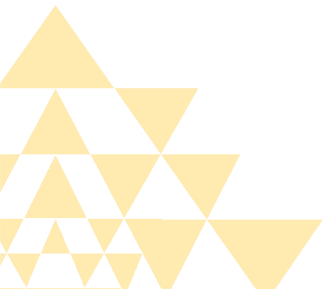




# India Infoline Limited

Results for Quarter ended June 30, 2010

July 30, 2010



- Performance highlights
- Business review
- Corporate overview
- Industry update



## Overall consolidated financial performance

- For the quarter, Income stood at Rs 3,060 mn, up 29% yoy, down 1% qoq
- PAT stood Rs 431 mn, down 16% yoy and 17% qoq
- EBIDTA margin was 35.6% as compared to 33.2% in the previous quarter

## Broking

- Average daily turnover was Rs 43.5 bn, up 34.8% yoy, up 17.8% qoq
- Overall market share in NSE was 4.0%
- Business mix has changed in favour of F&O resulting in decline in overall yields

## Insurance

- During the quarter, the relative share of pension products reduced from 43% to 32%
- The life insurance industry is going through a period of re-adjustment caused by regulatory changes that may have an impact on the business in the short / medium term

## Investment banking

- Became sole BRLM for the Rs 774 mn IPO of Talwalkars Better Value Fitness and lead manager to the Rs 11,563 mn rights issue of Videocon Industries Ltd
- The company continues to invest in building an the investment banking team and infrastructure

## Credit and finance

- Book size increased to Rs 19.6 bn from Rs 16.3 bn in the last quarter
- During the quarter, we launched Gold Loans

## Wealth management

- Assets under advisory of over Rs 75 bn
- Wide gamut of products meeting risk - return profiles for all segments

# Financial Highlights: Quarter ended Jun 30, 2010

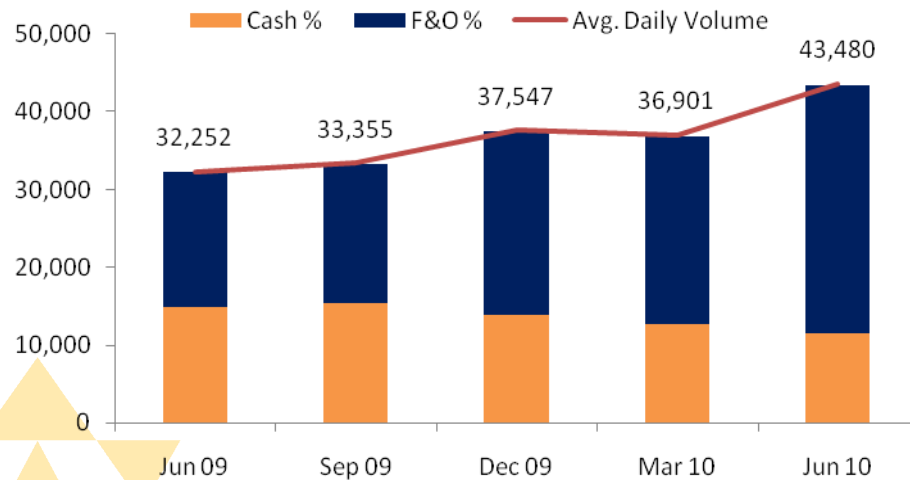


Rs Mn	Q1FY11	Q1FY10	Y-Y	Q4FY10	Q-Q
Equities, Broking and related income	1543.3	1605.4	-3.9%	1647.3	-6.3%
Financing and Investing income	1097.8	573.7	91.3%	968.5	13.4%
Distribution and Marketing income	417.0	198.0	110.7%	479.0	-12.9%
Other income	1.8	0.8	119.9%	3.2	-42.3%
<b>Total Income</b>	<b>3059.9</b>	<b>2377.9</b>	<b>28.7%</b>	<b>3098.0</b>	<b>-1.2%</b>
A. Direct cost	477.4	381.6	25.1%	505.1	-5.5%
B. Employee cost	919.7	642.8	43.1%	971.8	-5.4%
C. Administration expenses	572.5	395.4	44.8%	592.0	-3.3%
<b>EBITDA</b>	<b>1090.3</b>	<b>958.1</b>	<b>13.8%</b>	<b>1029.1</b>	<b>5.9%</b>
Interest	282.9	7.2	3852.2%	118.3	139.2%
Depreciation & amortisation	154.2	134.0	15.0%	119.0	29.6%
<b>Profit / (Loss) before tax</b>	<b>653.2</b>	<b>816.9</b>	<b>-20.0%</b>	<b>791.8</b>	<b>-17.5%</b>
Provision for taxation	212.8	269.7	-21.1%	268.4	-20.7%
Profit/(Loss) after tax before minority	440.4	547.2	-19.5%	523.4	-15.8%
Minority Interest	9.0	30.4	-70.3%	1.3	599.8%
<b>Profit/(Loss) after tax</b>	<b>431.4</b>	<b>516.8</b>	<b>-16.5%</b>	<b>522.1</b>	<b>-17.4%</b>

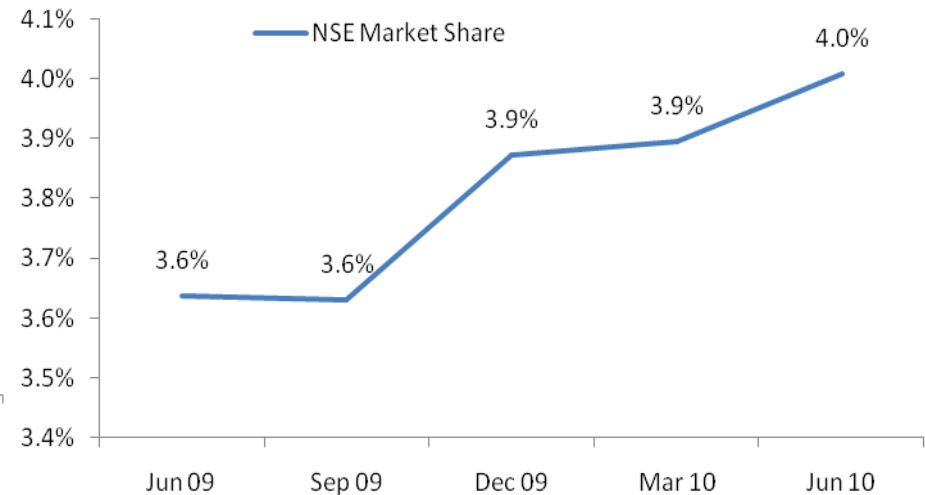
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- Market share on NSE increased to 4.0% in Q1FY11
- Average daily turnover up 34.8% yoy in Q1FY11 to Rs 43.5 bn
- Present in over 2,500 business locations through branches and sub-brokers
- IIFL's subsidiary in Sri Lanka, IIFL Securities Ceylon (Pvt) Ltd., has received membership of the Colombo Stock Exchange

Average Daily Turnover (in Rs mn)

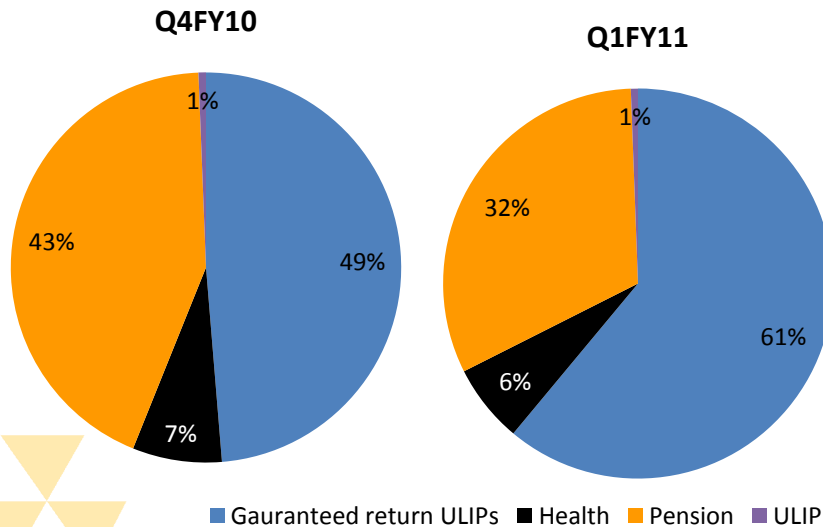


IIL market share on NSE



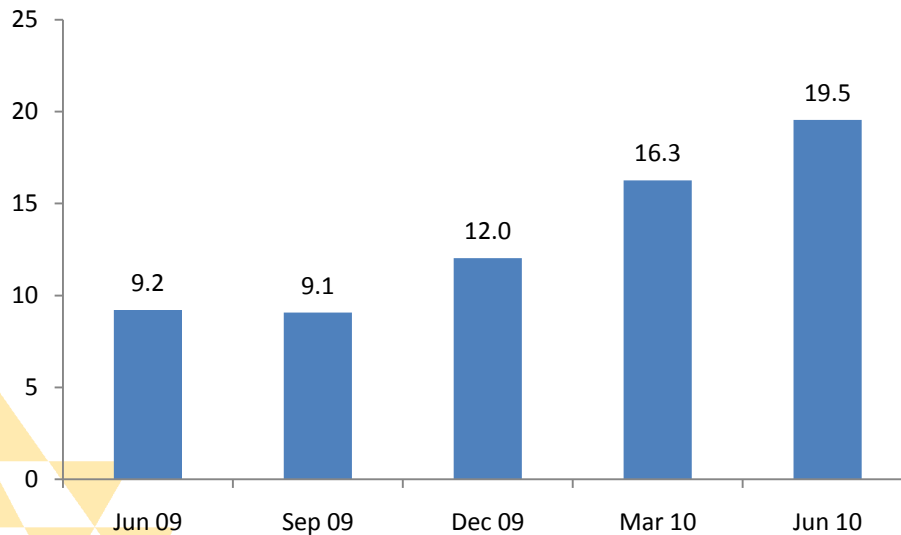
- Insurance premium mobilization in Q1FY11 stood at Rs 642 mn, up 67.2% yoy
- During the quarter, the relative share of pension products have fallen from 43% to 32%
- IIFL offers customers a wide bouquet of products from several insurance companies including ICICI Prudential, Reliance Life Insurance, Bajaj Allianz Life, Max New York Life and others
- The life insurance industry is going through a period of re-adjustment caused by regulatory changes that may have an impact on the business in the short / medium term

## Changing product mix

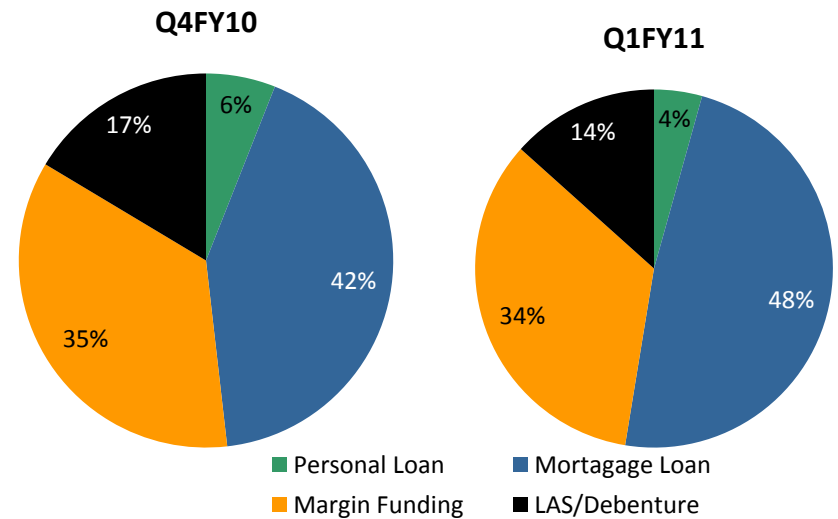


- The loans portfolio as on June 30, 2010 stood at Rs19.5 bn
- 96% of the loan portfolio is against collateral of mortgages and securities
- Net NPAs on the books continue to remain less than 1%
- During the quarter, we launched Gold Loans

Loan Portfolio (Rs bn)



Portfolio break-up





- Assets under advisory of over Rs 75 bn
- Launched IIFL Global Investor, an innovative product, offering Indian clients the opportunity to trade on 80 exchanges in 18 countries, under the RBI liberalized remittance scheme
- Have continuously invested in technology and people and built a robust platform covering various products supported by an advisory

## PLATFORM

Asset Advisory

Real Estate, Structured Products, Derivatives

Mutual Funds and PMS

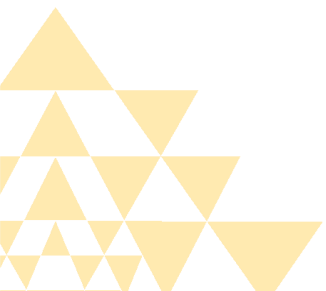
International Products

Fixed Income

Equity Advisory and Research Aggregation

Centralized Broking Desk

NBFC and Credit Services



- Became sole book running lead manager for the Rs 774 mn IPO of Talwalkars Better Value Fitness and lead manager to the Rs 11,563 mn rights issue of Videocon Industries Ltd
- The company continues to invest in strengthening its investment banking team and infrastructure
- The IPO market was lacklustre in the quarter under review

## Deal Snapshot: Q1FY11

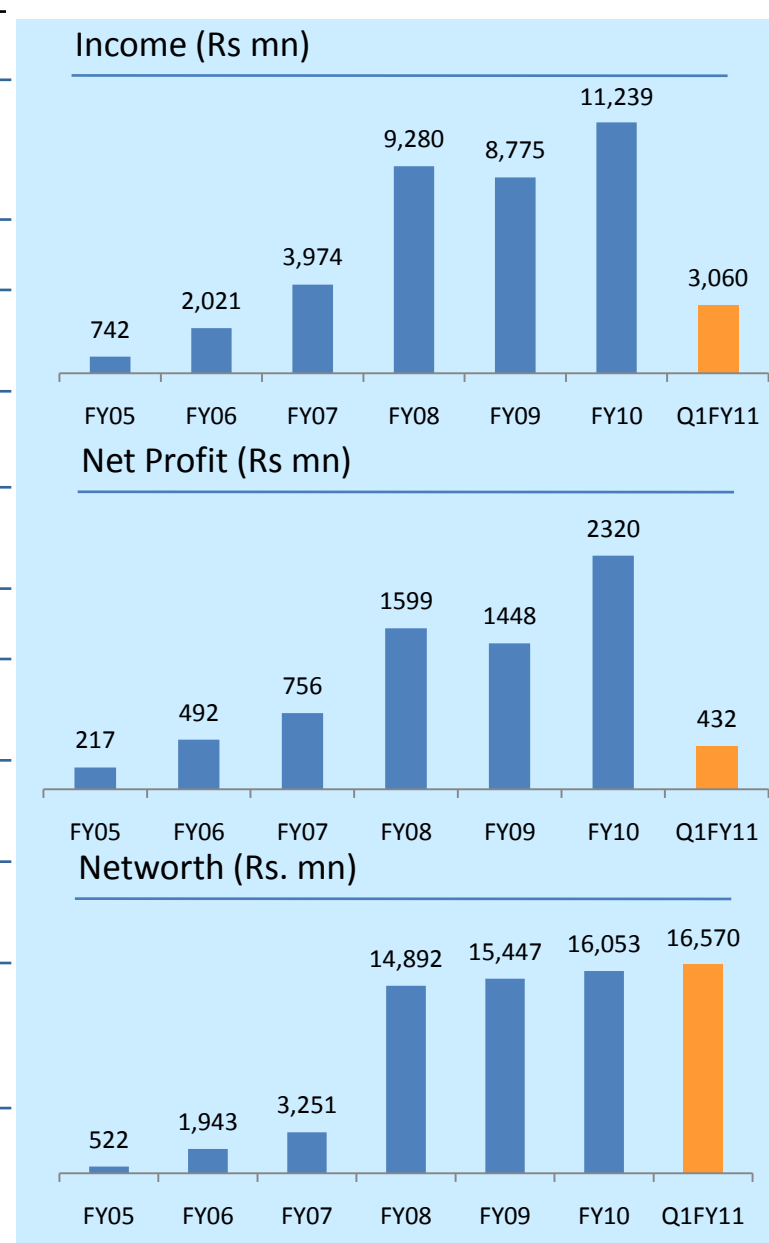
<p>IPO Rs.774mn</p>  <p>Talwalkars Spreading fitness</p> <p>Talwalkars Better Value Fitness Limited</p> <p>2010</p> <p>Sole Book Running Lead Manager</p>	<p>Rights Rs.11,563mn</p>  <p>VIDEOCON</p> <p>Videocon Industries Limited</p> <p>2010</p> <p>Lead Manager to the Issue</p>	<p>IPO Rs.2,000mn</p>  <p>Parabolic Drugs Limited</p> <p>2010</p> <p>Member of the Syndicate</p>
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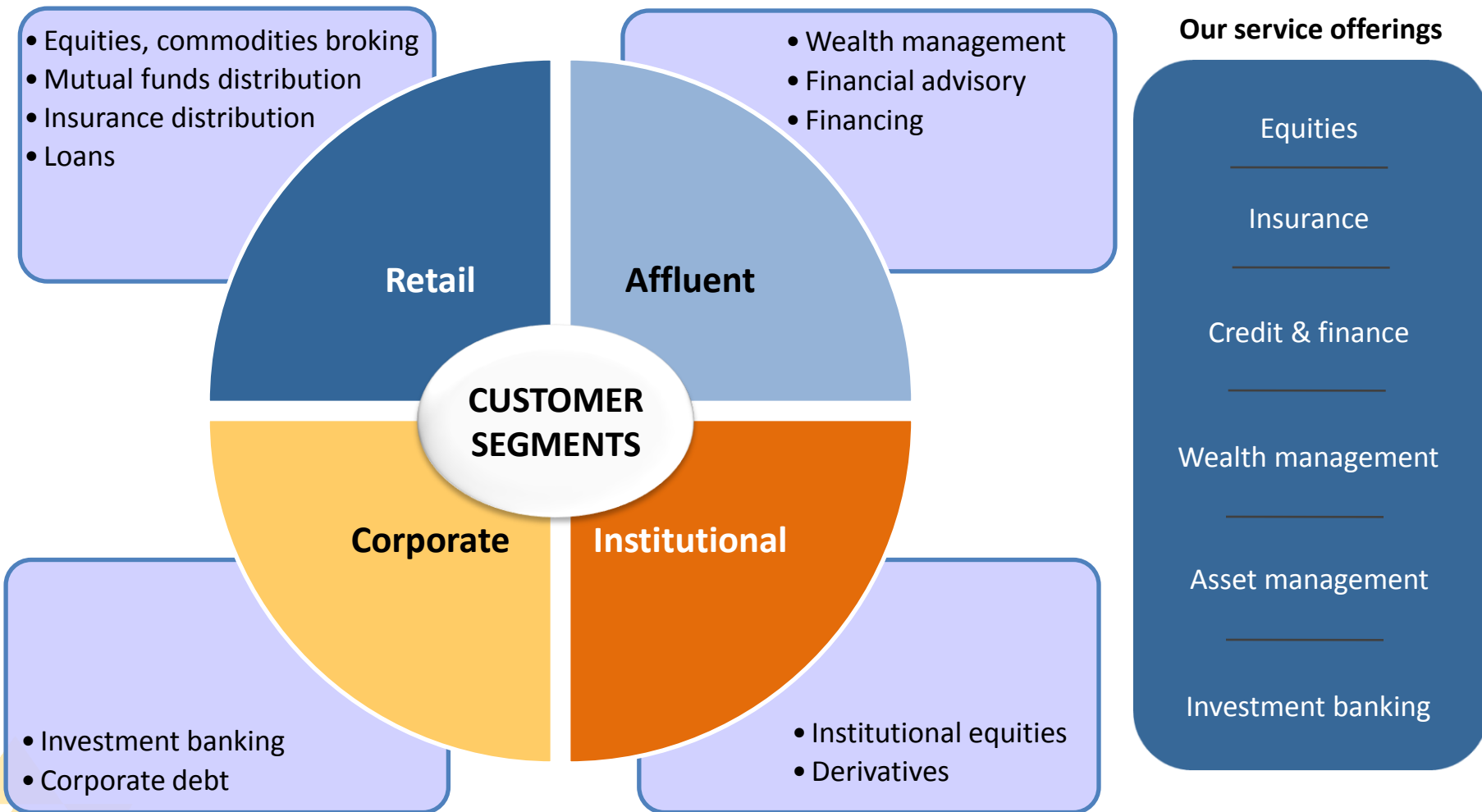
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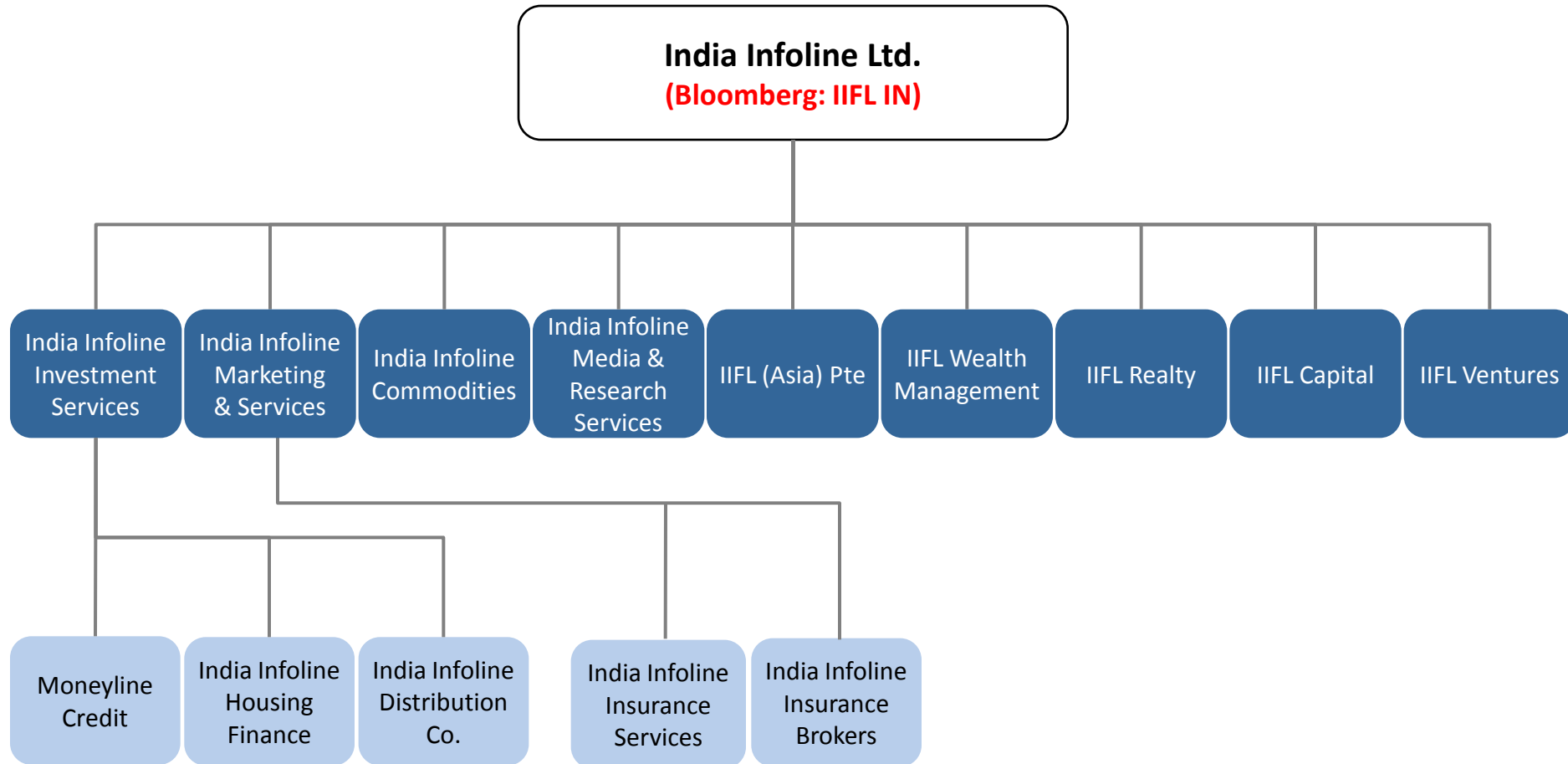
# Evolution



1995	<ul style="list-style-type: none"> <li>Commenced operations as an Equity Research firm</li> </ul>
1997	<ul style="list-style-type: none"> <li>Launched research products of leading Indian companies, key sectors and the economy</li> <li>Client included leading FIIs, banks and companies</li> </ul>
1999	<ul style="list-style-type: none"> <li>Launched www.indiainfoline.com</li> </ul>
2000	<ul style="list-style-type: none"> <li>Launched online trading through www.5paisa.com</li> <li>Started distribution of life insurance and mutual fund</li> </ul>
2003	<ul style="list-style-type: none"> <li>Launched proprietary trading platform Trader Terminal for retail customers</li> </ul>
2004	<ul style="list-style-type: none"> <li>Acquired commodities broking license</li> <li>Launched Portfolio Management Service</li> </ul>
2005	<ul style="list-style-type: none"> <li>Maiden IPO and listed on NSE, BSE</li> </ul>
2006	<ul style="list-style-type: none"> <li>Acquired membership of DGCX</li> <li>Launched Wealth Advisory Services</li> </ul>
2007	<ul style="list-style-type: none"> <li>Commenced institutional equities business under IIFL</li> <li>Formed Singapore subsidiary, IIFL (Asia) Pte Ltd</li> </ul>
2008	<ul style="list-style-type: none"> <li>Launched IIFL Wealth</li> <li>Transitioned to insurance broking model</li> </ul>
2009	<ul style="list-style-type: none"> <li>Acquired registration for Housing Finance</li> <li>SEBI in-principle approval for Mutual Fund</li> <li>Venture Capital license</li> </ul>
2010	<ul style="list-style-type: none"> <li>Received in-principle approval for membership of the Singapore Stock Exchange</li> <li>Received membership of the Colombo Stock Exchange</li> </ul>







\* The above chart does not cover all group companies

## Vision

“To become the **Most Respected Company** in the financial services space”

### Business Strategy

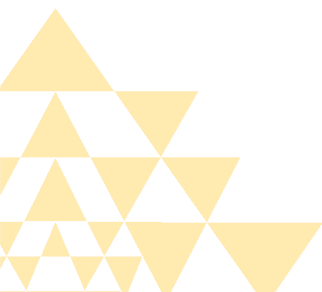
- Continuously assimilate, analyse and apply knowledge to power superior financial decisions
- Focus on core competence in financial services
- Ensure de-risked business through multiple products and diverse revenue streams

### Customer Strategy

- Drive stickiness through high quality research & service
- Maintain cutting-edge proprietary technology
- Wide, multi-modal network serving as one-stop shop to customers

### People Strategy

- Attract exceptionally talented and driven people
- Ensure conducive environment
- Liberal Ownership-sharing



# Management Team



- Team with impeccable academic and professional credentials
- Open door, transparent and performance oriented culture
- Increasing level of employee ownership

## Management Team

Chairman and Managing Director	Nirmal Jain	Executive Director	R. Venkataraman
Institutional Equities	H. Nemkumar	Finance	Kapil Krishan
Investment Banking	Ajit Menon, Donald D'Souza	Compliance	R Mohan
Consumer Finance	Apul Nayyar	Operations	Narendra Jain
Retail Broking	Nandip Vaidya	Audit & Risk	Upendra Jaiswal
Wealth Management	Karan Bhagat	Human Resources	Capt Rahul Sharma
International Operations	Bharat Parajia	Technology	Sankarson Banerjee
Offshore Asset Management	Deepesh Pandey, Manish Srivastava		
Insurance Distribution	Mukesh Kumar Singh		

Verticals

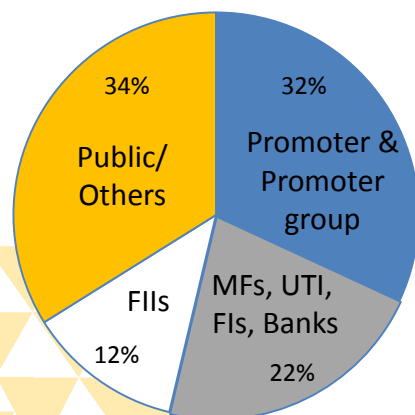
Corporate Functions



## Eminent independent directors of group companies

Name	Designation	Brief Profile
Sat Pal Khattar	Non-executive Director	<ul style="list-style-type: none"> <li>Chairman of the Khattar Holding Group of Companies</li> <li>Member of Presidential Council of Minority Rights</li> <li>Chairman of the Board of Trustee of Singapore Business Federation</li> </ul>
A.K. Purwar	Independent Director	<ul style="list-style-type: none"> <li>Joined State Bank in 1968 and became chairman in 2002</li> <li>Became Chairman of Indian Banks Association in the year 2005-06</li> <li>Received CEO of the year' and 'Outstanding Achiever of the year' award</li> </ul>
Nilesh Vikamsey	Independent Director	<ul style="list-style-type: none"> <li>Chartered Accountant and partner of Khimji Kunverji &amp; Co</li> <li>Part of the Managing Council and heading the Corporate Members Committee of the Chamber of Tax Consultants (CTC)</li> </ul>
Kranti Sinha	Independent Director	<ul style="list-style-type: none"> <li>Director and Chief Executive of LIC Housing Finance Limited -1998 to 2002</li> <li>Concurrently was the MD of LICHFL Care Homes</li> <li>Served as Deputy President of Governing Council of Insurance Institute</li> </ul>
M. N. Singh	Independent Director	<ul style="list-style-type: none"> <li>Joined the 'Indian Police Service' in 1967</li> <li>Worked as the chiefs of the crime branch of Mumbai Police, State CID and Anti-Corruption Bureau</li> </ul>

## Category-wise shareholding (%)



## Board Committees

Board Committees	Key Role
Audit Committee	Supervise financial reporting process and ensure compliance with statutory requirements
Compensation Committee	Review compensation of Executive & Non – Executive Directors and senior employees
Share Transfer & Investor Grievance	Review investor grievances and ensure redressal to the satisfaction of the shareholders

# How we differentiate ourselves



## Managerial depth

- Promoted by first generation professional entrepreneurs
- Highly qualified and experienced Management team with an impeccable track record

## Well-capitalized

- Net worth approximately Rs 17 bn
- Significant unutilized capacity to leverage

## Distribution reach

- Present at over 2,500 business locations
- Effectively cover over 450 cities across India
- Global footprint covers Colombo, Dubai, New York and Singapore

## Owner-mindset

- The top management is driven by pride and reward of ownership
- To think and work like an owner is part of organization's DNA

## Technology edge

- Uniquely placed with proprietary front, mid and back office software
- Effectively harnessed technology to facilitate processes and provide superior customer experience

## De-risked

- De-risked and diversified business model across multiple revenue streams
- Multiple products across all segments of financial services

# Recent awards and accolades



**BEST MARKET ANALYST 2009**

Best Analyst awards in the 'Oil & Gas' and 'Commodities' sectors at the Zee Business for 2009



**CRISIL BQ1**

**BROKER QUALITY GRADING 2009**

Awarded BQ1 Broker Quality rating (highest rating) from CRISIL



**ASIAMONEY BROKERS POLL 2009**

**BEST BROKERAGE 2009**

Amongst the top 3 for 'Best Brokerage' in India by AsiaMoney for 2009



**INDIA'S MOST VALUABLE CEOs 2009**

**INDIA'S MOST VALUABLE CEOs 2009**

Nirmal Jain ranked second in 'India's Most Valuable CEOs' by Business World for 2009



**FinanceAsia COUNTRY AWARDS FOR ACHIEVEMENT 2008**

**BEST BROKER – INDIA 2008**



**ASIAMONEY BROKERS POLL 2008**

**MOST IMPROVED BROKERAGE – INDIA 2008**

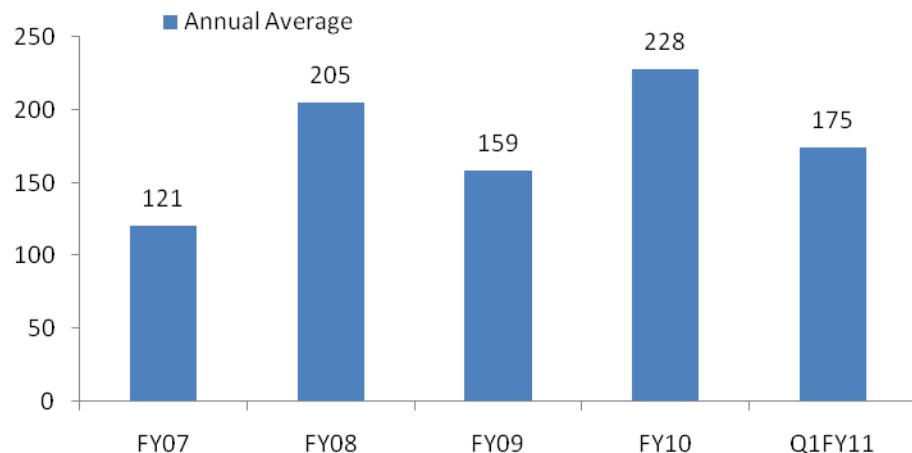


**D&B Decide with Confidence**

**FASTEST GROWING BROKING HOUSE 2008**

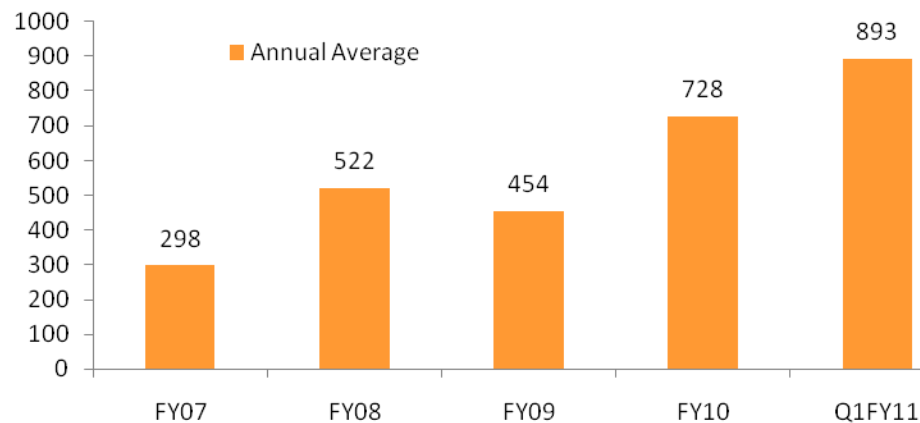
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### Cash market turnover (Rs bn)



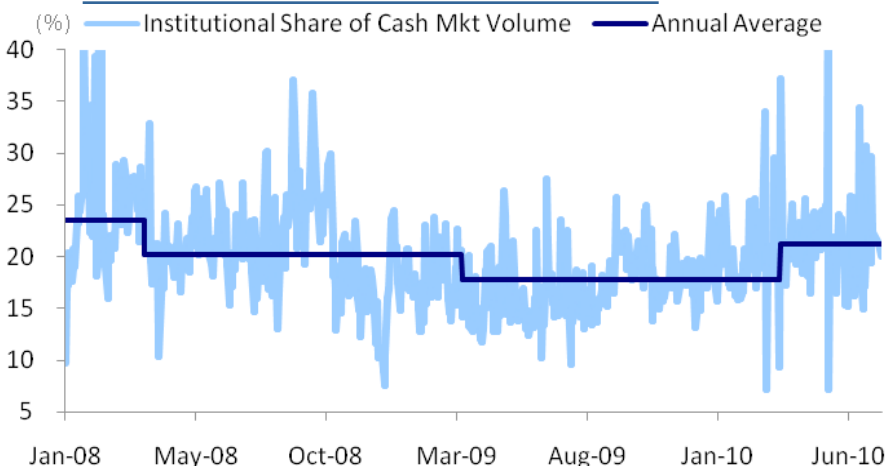
Source: Bloomberg, IIFL Research

### Derivatives market turnover (Rs bn)



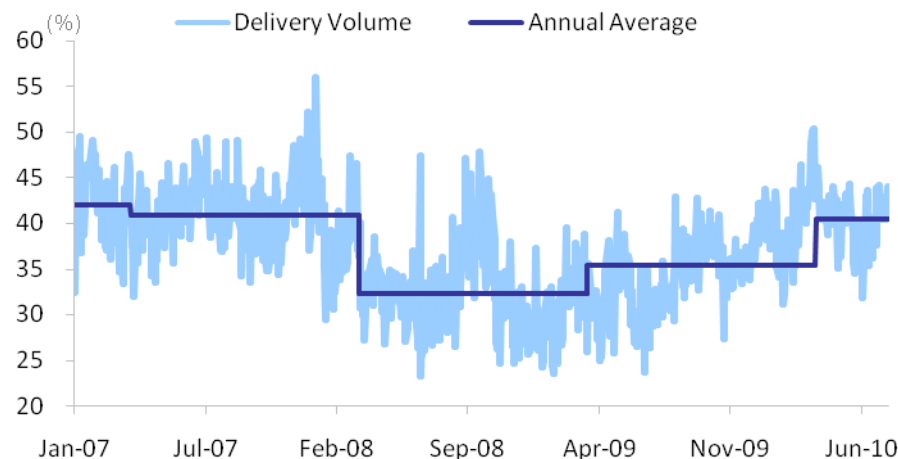
Source: Bloomberg, IIFL Research.

### Institutional Share of cash market volumes



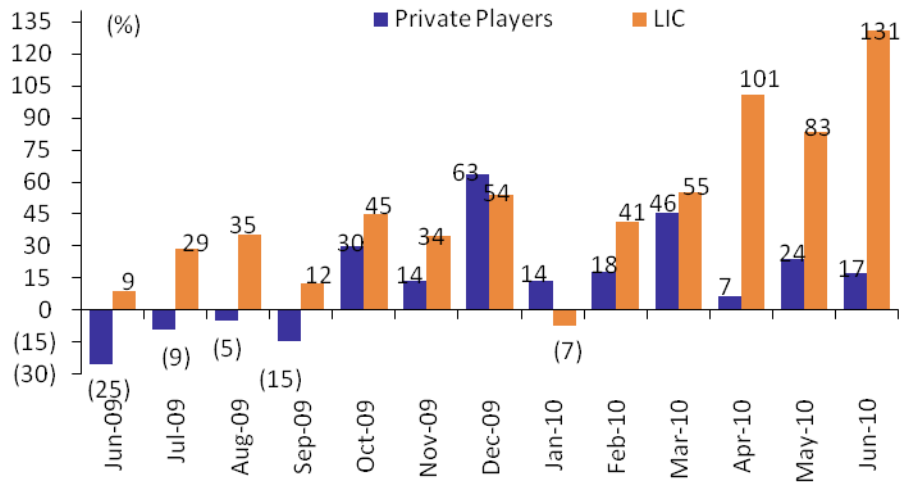
Source: Bloomberg, IIFL Research. Based on provisional data from the exchanges

### Delivery volumes (%)



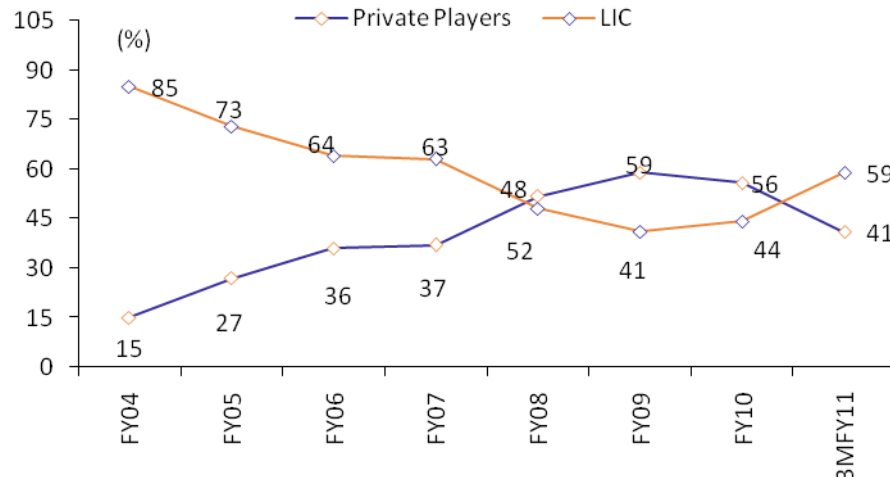
Source: Bloomberg, IIFL Research

## APE yoy growth (%) – June 2010



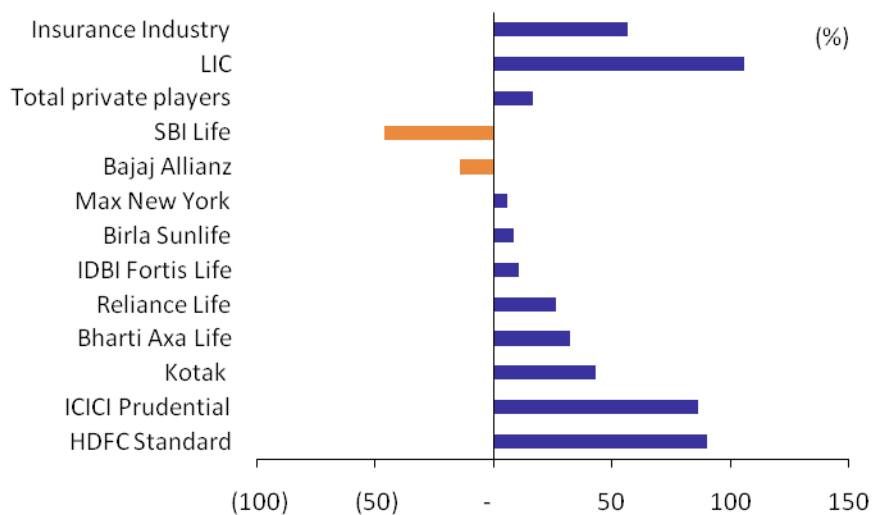
Source: IRDA

## APE market share (%) – June 2010



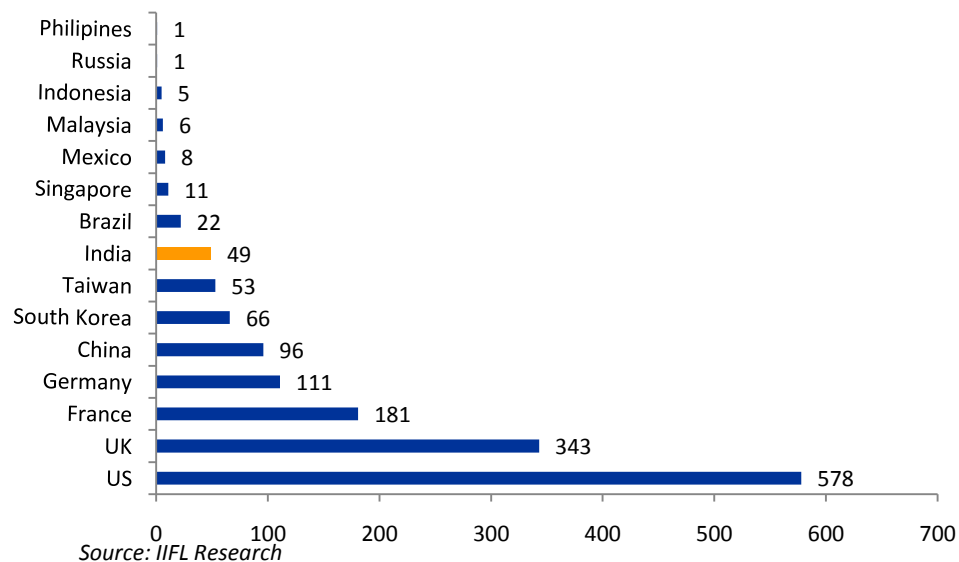
Source: IRDA

## APE growth YTD yoy (%) – June 2010



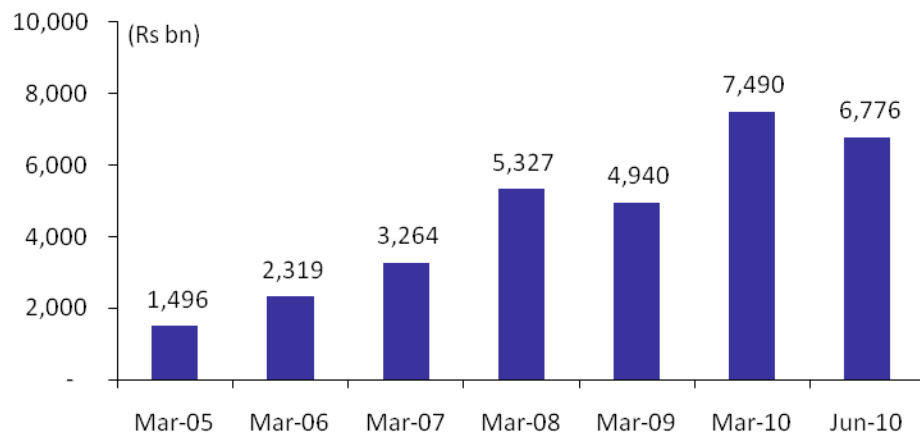
Source: IRDA

## Annual life insurance premiums in USD bn (2008)

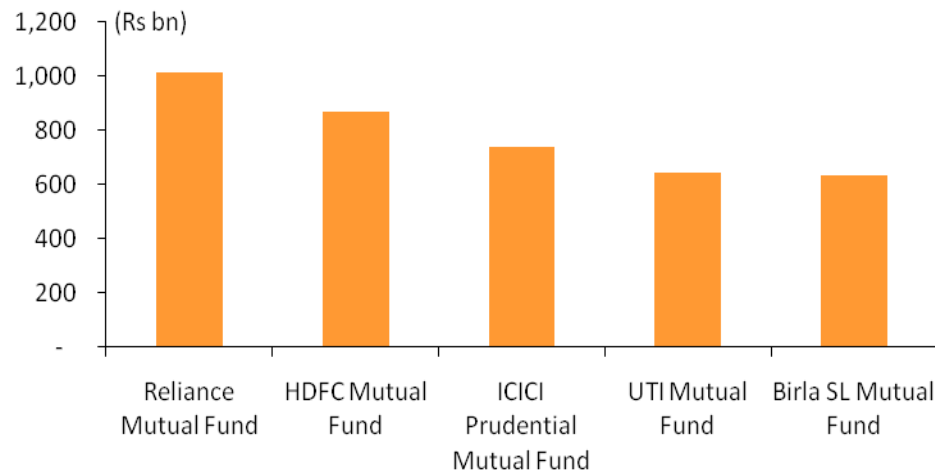


Source: IIFL Research

Total AUM for the industry (Rs bn) – June 2010



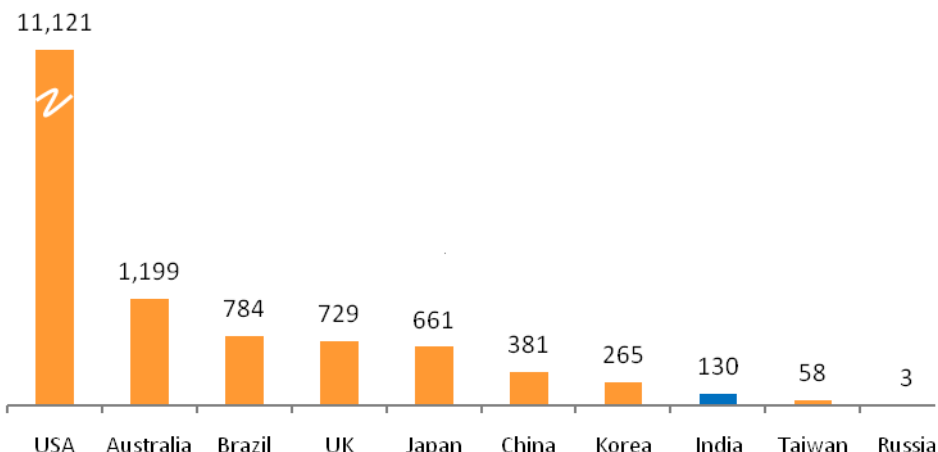
Top 5 AMCs contribution (Rs bn) – June 2010



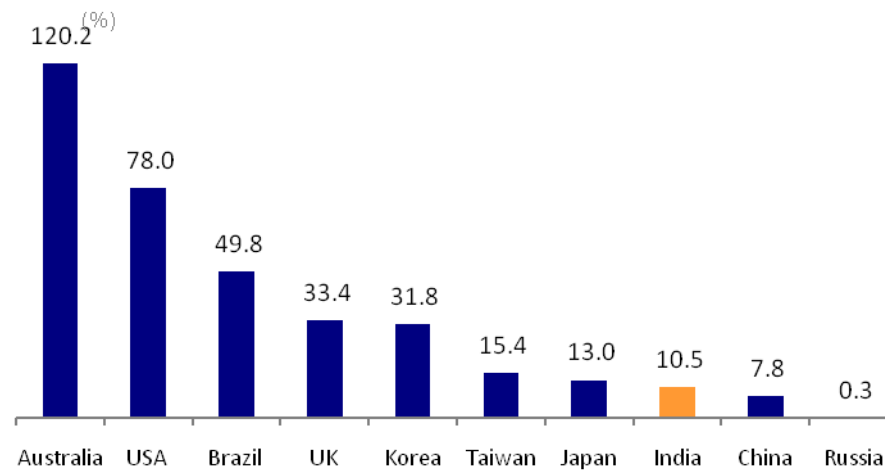
Source: AMFI

Source: AMFI

AUM comparison across countries in USDbn (December 2009)



AUM as a % of GDP across countries (December 2009)



Source: ICI, IMF, IIFL Research

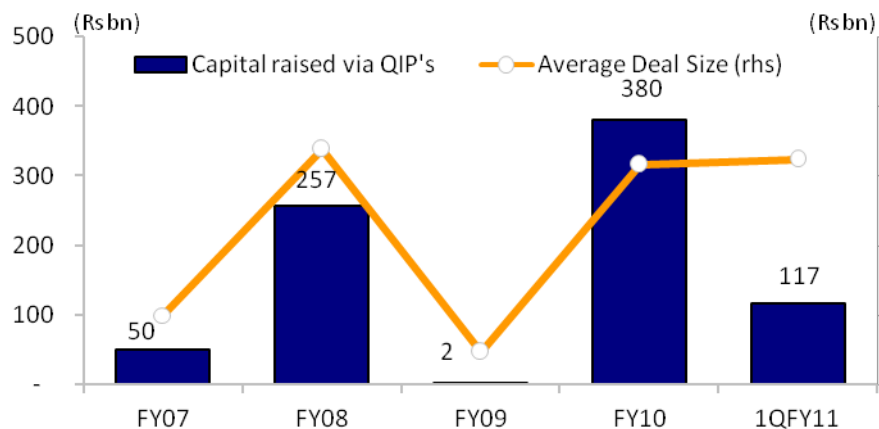
Source: IIFL Research

Note: it does not include close-end and ETFs

# Capital raising and Fund flows

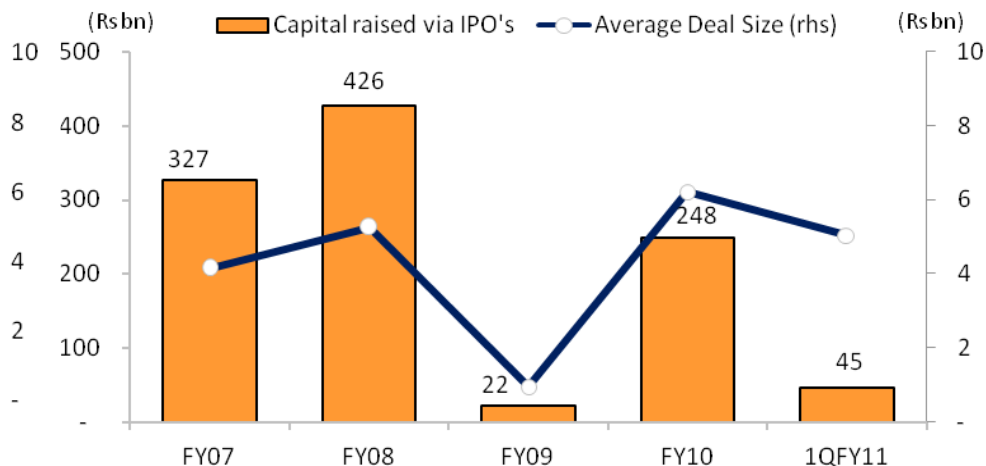


## Capital raised through QIPs (Rs bn)



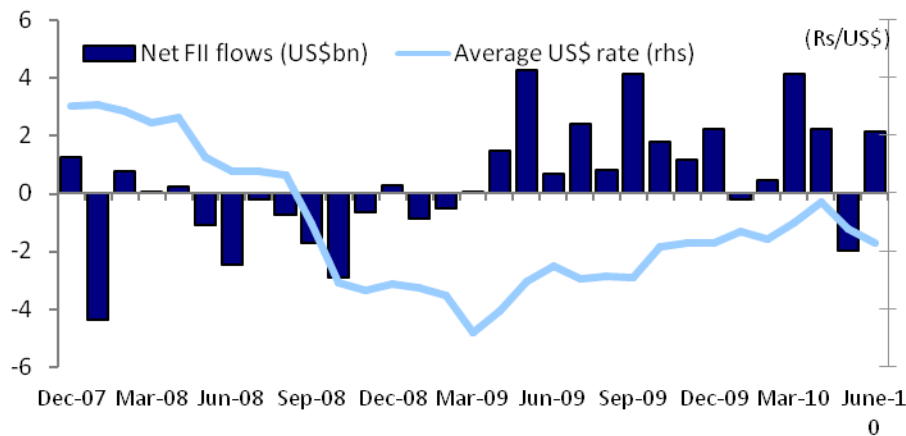
Source: Bloomberg, IIFL Research

## Capital raised through IPOs (Rs bn)



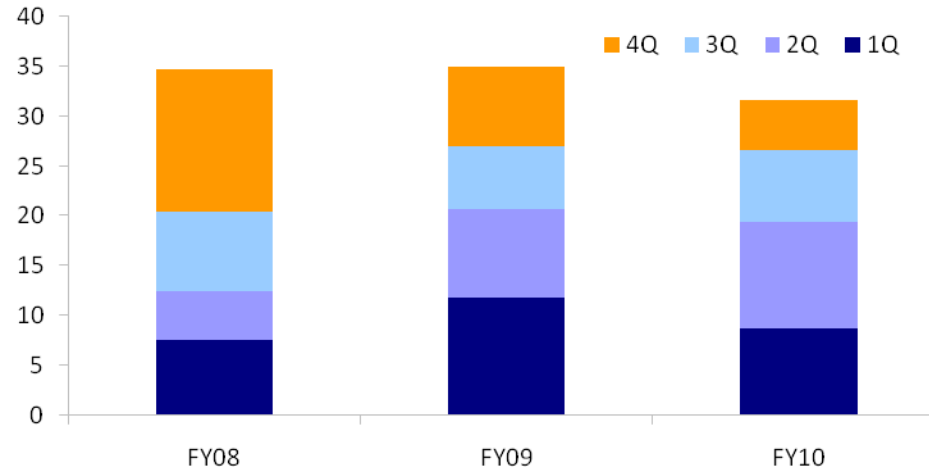
Source: Bloomberg, IIFL Research

## Net FII flows (US\$bn)



Source: Bloomberg, IIFL Research

## FDI inflows (US\$bn)



Source: RBI, CMIE, IIFL Research



# Thank you

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