range of Rs 380 – Rs 425 crores (up 74% - 95%) and PAT in the range of Rs 75 – 80 crores (up 52% - 62%) in FY07.

A presentation on the results for Q2, FY07 is available under the 'Investors' Corner' section on our website www.indiainfoline.com

India Infoline refers to India Infoline Ltd and its wholly owned subsidiaries. The consolidated figures will give a more meaningful picture of the Company to the investors. Reference to the company or India Infoline is to the business done by the company and any of its subsidiaries, unless otherwise specified.

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INDIA INFOLINE LIMITED

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CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED SEPTEMBER 30, 2006

Rs Lacs

S. No	Particulars	Quarter ended Sep 30, 2006	Quarter ended Sep 30, 2005	Half year ended Sep 30, 2006	Half year ended Sep 30, 2005	Year ended Mar 31, 2006
						AUDITED
1	Income from operations	7,753.82	4,833.36	16,308.66	7,613.56	21,341.11
	Equities brokerage & related income	4,990.97	3,376.38	10,670.88	5,422.57	14,270.55
	Distribution of Mutual funds etc	264.66	533.01	736.09	826.96	1,998.58
	Commodities brokerage	252.84	81.55	511.38	116.93	413.27
	Life insurance commission	1,075.86	323.46	1,931.25	546.29	2,158.66
	Online & other media income	797.10	395.82	1,547.30	577.67	2,006.44
	Financing income	307.62	123.14	823.45	123.14	469.36
	Mortgages and loans distribution	64.77	-	88.31	-	24.25
2	Other income	195.80	164.28	454.11	217.54	463.74
	Total Income	7,949.62	4,997.64	16,762.77	7,831.10	21,804.85
3	Total Expenditure					
	A Direct Cost	1,607.30	1,540.29	3,482.31	2,341.22	5,627.22
	B Employee Cost	2,041.05	662.85	3,740.45	1,068.91	3,660.24
	C Administration Expenses	1,769.23	680.14	3,415.08	1,152.46	3,828.17
4	Interest	121.62	124.12	458.73	177.84	650.98
5	Depreciation & Amortisation	334.47	207.38	581.84	290.00	857.62
6	Profit / (Loss) Before Tax	2,075.95	1,782.86	5,084.36	2,800.67	7,180.62
7	Provision for Taxation					
	- Current	540.83	494.32	1,425.83	754.32	2,278.29
	- Fringe Benefit Tax	53.66	21.33	104.60	28.18	90.82
	- Deferred Tax	76.76	11.67	260.67	14.83	(81.13)
	Short / (Excess) Provision for Tax of earlier year		-			-
8	Pre - acquisition Loss		-	-	-	15.24
	Minority Interest in Loss	(8.71)	-	(1.37)	-	11.50
9	Profit / (Loss) After Tax	1,395.99	1,255.54	3,291.89	2,003.34	4,919.38
10	Paid up Equity Share Capital (Face Value of Rs.10 each)	4,551.10	4,369.67	4,551.10	4,369.67	4,510.09
11	Reserves excluding Revaluation Reserve					14,473.77
12	Earnings Per Share					
	Basic (In Rs.)	3.08	2.97	7.27	4.74	11.57
	Diluted (In Rs.)	2.55	2.87	6.02	4.58	10.98
13	Aggregate of Public Shareholding					
	No of Shares	29,224,485	27,883,769	29,224,485	27,883,769	28,816,900
	Percentage of Shareholding	64.21%	63.81%	64.21%	63.81%	63.89%

INDIA INFOLINE LIMITED
STAND ALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED SEPTEMBER 30, 2006

Rs. Lacs

S. No	Particulars	Quarter ended Sep 30, 2006	Quarter ended Sep 30, 2005	Half year ended Sep 30, 2006	Half year ended Sep 30, 2005	Year ended Mar 31, 2006
						AUDITED
1	Income from operations	1,650.34	1,056.20	3,460.14	1,491.55	4,470.13
	Media & content income	842.10	440.82	1,752.83	667.67	2,186.44
	Client lead fees	662.74	439.88	1,416.31	532.88	1,701.69
	Call centre charges	145.50	175.50	291.00	291.00	582.00
2	Other income	196.99	73.24	468.63	96.79	376.54
	Total Income	1,847.33	1,129.44	3,928.77	1,588.34	4,846.67
3	Total Expenditure					
	A Employee Cost	81.72	55.57	134.95	73.59	194.18
	B Administration Expenses	143.09	66.83	232.97	110.87	312.50
4	Interest	58.37	-	146.63	0.72	217.98
5	Depreciation	92.55	22.83	135.16	35.59	146.96
6	Profit / (Loss) Before Tax	1,471.60	984.21	3,279.06	1,367.57	3,975.05
7	Provision for Taxation					
	- Current	429.90	326.60	1,016.57	446.60	1,345.00
	- Deferred tax	50.92	-	99.42	-	(20.14)
	- Fringe Benefit	2.00	0.18	3.27	1.18	3.29
8	Profit / (Loss) After Tax	988.78	657.43	2,159.80	919.79	2,646.90
9	Paid up Equity Share Capital (Face Value of Rs.10 each)	4,551.10	4,369.67	4,551.10	4,369.67	4,510.09
10	Reserves excluding Revaluation Reserve					12,383.42
11	Earnings Per Share					
	Basic	2.18	1.55	4.77	2.17	6.23
	Diluted	1.81	1.50	3.95	2.10	5.94
12	Aggregate of Public Shareholding					
	No of Shares	29,224,485	27,883,769	29,224,485	27,883,769	28,816,900
	Percentage of Shareholding	64.21%	63.81%	64.21%	63.81%	63.89%

INDIA INFOLINE LIMITED
UNAUDITED SEGMENT WISE RESULTS FOR THE QUARTER & HALF YEAR ENDED SEPTEMBER 30, 2006

Rs Lacs

PARTICULARS	Quarter ended Sep 30, 2006	Quarter ended Sep 30, 2005	Half Year Ended Sep 2006	Half Year Ended Sep 2005	Year ended Mar-31, 2006
1. Segment Revenue					
Online Media & Content	842.10	440.82	1,752.83	667.67	2,186.45
Client Leads Fees	662.74	439.88	1,416.31	532.88	1,701.69
Call Centre Charges	145.50	175.50	291.00	291.00	582.00
Other	196.99	73.24	468.63	96.79	376.54
Total	1,847.33	1,129.44	3,928.77	1,588.34	4,846.68
2. Segment Results					
Online Media & Content	790.96	426.07	1,676.64	641.23	2,060.73
Client Leads Fees	578.18	388.05	1,278.13	478.14	1,558.16
Call Centre Charges	76.61	176.25	182.56	275.12	426.06
Other	196.99	86.56	468.63	96.79	376.54
Total	1,642.74	1,076.93	3,605.96	1,491.28	4,421.49
Less : Unallocated Expenses net of other unallocated income	112.77	92.72	180.29	122.99	228.45
Interest	58.37	-	146.62	0.72	217.98
Less : Income Tax	480.82	326.60	1,115.98	446.60	1,324.86
Less: Fringe Benefit Tax	2.00	0.18	3.27	1.18	3.29
Total Profit After Tax	988.78	657.43	2,159.80	919.79	2,646.91
3. Capital Employed					
(Segment Asset-Segment Liabilities)					
Online Media & Content	2746.80	2,354.93	2746.80	2,354.93	2586.01
Client Leads	1,426.07	874.02	1,426.07	874.02	1,649.21
Call Centre	644.31	565.08	644.31	565.08	693.46
Other	730.86	734.03	730.86	734.03	748.06
Unallocated	13984.78	10143.61	13984.78	10143.61	12178.21
Total	19,532.82	14,671.67	19532.82	14,671.67	17,854.95

Notes:

1. Segment-wise Revenue, Results and Capital Employed have the same meaning as defined in the Accounting Standard on Segment Reporting (AS 17) issued by the Institute of Chartered Accountants of India
2. The Company operates in one geographic segment ie. India. Hence separate information is not required.

Notes to Accounts:

1. The above consolidated and standalone un-audited financial results for the quarter ended September 30, 2006 have been reviewed by the Audit Committee and approved by the Board at its meeting held on October 17, 2006. The standalone un-audited financial results of the Company have been subjected to limited review by the Statutory Auditors.
2. India Infoline Limited conducts its business along with its wholly owned subsidiaries namely India Infoline Securities Pvt. Ltd, India Infoline Distribution Company Ltd., India Infoline Insurance Services Ltd., India Infoline Commodities Pvt. Ltd., India Infoline Investment Services Pvt. Ltd. and India Infoline Insurance Brokers Ltd.
3. The Scheme of amalgamation of India Infoline Securities Private Limited, a wholly owned subsidiary into the Company as approved by the Board on April 26, 2006 has been filed with Hon'ble High Court Mumbai on July 13, 2006. The appointed date for the proposed amalgamation is April 1, 2006. Pending final order of the Hon'ble High Court and appropriate authorities the results for the quarter ended September 30, 2006 do not reflect any adjustment that would arise on the amalgamation.
4. Interest on the Optionally Convertible Bonds (OCBs) issued by the company amounting to Rs 80 crores has been provided for at the rate of 1% p.a. as per the terms of issue for conversion. However, if the investors opt to redeem the OCBs on the specified dates, the company will have to redeem the same along with interest of 9% p.a. This would result in the interest cost for the quarter being higher by upto Rs.160 lakhs.
5. Number of Investor Complaints during the quarter ended September 30, 2006:
Opening: Nil; Received: 7; Disposed off: 7; Pending: Nil.
6. During the quarter September 30, 2006 the Company has allotted 42,720 equity shares pursuant to the exercising of options granted under Employee Stock Options 2000 Scheme.
7. Previous year/ Period figures have been regrouped / reclassified / rearranged wherever necessary.

Mumbai
October 17, 2006

Nirmal Jain
Chairman and Managing Director