India Infoline Limited

Results for the quarter ended June 30, 2012

August 10, 2012

SECTION 1: Performance highlights

SECTION 2: Business review

SECTION 3: Corporate overview

SECTION 4: Industry update

Unless otherwise mentioned, facts and figures in this presentation refer to those for the India Infoline group (consolidated)

Performance highlights – Quarter ended June 30, 2012

Overall consolidated financial performance

- Income at ₹5,826 mn, down 8% qoq, up 62 % yoy
- PBT at ₹821 mn, up 13% qoq , up 93 % yoy
- PAT at ₹522 mn, up 11% qoq , up 91% yoy
- During the quarter, equity volumes were down , insurance business was seasonally down and NBFC business continued its steady growth

Equities broking and related

- Average daily equities turnover was ₹45 bn in Q1FY13 down 17% qoq and down 13% yoy
- Average daily commodities turnover was ₹15 bn in Q1FY13 up 0.5% qoq and up 35% yoy

Financing and Investing

- Total outstanding loan book stood at ₹73.7 bn in Q1FY13 as against ₹67.5 bn in Q4FY12
- Loan assets are fully secured and constantly performing well resulting in net NPAs of less than 0.5%

Marketing and Distribution

- Marketing and distribution income was ₹479 mn, down 49% qoq, up 15% yoy
- Received required registration from Pension Fund Regulatory and Development Authority (“PFRDA”) for launching pension products

Performance for quarter ended June 30, 2012

₹ Mn	Q1FY13	Q4FY12	Q1FY12	Q-Q	Y-Y
Equities broking and related income	1,250.2	1,466.9	1,339.6	(14.8%)	(6.7%)
Financing and Investing income	4,082.6	3,916.8	1,827.9	4.2%	123.3%
Marketing and Distribution income	479.4	935.9	418.6	(48.8%)	14.5%
Other income	13.8	36.5	9.4	(62.2%)	46.6%
Total Income	**5,826.0**	**6,356.1**	**3,595.5**	**(8.3%)**	**62.0%**
A. Operating cost	731.9	918.2	548.7	(20.3%)	33.4%
B. Employee cost	1,246.9	1,575.4	960.0	(20.9%)	29.9%
C. Other expenses	927.2	1,078.8	693.2	(14.0%)	33.8%
EBITDA	**2,920.0**	**2,783.7**	**1,393.6**	4.9%	109.5%
Interest	1,908.2	1,791.9	818.3	6.5%	133.2%
Depreciation and amortization	191.0	266.3	151.0	(28.3%)	26.5%
Profit / (Loss) before tax	**820.8**	**725.5**	**424.3**	**13.1%**	**93.5%**
Provision for taxation	293.0	237.5	140.8	23.4%	108%
Profit/(Loss) after tax before minority	**527.8**	**488.0**	283.5	**8.2%**	**86.2%**
Minority Interest	5.7	19.1	10.4	(70.5%)	(45.7%)
Profit/(Loss) after tax	**522.2**	**468.9**	**273.1**	**11.4%**	**91.2%**

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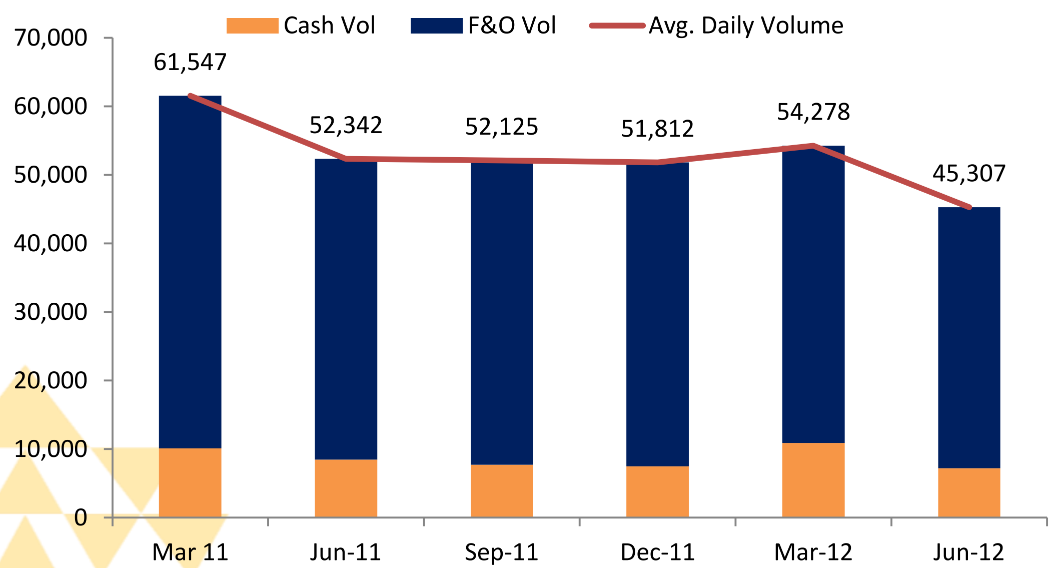
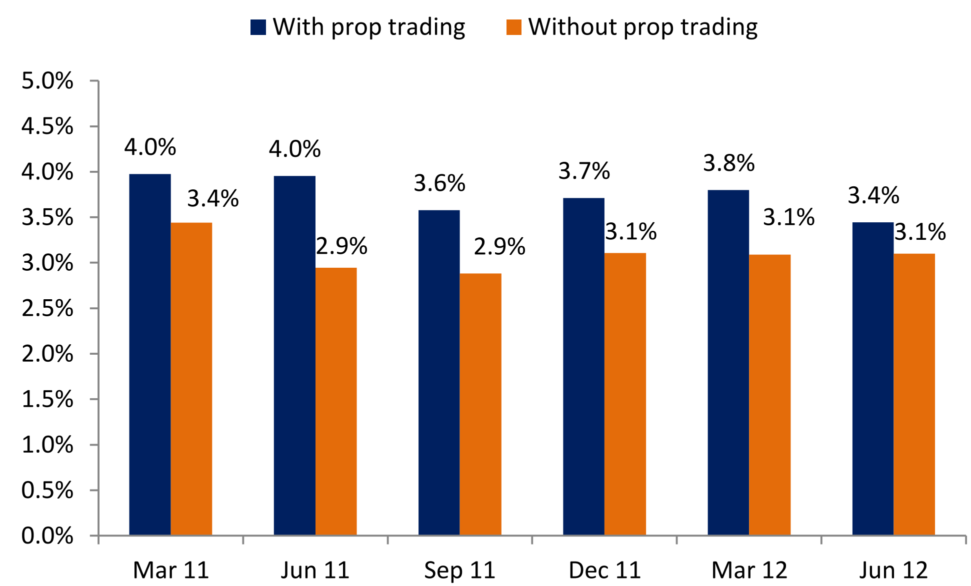
Equities broking

- Equities broking and related income was ₹ 1,250 mn for Q1FY13 down 15% qoq, down 7% yoy
- Average daily turnover was at ₹45 bn in Q1FY13 down 17% qoq, down 13% yoy
- Market share on NSE was at 3.4% in Q1FY13, however, market share excluding proprietary trading continues to remain at 3.1%
- Present in over 2,000 business locations through branches and sub-brokers

Average Daily Turnover (₹ mn)



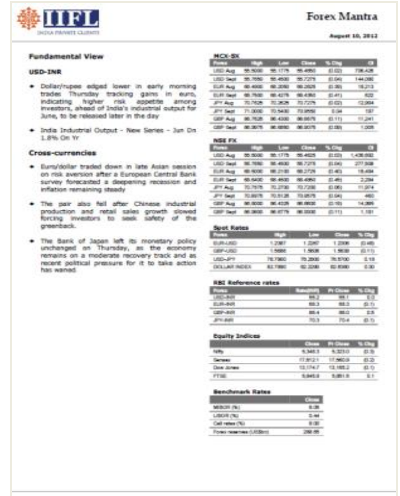
Market share on NSE (in %)



Research

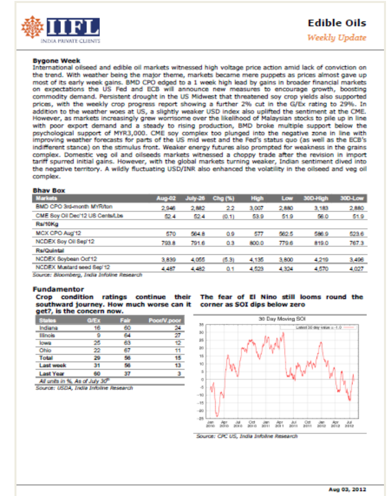
- Over 250 stocks under coverage
- Our in-depth, thematic research has been well received.
- Research products expanded to include currency and commodity research
- Market Mantra, our daily comprehensive retail product covers market outlook, latest news, economy snapshot, personal finance insights, event notes, management meets, research ideas

Currency Research



Forex Mantra

Commodity Research

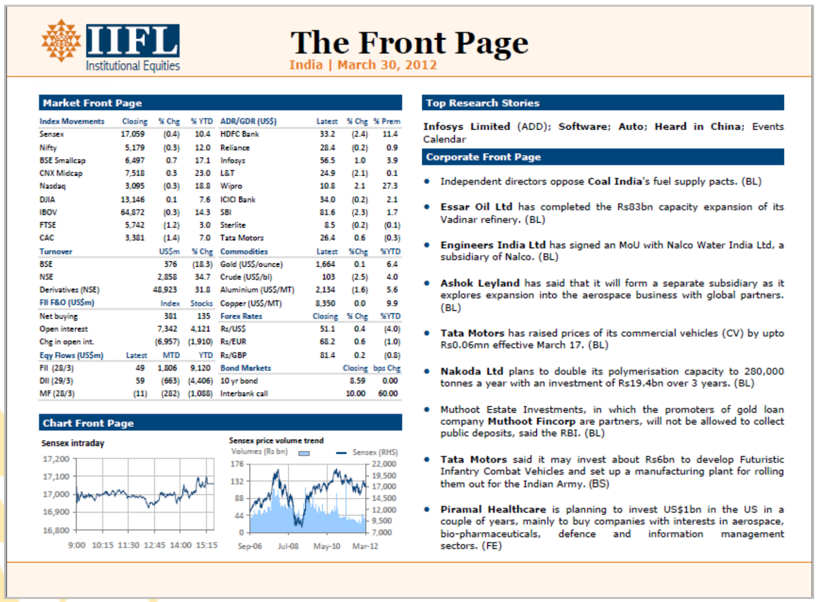


Edible Oils

Weekly Update

Research offerings – a few reports

Rigorous company research that goes far beyond the basics



IIFL Institutional Equities

The Front Page

India | March 30, 2012

Market Front Page

Index Movements	Closing	% Chg	% YTD	ADR/GDR (US$)	Latest	% Chg	% Prem
Sensex	17,059	(0.4)	10.4	HDFC Bank	33.2	(2.4)	11.4
Nifty	5,179	(0.3)	12.0	Reliance	28.4	(0.2)	0.9
BSE Smallcap	6,497	0.7	17.1	Infosys	56.5	1.0	3.9
CNX Midcap	7,518	0.3	23.0	L&T	24.9	(2.1)	0.1
Nasdaq	3,095	(0.3)	18.8	Wipro	10.8	2.1	27.3
DJIA	13,146	0.1	7.6	ICICI Bank	34.0	(0.2)	2.1
IBOV	64,872	(0.3)	14.3	SBI	81.6	(2.3)	1.7
FTSE	5,742	(1.2)	3.0	Sterlite	8.5	(0.2)	(0.1)
CAC	3,381	(1.4)	7.0	Tata Motors	26.4	0.6	(0.3)
Turnover		US$m	% Chg	Commodities	Latest	%Chg	%YTD
BSE		376	(18.3)	Gold (US$/ounce)	1,664	0.1	6.4
NSE		2,858	34.7	Crude (US$/bl)	103	(2.5)	4.0
Derivatives (NSE)		48,923	31.8	Aluminium (US$/MT)	2,134	(1.6)	5.6
FII F&O (US$m)		Index	Stocks	Copper (US$/MT)	8,350	0.0	9.9
Net buying		381	135	Forex Rates	Closing	% Chg	%YTD
Open interest		7,342	4,121	Rs/US$	51.1	0.4	(4.0)
Chg in open int.		(6,957)	(1,910)	Rs/EUR	68.2	0.6	(1.0)
Eqy Flows (US$m)	Latest	MTD	YTD	Rs/GBP	81.4	0.2	(0.8)
FII (28/3)	49	1,806	9,120	Bond Markets		Closing	bps Chg
DII (29/3)	59	(663)	(4,406)	10 yr bond		8.59	0.00
MF (28/3)	(11)	(282)	(1,088)	Interbank call		10.00	60.00

Chart Front Page

Sensex intraday

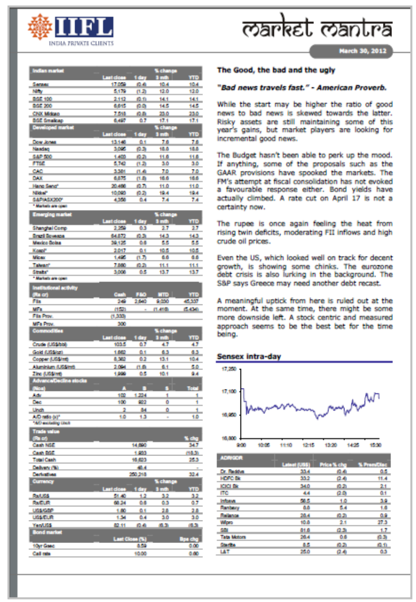
Sensex price volume trend

Top Research Stories

Infosys Limited (ADD); **Software**; **Auto**; **Heard in China**; Events Calendar

Corporate Front Page

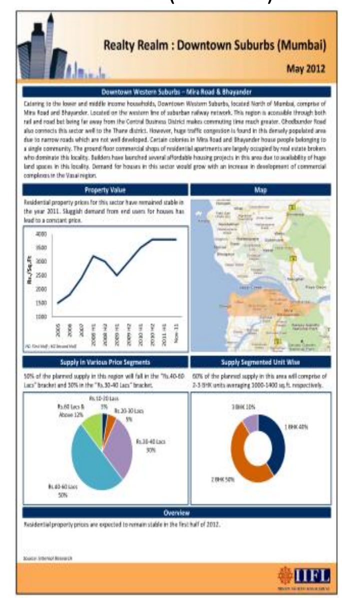
- Independent directors oppose **Coal India**'s fuel supply pacts. (BL)
- **Essar Oil Ltd** has completed the Rs83bn capacity expansion of its Vadinar refinery. (BL)
- **Engineers India Ltd** has signed an MoU with Nalco Water India Ltd, a subsidiary of Nalco. (BL)
- **Ashok Leyland** has said that it will form a separate subsidiary as it explores expansion into the aerospace business with global partners. (BL)
- **Tata Motors** has raised prices of its commercial vehicles (CV) by upto Rs0.06mn effective March 17. (BL)
- **Nakoda Ltd** plans to double its polymerisation capacity to 280,000 tonnes a year with an investment of Rs19.4bn over 3 years. (BL)
- Muthoot Estate Investments, in which the promoters of gold loan company **Muthoot Fincorp** are partners, will not be allowed to collect public deposits, said the RBI. (BL)
- **Tata Motors** said it may invest about Rs6bn to develop Futuristic Infantry Combat Vehicles and set up a manufacturing plant for rolling them out for the Indian Army. (BS)
- **Piramal Healthcare** is planning to invest US$1bn in the US in a couple of years, mainly to buy companies with interests in aerospace, bio-pharmaceuticals, defence and information management sectors. (FE)



market mantra

Mahindra & Mahindra BUY

Realty Realm: Downtown Suburbs (Mumbai)



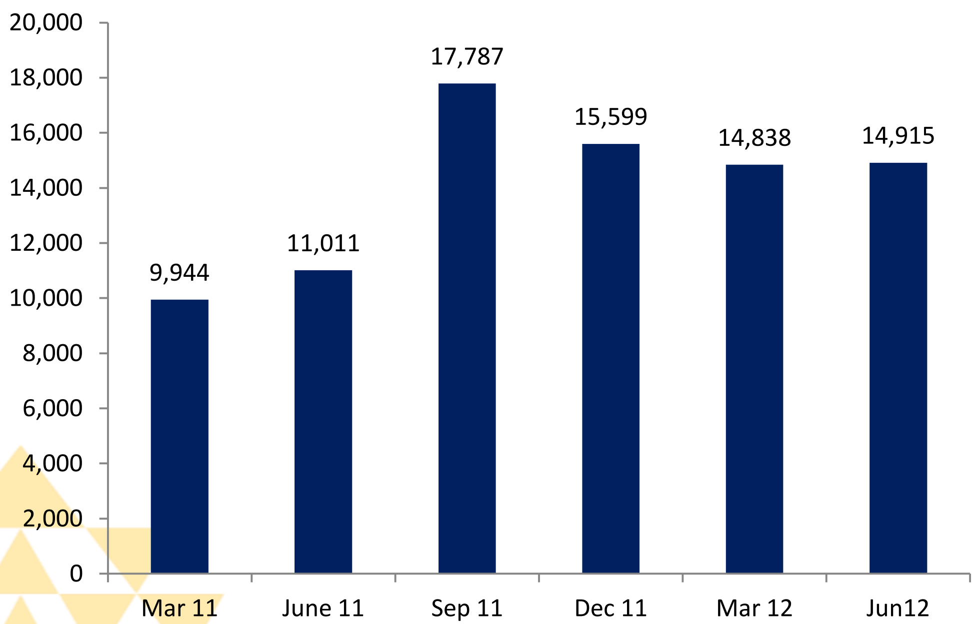
Realty Realm : Downtown Suburbs (Mumbai)

May 2012

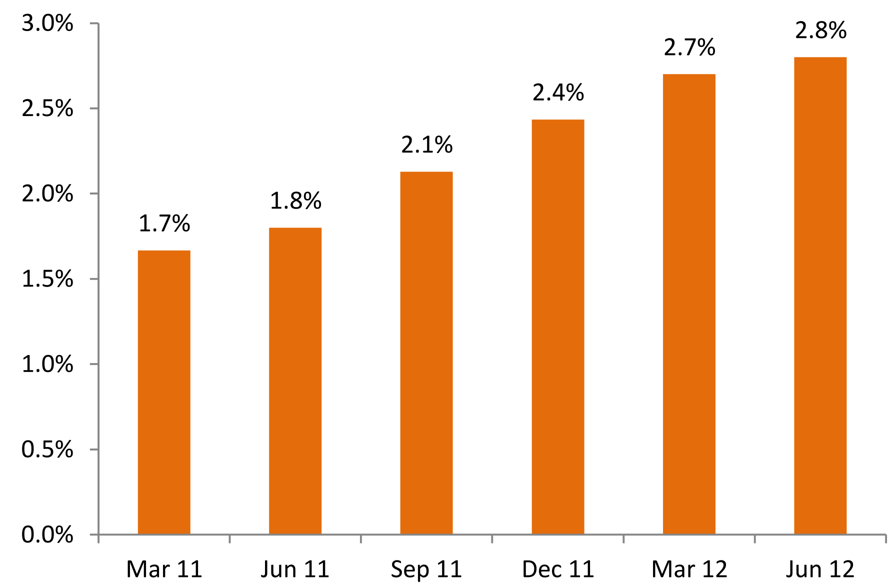
Commodities broking

- Daily commodities turnover was at ₹15 bn in Q1FY13, up 0.5% qoq and up 35% yoy
- Commodities market share increased to 2.8% in Q1FY13 as against 2.7% in Q4FY12 and 1.8% in Q1FY12
- Currency trading, although not significant now, has potential to grow rapidly over medium term

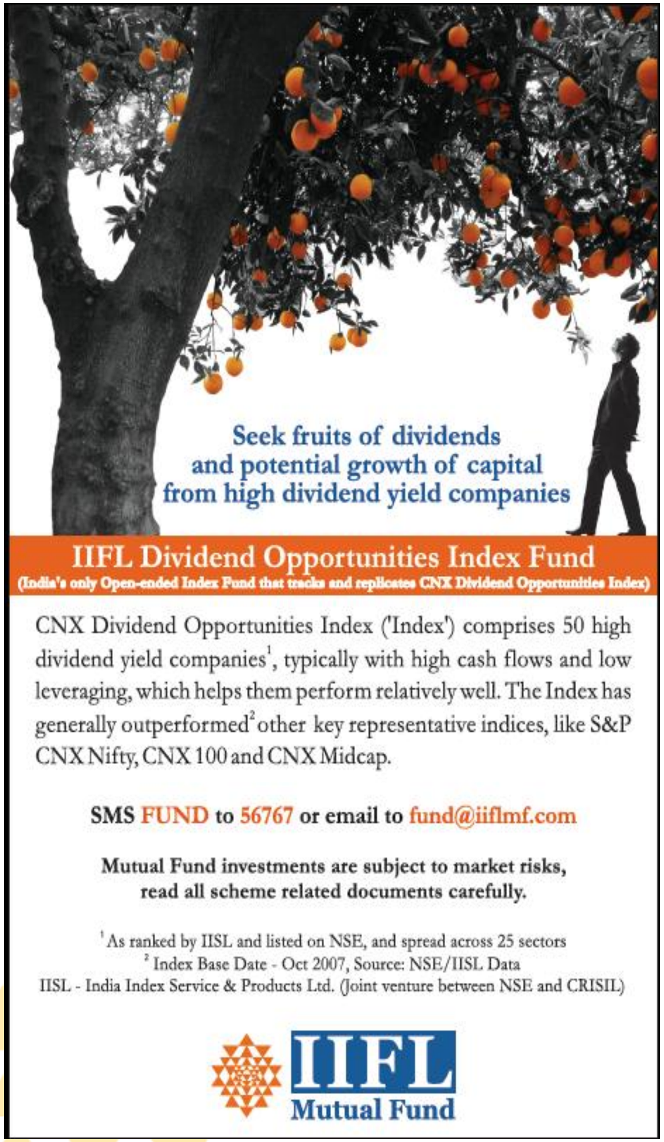
Average Daily Turnover of Commodity (₹ mn)



Market share (in %)

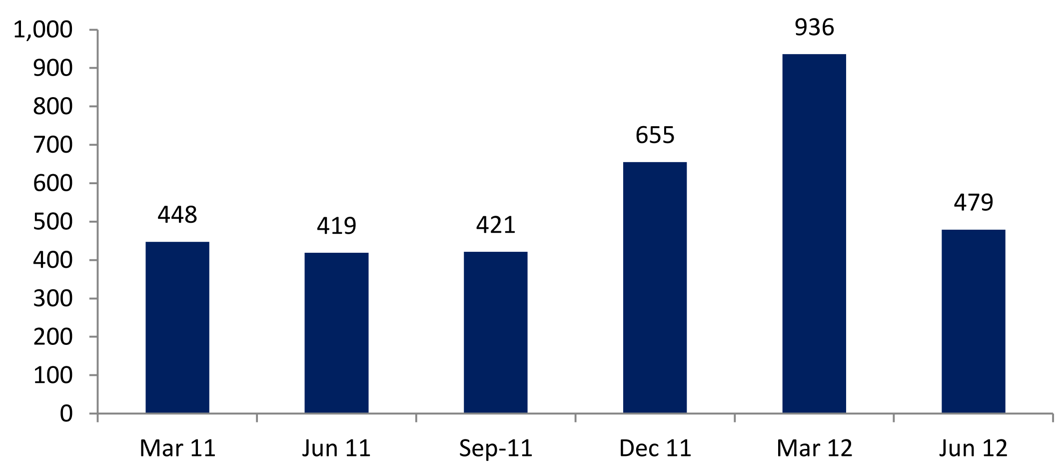


Financial Product Distribution



- Marketing and distribution income in was ₹ 479 mn in Q1FY13 down 49% qoq and up 15% yoy
- Our product portfolio includes structured products, bonds, debentures, insurance and mutual funds
- We have received registration from Pension Fund Regulatory and Development Authority (“PFRDA”) for launching pension products
- IIFL Mutual Fund announced its new offering of an open-ended Index Fund—IIFL Dividend Opportunities Index Fund (‘Scheme’)

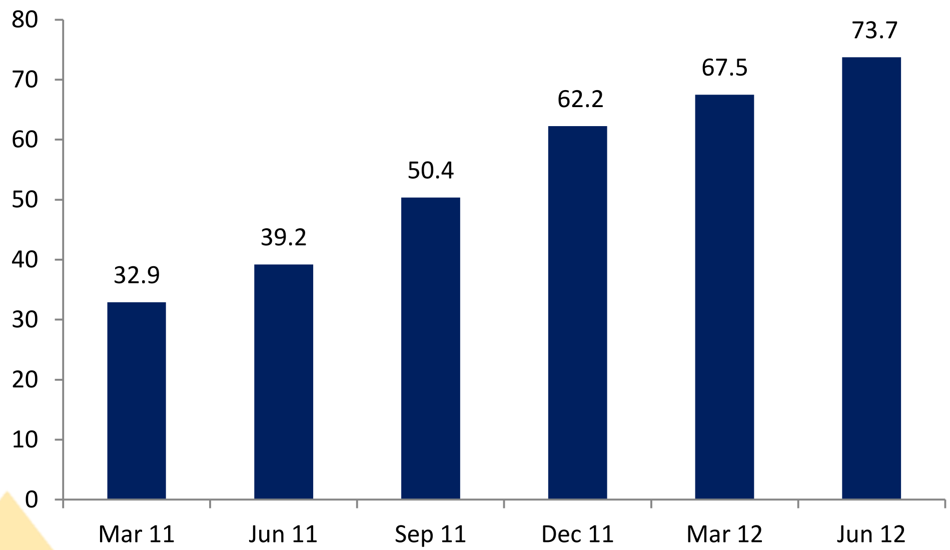
Marketing and Distribution income (₹ mn)



Financing and Lending

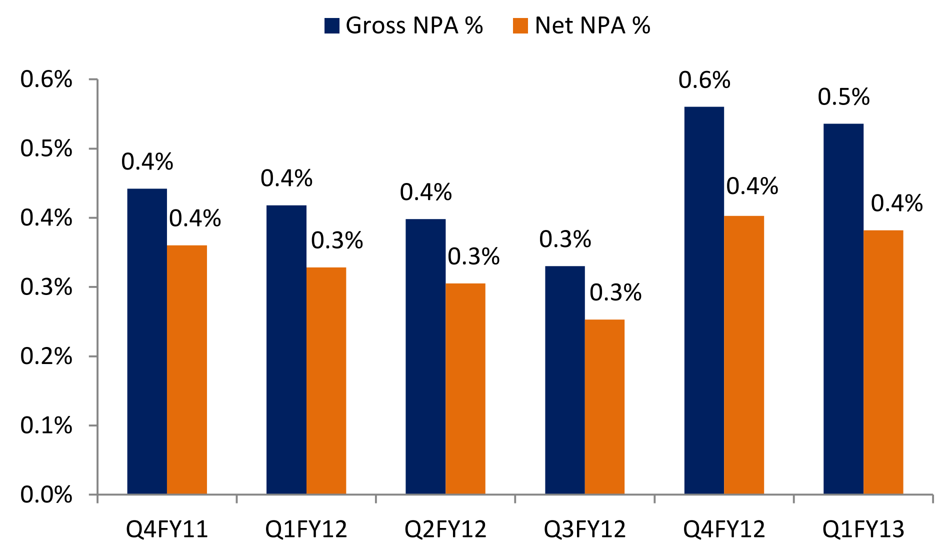
- NBFC loan portfolio in Q1FY13 steadily increased to ₹73.7 bn as against ₹67.5 bn in Q4FY12
- Our loan book almost entirely comprises secured lending with collateral of property, gold, medical equipment, shares etc.
- Gross NPAs on the books are 0.54% and Net NPAs are 0.38%
- Capital adequacy ratio stood at 16.2%

Loan Portfolio (₹ bn)



March and June 2012 figures includes debentures classified as investments in the balance sheet

NPA break-up



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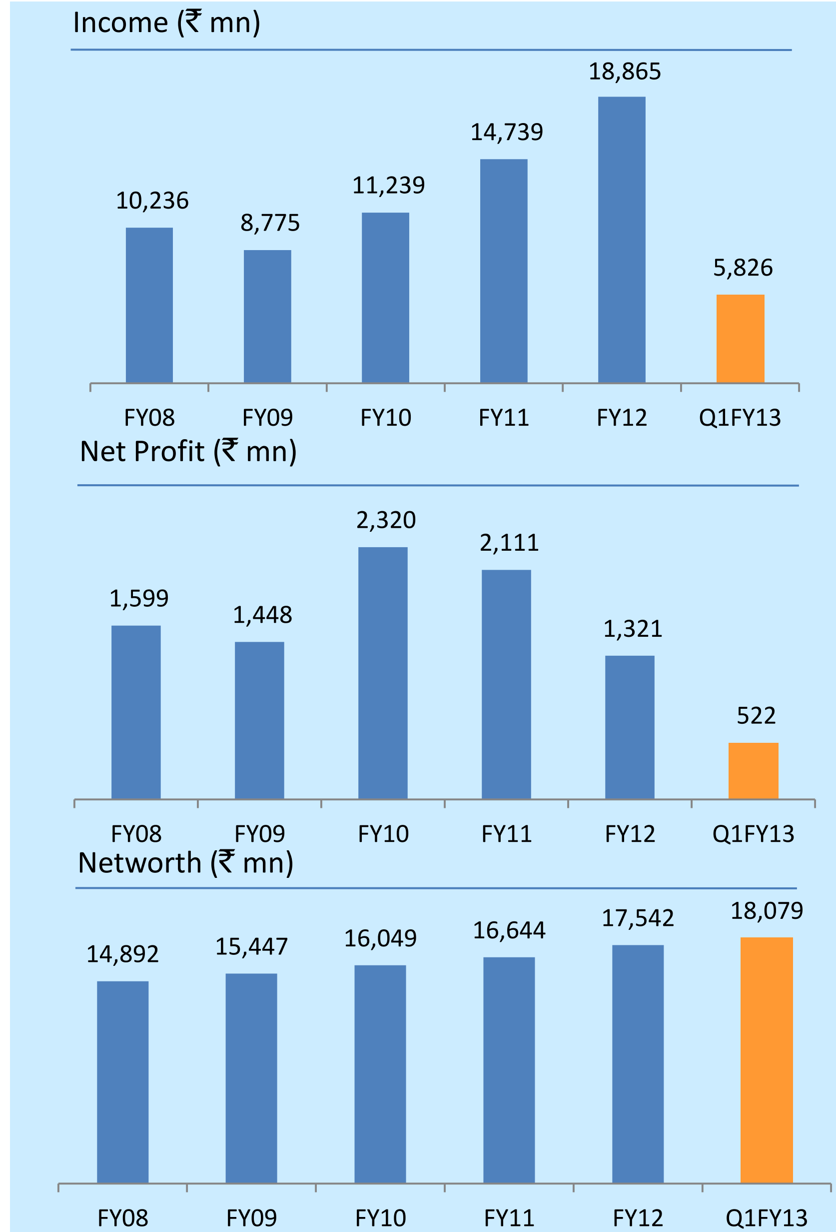
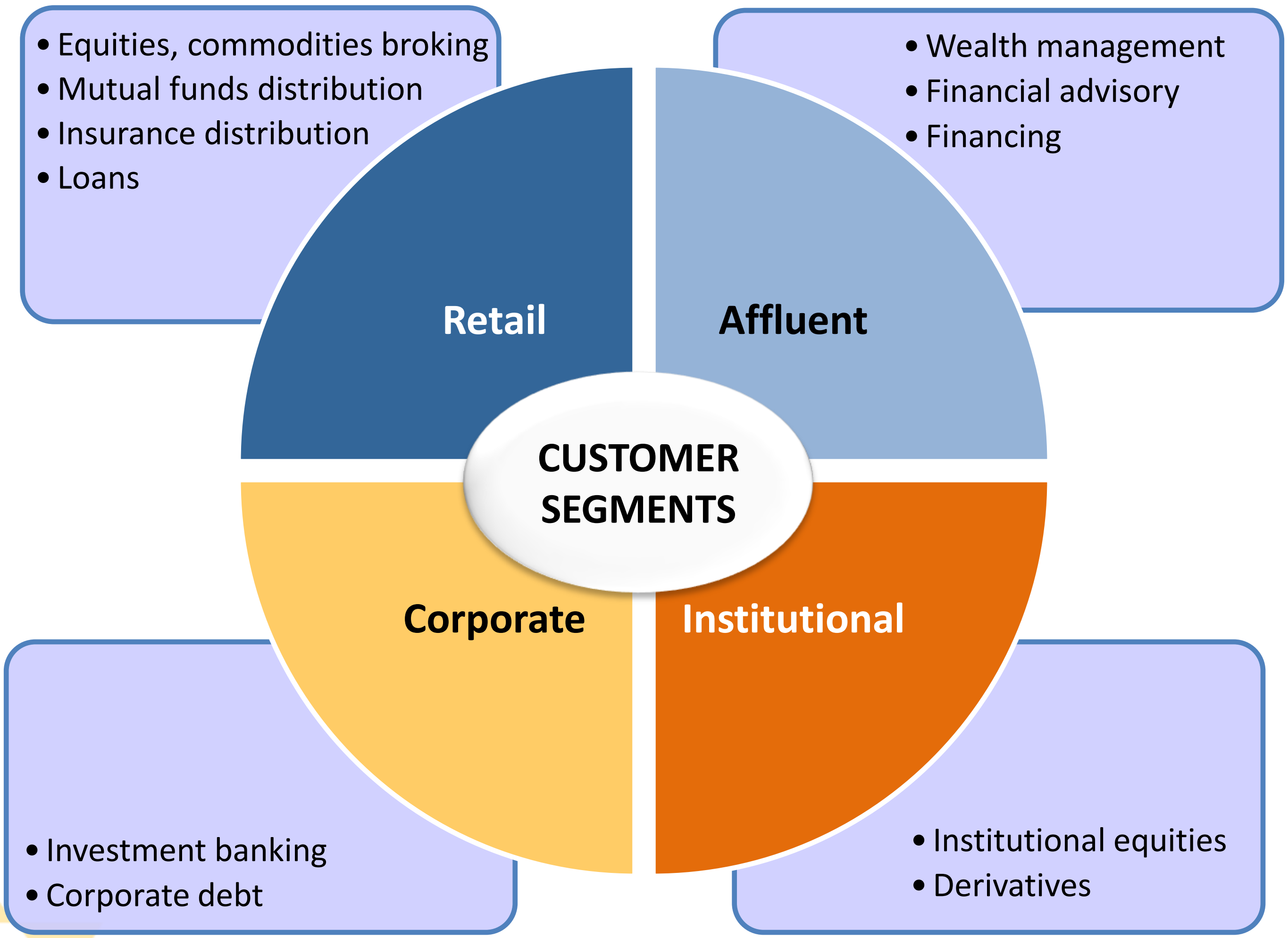
Evolution

1995	Commenced operations as an Equity Research firm
1997	Launched research products of leading Indian companies, key sectors and the economy
1999	Launched www.indiainfoline.com
2000	Launched online trading through www.5paisa.com Started distribution of life insurance and mutual fund
2003	Launched proprietary trading platform Trader Terminal
2004	Acquired commodities broking license Launched Portfolio Management Service
2005	Maiden IPO and listed on NSE, BSE
2006	Acquired membership of DGCX Commenced the credit & finance
2007	Commenced institutional equities business under IIFL Formed Singapore subsidiary, IIFL (Asia) Pte Ltd
2008	Launched IIFL Wealth Transitioned to insurance broking model
2009	Acquired registration for Housing Finance Obtained Venture Capital license
2010	Received membership of Colombo Stock Exchange
2011	Received SEBI final approval for IIFL Mutual Fund and launched IIFL Nifty ETF
2012	Received registration for distribution of NPS from PFRDA



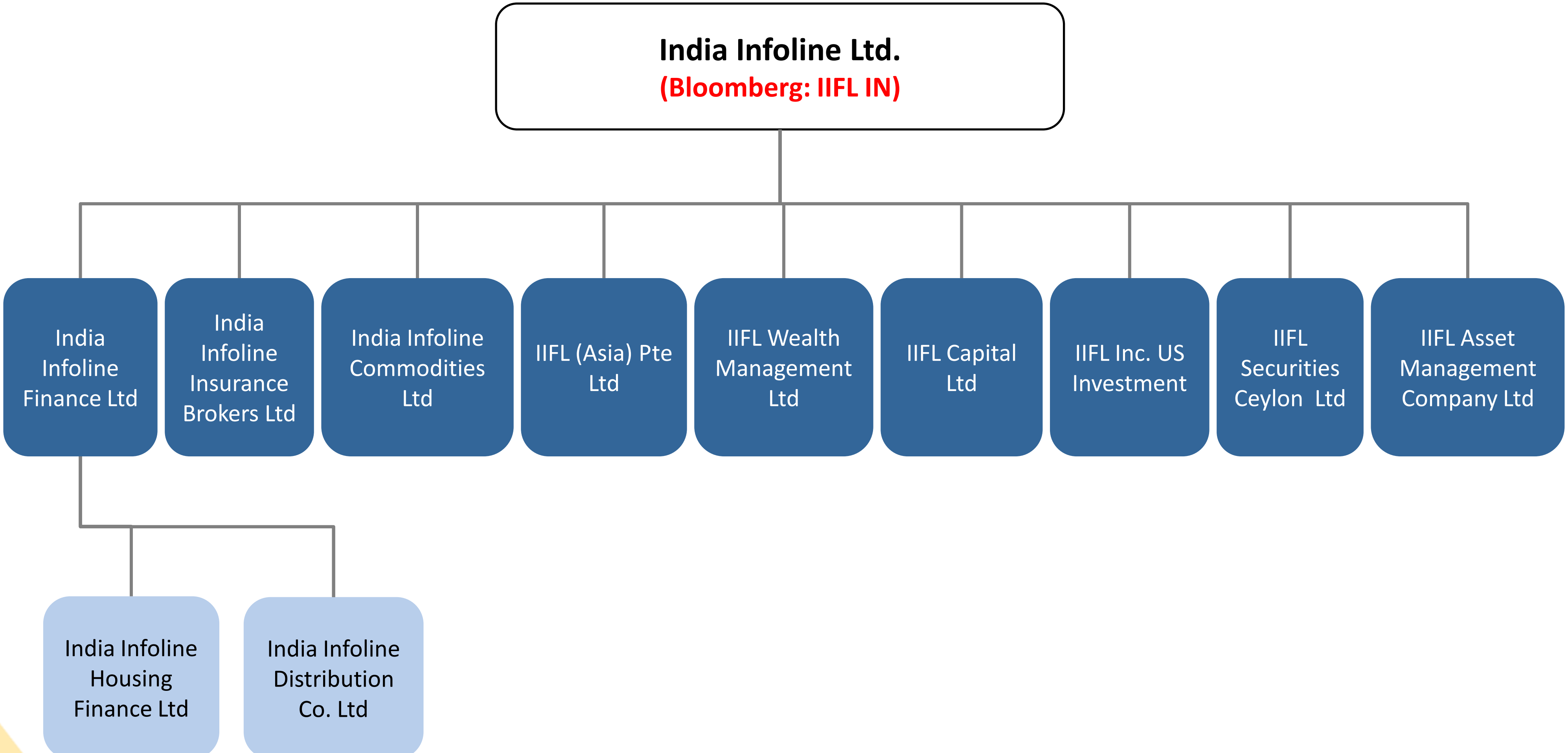
Business model



Our service offerings

- Equities
- Insurance
- Credit & finance
- Wealth management
- Asset management
- Investment banking

Corporate structure



•*The above chart does not cover all group companies*

Vision and Strategy

Vision

"To become the **Most Respected Company** in the financial services space"

1 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

2 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

3 People Strategy

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

KNOWLEDE IS THE EDGE

Management team

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

Management Team

Chairman	Nirmal Jain	Managing Director	R. Venkataraman
Institutional Equities	H. Nemkumar	Finance	Dhruv Jain
Investment Banking	Nipun Goel	Compliance	R Mohan
Consumer Finance	Pratima Ram	Operations	Narendra Jain
Retail Broking	Prasanth Prabhakaran	Audit	Kamal Ahuja
Wealth Management	Karan Bhagat	Risk	Upendra Jaiswal
International Operations	Bharat Parajia	Human Resources	Pallab Mukherji
Offshore Asset Management	Deepesh Pandey	Technology	Sankarson Banerjee
Insurance Distribution	Mukesh Kumar Singh		

Verticals

Corporate Functions

Corporate governance

Eminent independent directors of group companies

A K Purwar *Independent Director*	Joined State Bank in 1968 and became chairman in 2002. Became Chairman of SBI in 2002 and Indian Banks Association in the year 2005-06. Received CEO of the year' and 'Outstanding Achiever of the year' award
Nilesh Vikamsey *Independent Director*	Chartered Accountant and partner of Khimji Kunverji & Co. Part of the Managing Council and heading the Corporate Members Committee of the Chamber of Tax Consultants (CTC)
Kranti Sinha *Independent Director*	Director and Chief Executive of LIC Housing Finance Limited -1998 to 2002. Concurrently was the MD of LICHFL Care Homes. Served as Deputy President of Governing Council of Insurance Institute
M N Singh *Independent Director*	Joined the 'Indian Police Service' in 1967. Worked as the chiefs of the crime branch of Mumbai Police, State CID and Anti-Corruption Bureau
Sunil Kaul *Non Executive Director*	Senior Director in the Carlyle Group. Has over 20 years of experience in corporate and consumer banking and has served as President of Citibank Japan's corporate and retail banking operations
Chandran Ratnaswami *Non Executive Director*	Managing Director of Hamblin Wasta Investment Counsel Limited. Serves on the board of ICICI Lombard General Insurance Company Ltd and Fairbridge Capital in India, Ridley Inc in USA and Zoomermedia Ltd in Toronto, Canada
V K Chopra *Independent Director*	Has over 35 years of experience in Banks. Was Chairman and Managing Director in Corporation Bank and SIDBI. He was also Executive Director in Oriental Bank of Commerce
Dr S Narayan *Independent Director*	Holds M.Sc., MBM, M Phil, Ph.D. degree. Was Economic Advisor to the Prime Minister of India. Experienced in formulation of macro-economic policy for the Government tariff and taxation polices
R S Loona *Independent Director*	Corporate Lawyer with an experience of over 30 yrs in the legal field. Held senior positions such as Chief General Manager (Legal) in IDBI and Executive Director (Law) in SEBI
J H Mehta *Independent Director*	Management Consultant with an experience of over 30 years. Associated with renowned organizations like HLL as Executive Director and RPG Group as President
Homai Daruwala *Independent Director*	Former Chairperson and Managing Director of Central Bank of India. Varied and rich experience of over 34 years in Banking Sector of LIC. Handled varied assignments in 3 large Public Sector Banks
Pranab Pattanayak *Independent Director*	Rich experience of 37 years in Banking & Financial Services. Former Managing Director of State Bank of Mysore. Held senior positions in SBI and State Bank of Travencore

How we differentiate ourselves

Managerial depth	• Promoted by first generation professional entrepreneurs • Highly qualified and experienced Management team
Well-capitalized	• Group net worth of ₹18 bn • Significant unutilized capacity to leverage
Distribution reach	• Present at over 4,000 business locations across 600 cities in 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 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 2012

Received 'Best Market Analyst' awards at the Zee Business for 2012

Amit Harchekar receives the award from Honourable President, then the Finance Minister, Shri Pranab Mukherjee; Mr. Subhash Chandra on the right

BEST FIXED INCOME PORTFOLIO MANAGEMENT

Best Fixed Income Portfolio Management in India at the Euromoney Private Banking survey 2012

BEST BROKING HOUSE WITH GLOBAL PRESENCE

'Best Broking House with Global Presence' awarded by D&B Equity Broking Awards 2011

BEST WEALTH MANAGEMENT HOUSE – INDIA

BEST BROKER - INDIA, 2011

BEST EQUITY BROKER 2011

BEST COMMODITIES INVESTMENT 2012

FLAME (IIFL's Financial Literacy Campaign) update

Attempts have been made to employ engaging techniques like story-telling and do-it-yourself exercises to elucidate the theory – Received an overwhelming response from principals and teachers on the content

IIFL Holds Financial Literacy Workshop in Gwalior, Madhya Pradesh

FLAME meet in Katihar, Bihar

IIFL Holds a day long workshop on Financial Literacy at Rashtriya Chemical Fertilisers Limited

IIFL Holds Financial Literacy Workshop in Udaipur, Rajasthan

IIFL Foundation joined hands with the Indian Army to families who have been affected by decades of violence. IIFL conducted financial literacy sessions followed by an aptitude test for 200 graduates.

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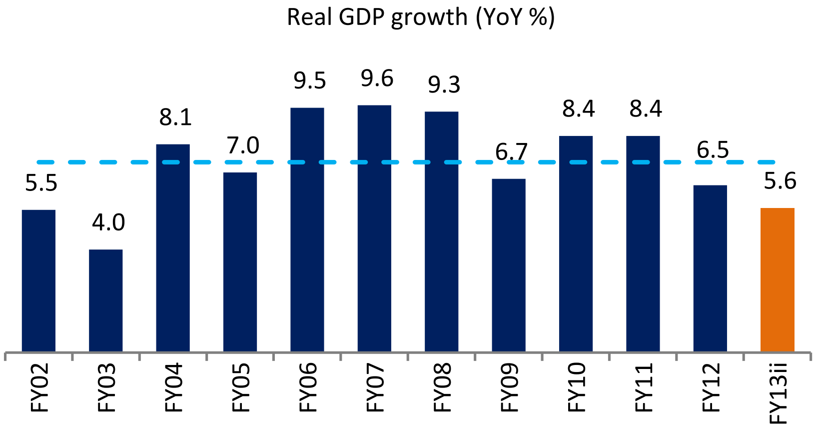
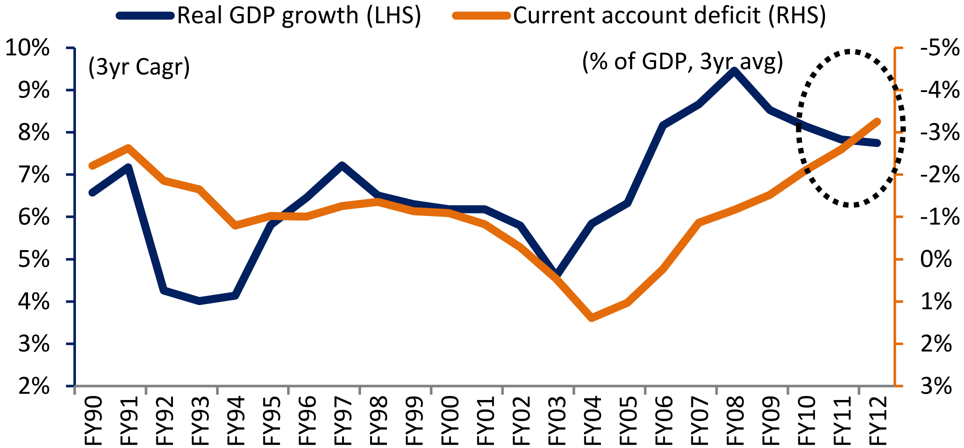
Macro economy

Growth may remain below trend



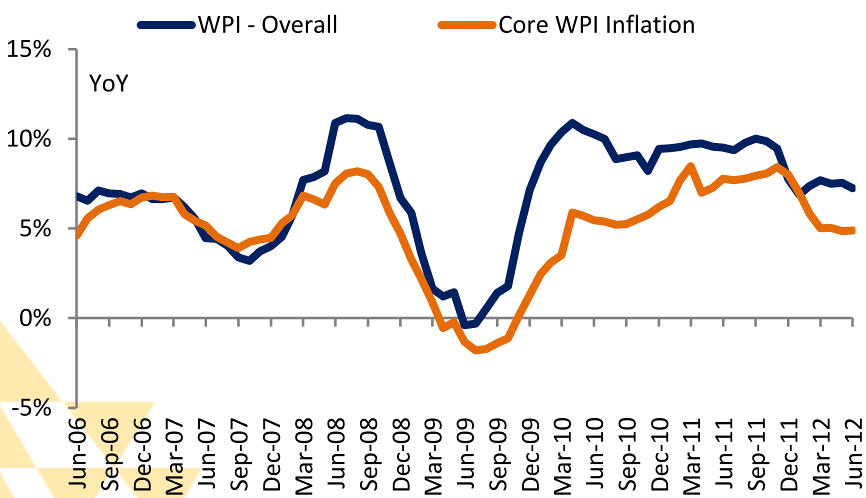
Source: CMIE, IIFL Research, FY13 GDP data is Advance Estimate

Until recently, widening current account deficit has generally meant faster growth



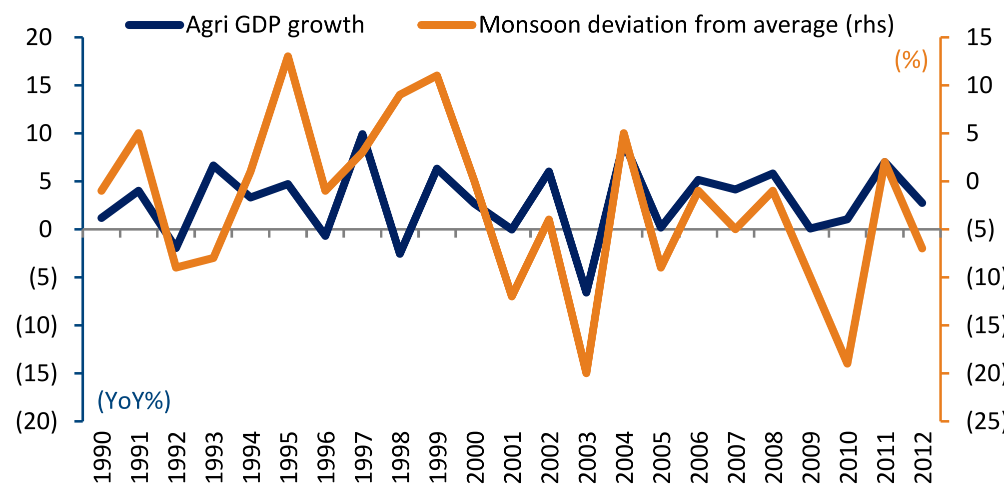
Source: CMIE, IIFL Research

Near term Inflation is coming off due to base effect



Source: Bloomberg, IIFL Research

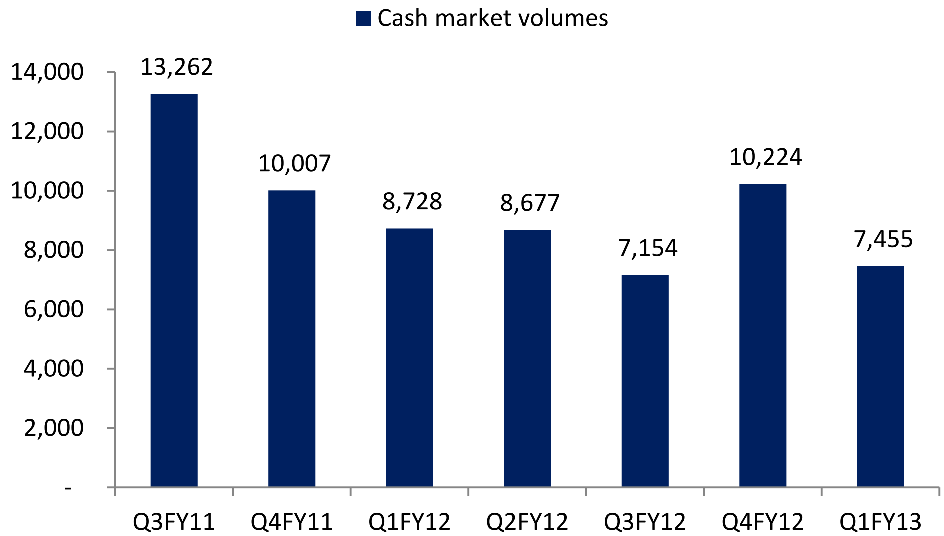
Monsoon is the key driver of near term growth



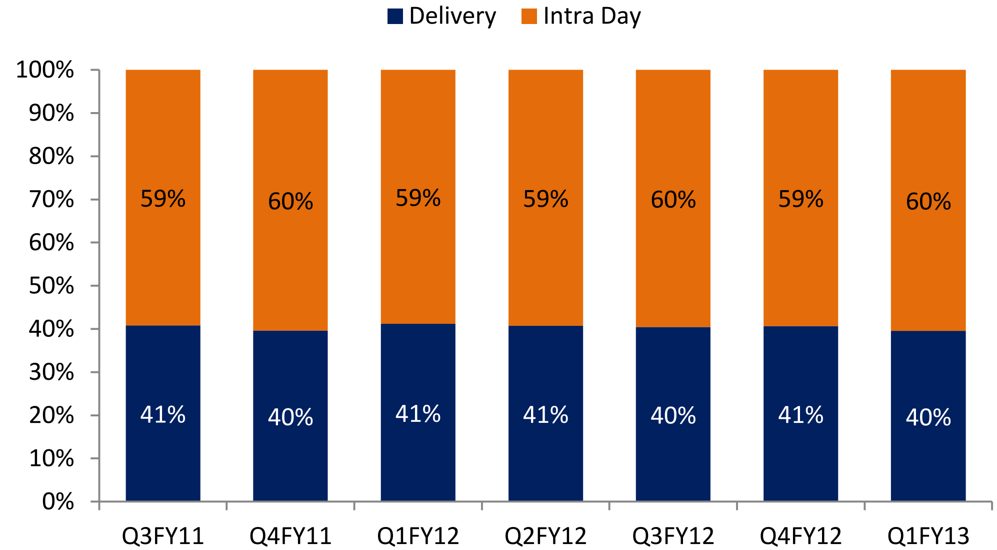
Source: CMIE, FAO, Govt of India, NDDB, IMD, IIFL Research

Equities

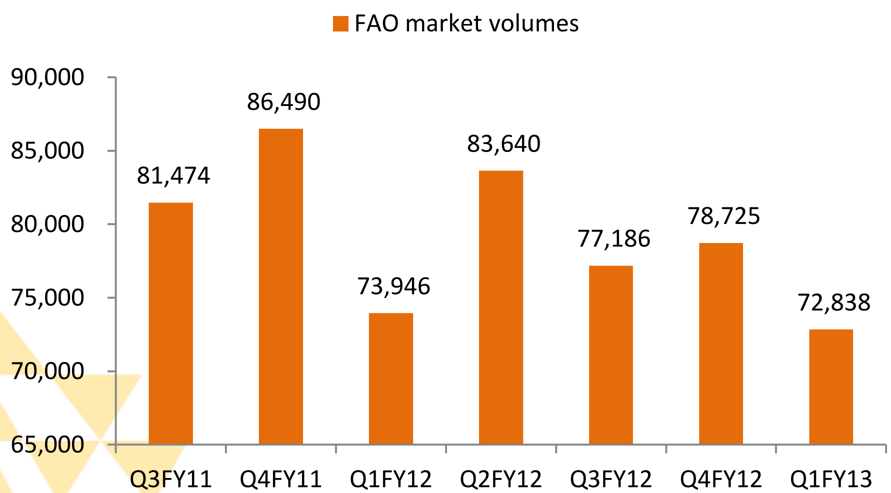
Continuous fall in cash market volumes (₹ bn)



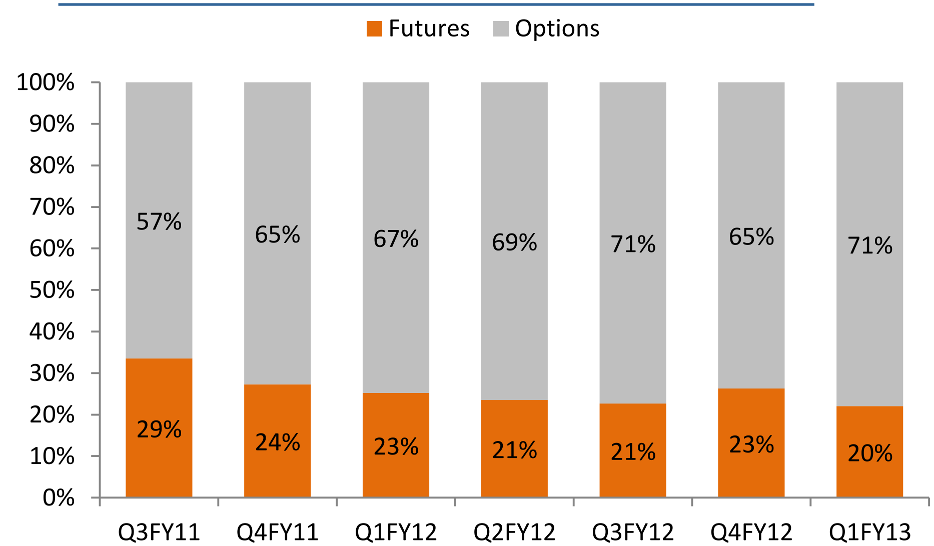
Constant share of delivery and intra day



FAO market volumes (₹ bn)



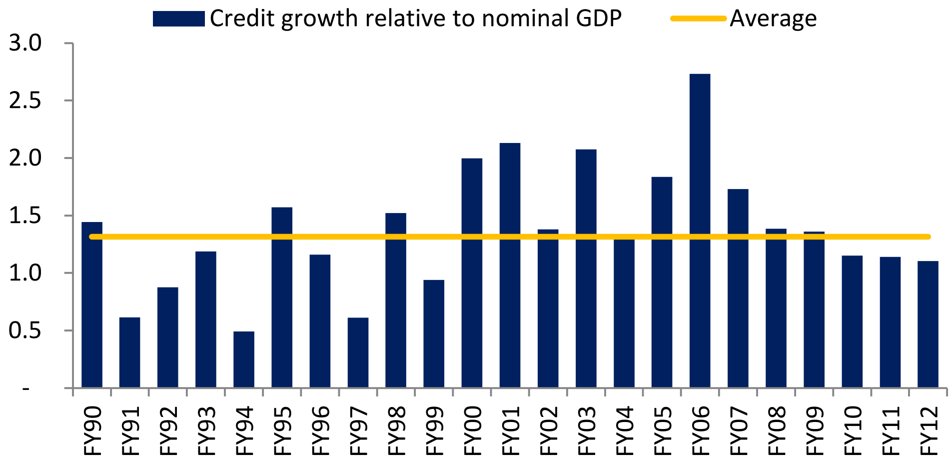
Increasing share of options



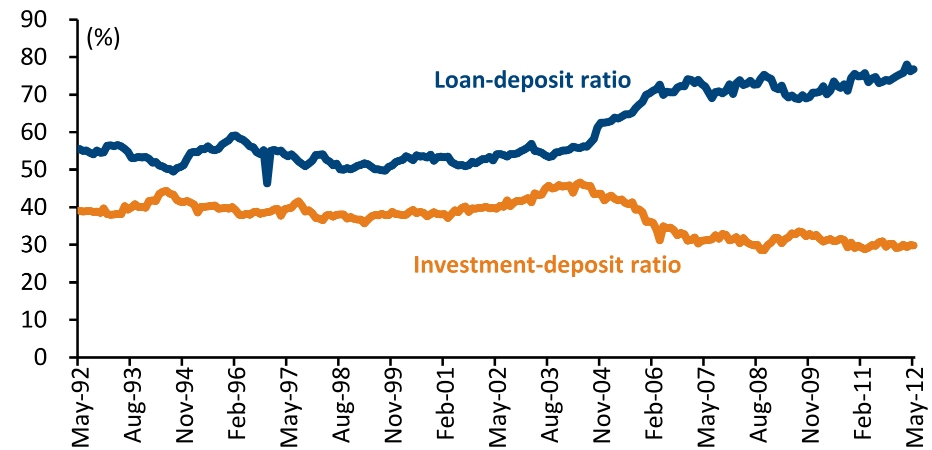
Source: Exchange website, IIFL Research

Credit and Finance

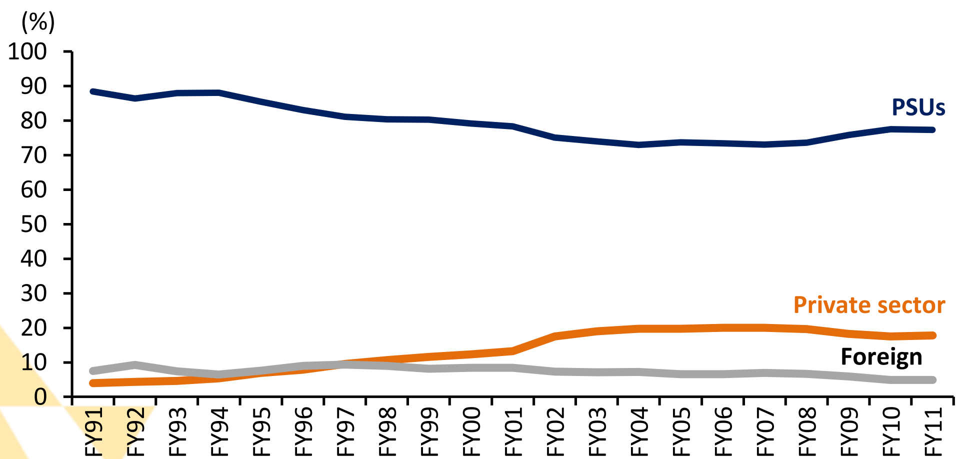
Credit growth to nominal GDP has been relatively sluggish



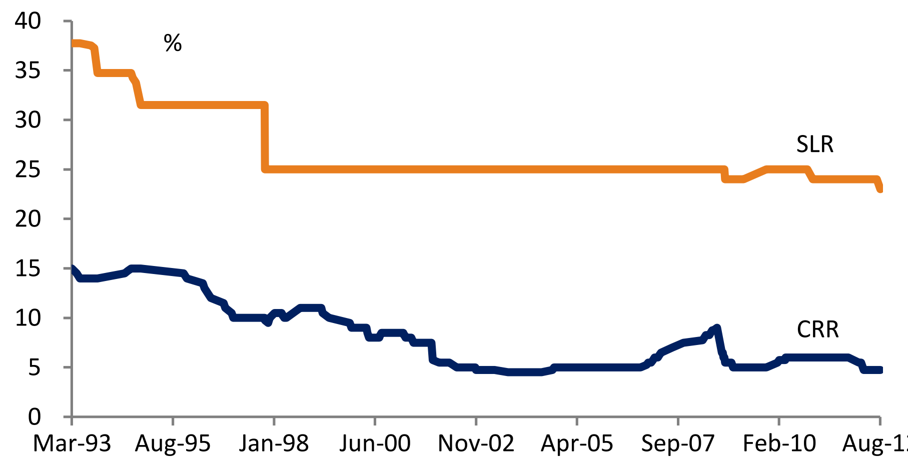
Loan–deposit ratio has structurally moved up



PSU banks steadily loosing market share in the credit market



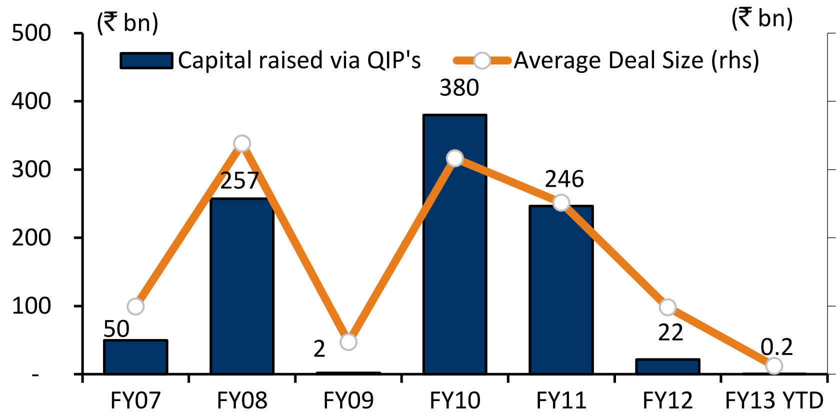
Reserve ratios - CRR and SLR trend



Source: CMIE, RBI, World Bank, Bloomberg, IIFL Research

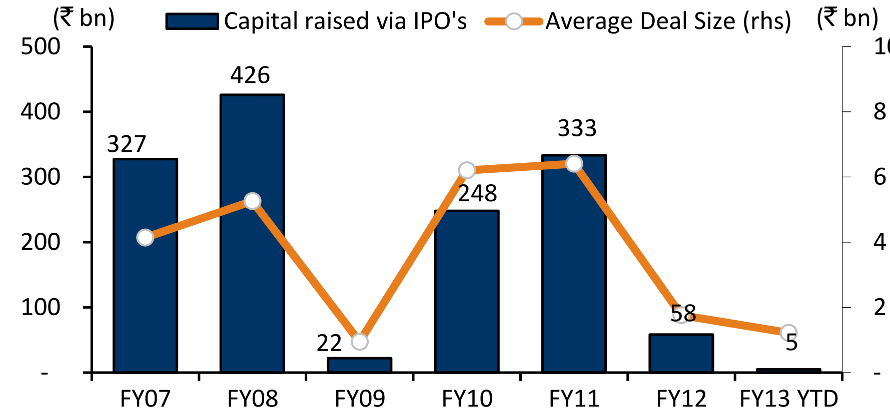
Capital raising and fund flows

Capital raised through QIPs (₹ bn)



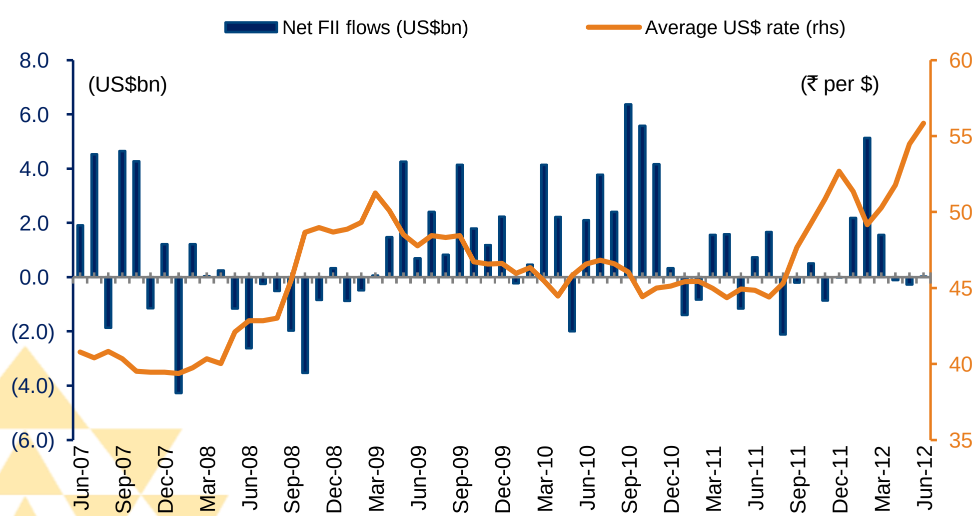
Source: Bloomberg, IIFL Research

Capital raised through IPOs (₹ bn)



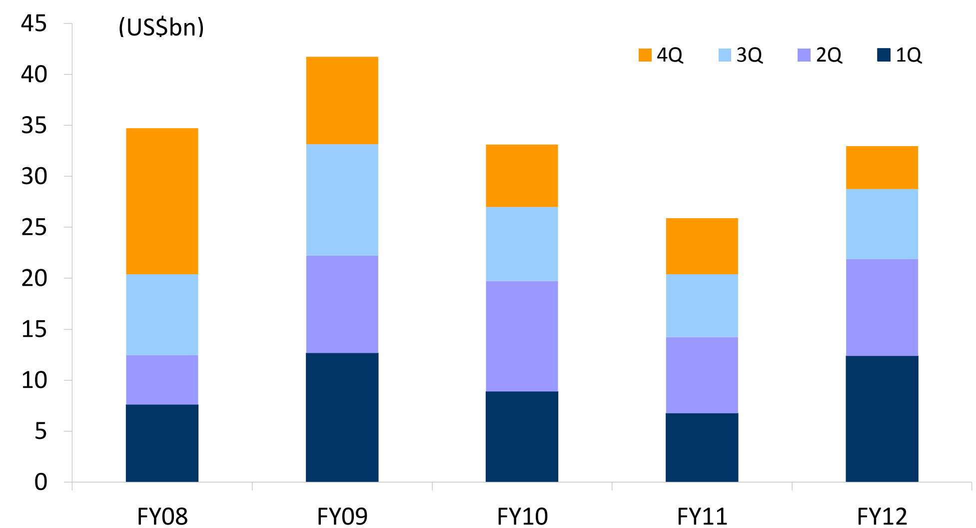
Source: Bloomberg, IIFL Research

Net FII flows (US$bn)



Source: Bloomberg, IIFL Research

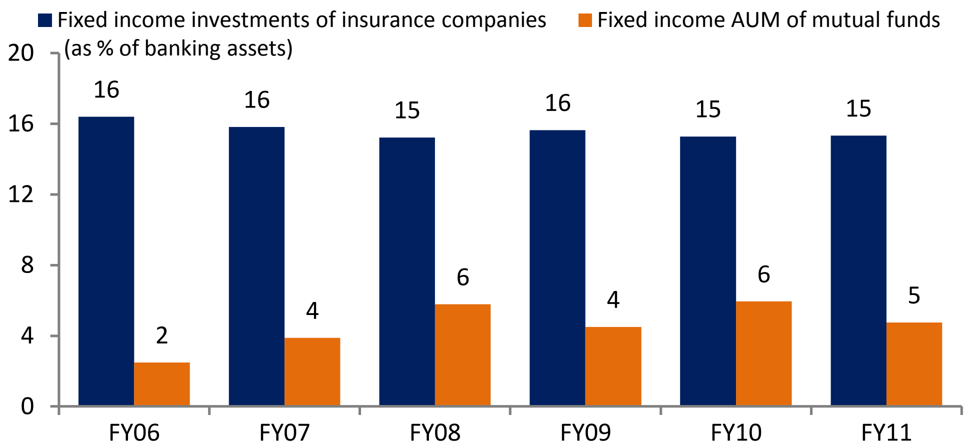
FDI inflows (US$bn)



Source: RBI, CMIE, IIFL Research

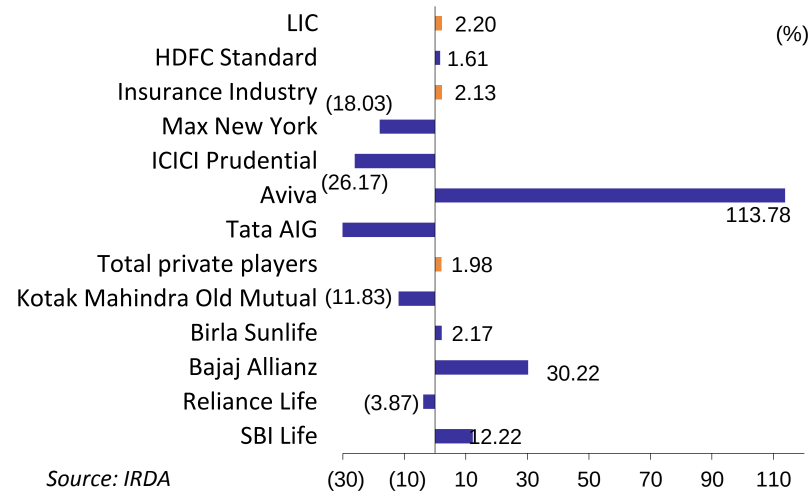
Insurance and Mutual funds

Modest increase in non banking system



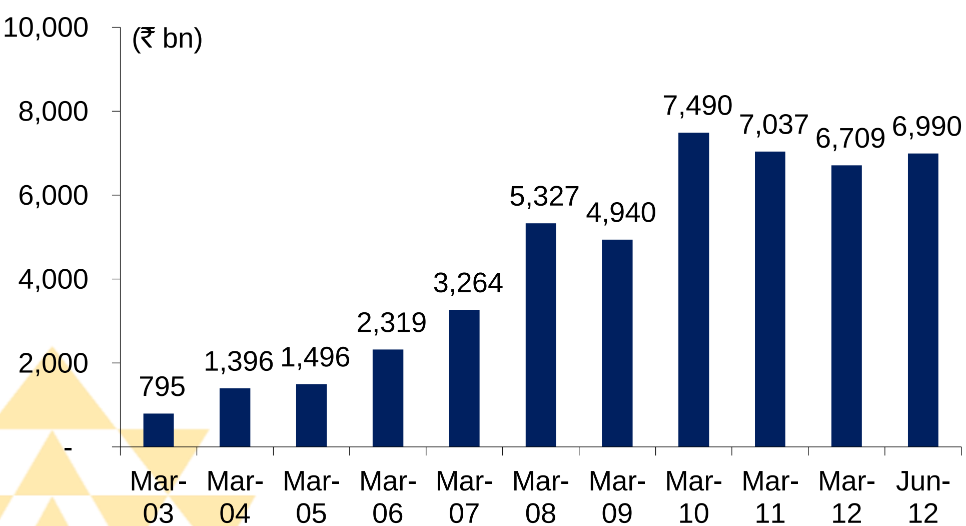
Source: CMIE, RBI, World Bank, IIFL Research

APE growth YTD yoy (%) – Jun 2012



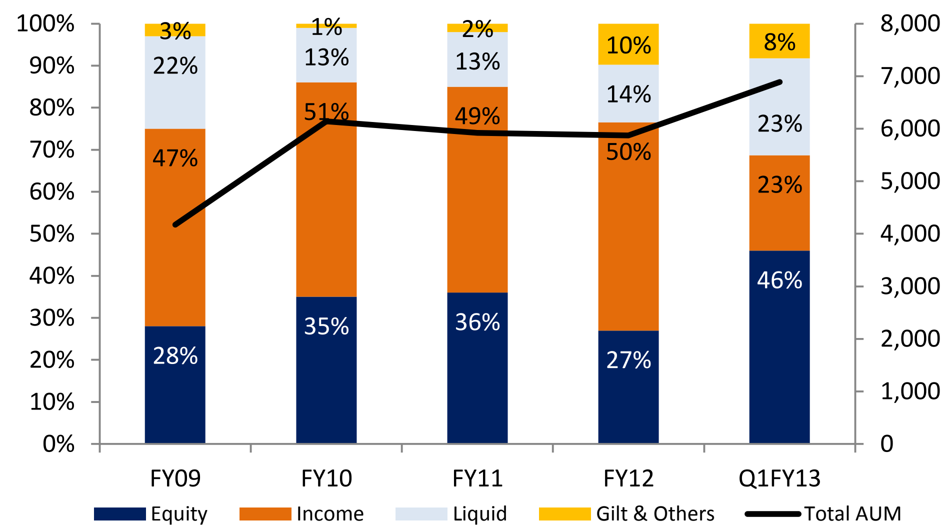
Source: IRDA

Total AUM for the industry (₹ bn) – Jun 2012



Source: AMFI

AUM by asset class (₹ bn)



Source: AMFI

Thank you

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