



India Infoline Limited

Results for Quarter ended September 30, 2011

November 5, 2011



- Performance highlights

- Business review
- Corporate overview
- Industry update

Performance highlights:

Quarter ended September 30, 2011



Overall consolidated financial performance

- Income at ₹4,109 mn, up 20.9% yoy, up 14.3% qoq
- PBT and PAT at ₹353 mn and ₹221 mn, down 57% and 59% yoy respectively and down 17% and 19% qoq respectively
- Investment in expansion of gold loan branches, lower broking margins and higher interest costs impacted results adversely

Equities broking and related

- Average daily turnover in the equities segment was ₹52 bn, up 12.4% yoy, down 0.4% qoq
- Average daily turnover in the commodities segment at around ₹18 bn, up 171.3% yoy, up 62.1% qoq

Financing and Investing

- The aggregate loan book stood at ₹50.4 bn in Q2FY12 as against ₹39.2 bn in Q1FY12
- NPAs on the book continue to remain less than 0.5%

Marketing and Distribution

- Marketing and distribution income was ₹421 mn, down 17% yoy and remained virtually unchanged over the last quarter
- Our product portfolio is dominated by long term endowment products which are also diversified across several leading insurance companies

Q2FY12 performance - YoY



₹ Mn	Q2FY12	Q2FY11	Y-Y
Equities, Broking and related income	1,388.8	1,634.0	(15 %)
Financing and Investing income	2,284.9	1,252.7	82%
Marketing and Distribution income	421.1	507.0	(17%)
Other income	13.8	5.4	157%
Total Income	4,108.6	3,399.1	21%
A. Direct cost	579.7	444.6	30%
B. Employee cost	1,078.9	986.8	9%
C. Administration expenses	838.9	610.2	38%
EBITDA	1,611.1	1,357.5	19%
Interest	1,068.9	385.3	177%
Depreciation and amortization	189.4	155.3	22%
Profit / (Loss) before tax	352.8	816.9	(57%)
Provision for taxation	127.6	267.5	123%
Profit/(Loss) after tax before minority	225.2	549.4	(59%)
Minority Interest	4.5	8.1	(45%)
Profit/(Loss) after tax	220.7	541.3	(59%)

Q2FY12 performance - QoQ



₹ Mn	Q2FY12	Q1FY12	Q-Q
Equities, Broking and related income	1,388.8	1,339.6	4%
Financing and Investing income	2,284.9	1,827.9	25%
Marketing and Distribution income	421.1	418.7	1%
Other income	13.8	9.4	46%
Total Income	4,108.6	3,595.6	14%
A. Direct cost	579.7	548.8	6%
B. Employee cost	1,078.9	960.0	12%
C. Administration expenses	838.9	693.2	21%
EBITDA	1,611.1	1,393.6	16%
Interest	1,068.9	818.3	31%
Depreciation and amortization	189.4	151.0	25%
Profit / (Loss) before tax	352.8	424.3	(17%)
Provision for taxation	127.6	140.8	26%
Profit/(Loss) after tax before minority	225.2	283.5	(21%)
Minority Interest	4.5	10.2	(57%)
Profit/(Loss) after tax	220.7	273.1	(19%)

H1FY12 performance



₹ Mn	H1FY12	H1FY11	Y-Y
Equities, Broking and related income	2,728.3	3,177.3	(14%)
Financing and Investing income	4,112.8	2,350.5	75%
Marketing and Distribution income	839.7	924.1	(9%)
Other income	23.3	7.1	227%
Total Income	7,704.1	6,459.0	19%
A. Direct cost	1,128.4	922.0	22%
B. Employee cost	2,038.9	1,906.5	7%
C. Administration expenses	1,532.0	1,182.7	30%
EBITDA	3,004.8	2,447.8	23%
Interest	1,887.2	668.2	182%
Depreciation and amortization	340.5	309.4	10%
Profit / (Loss) before tax	777.1	1,470.2	(47%)
Provision for taxation	268.4	480.2	30%
Profit/(Loss) after tax before minority	508.7	990.0	(49%)
Minority Interest	14.9	17.1	(13%)
Profit/(Loss) after tax	493.8	972.9	(49%)

- Performance highlights

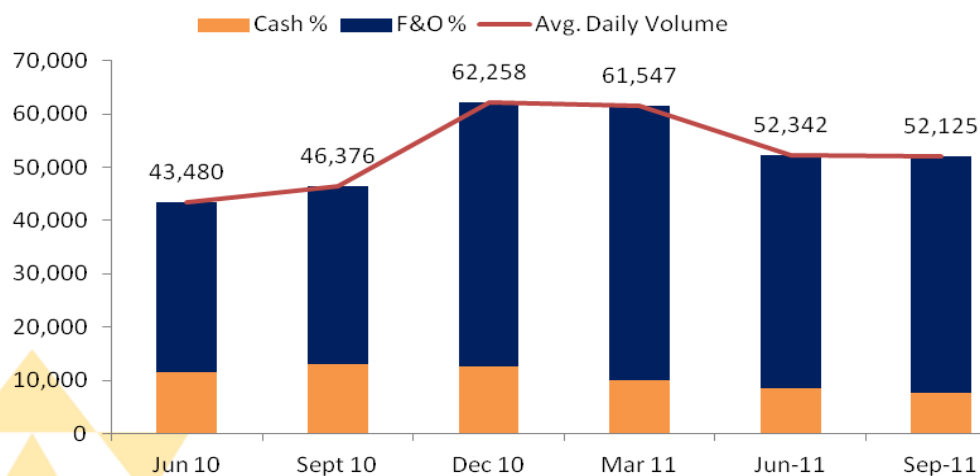
- **Business review**

- Corporate overview

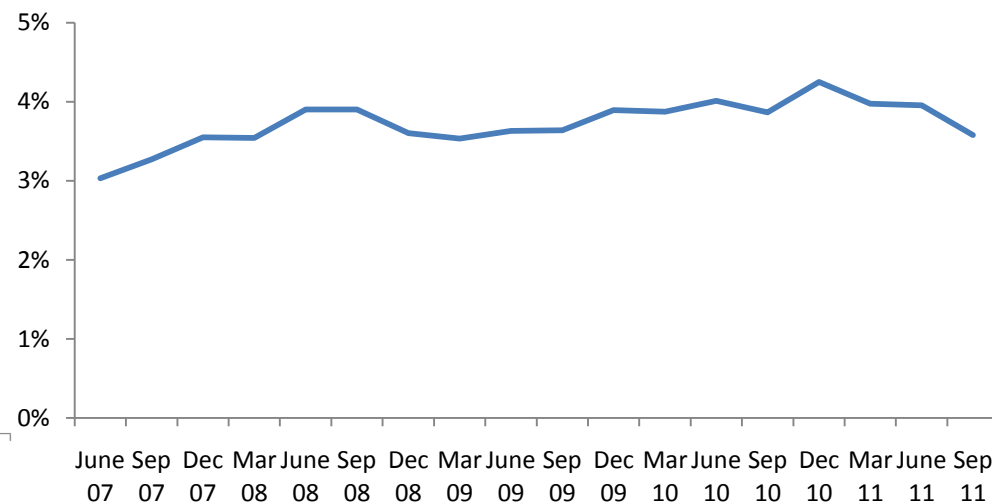
- Industry update

- Equities, broking and related income for Q2FY12 was ₹1,389 mn, down 15% yoy, up 3.7% qoq
- Average daily turnover at ₹52 bn, up 12.4% yoy, down 0.4% qoq
- Market share on NSE was at 3.6% in Q2FY12, down from 4.0% in Q1FY12. While we have maintained our market share in the cash segment on a qoq basis, overall market share has fallen due to our relatively lesser presence in options trading segment
- Present in above 3,000 business locations through branches and sub-brokers

Average Daily Turnover (₹ mn)



Market share on NSE (in %)



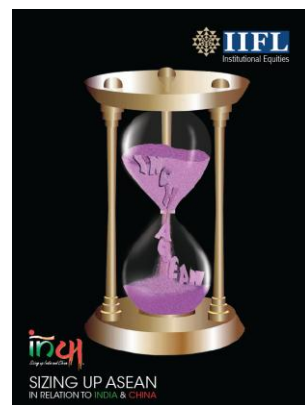
- Over 170 stocks under coverage
- Our in-depth, thematic research has been well received. Our recent research reports include:
 - INCH-ASEAN Chartbook: Sizing up ASEAN in relation to India and China
 - India – Cement: Cement on the move – Return of the up cycle
 - India – Pharma: Deceleration pushing Indian pharma companies into more acquisition
 - India – Highways: An analysis of 43 operational BOT projects

Research offerings – a few reports

A detailed report on SingTel, the largest emerging-markets player in Singapore



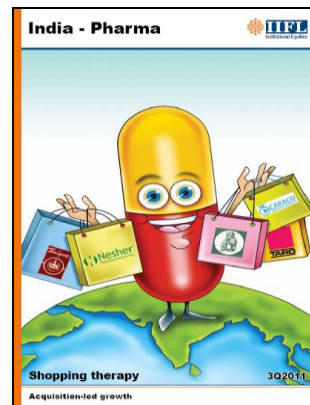
INCH-ASEAN Chartbook: Sizing Up ASEAN in relation to India and China



India – Cement: Cement on the move – return of the up-cycle



India – Pharma: A detailed analysis on the Indian Pharma sector



India Highways: Analysis of 43 operational BOT projects

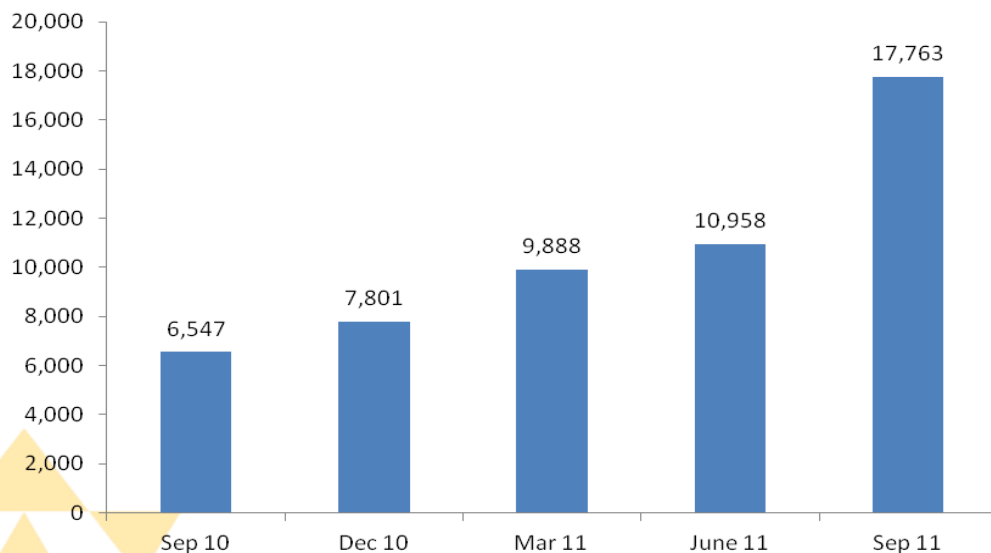


Rigorous company research that goes far beyond the basics

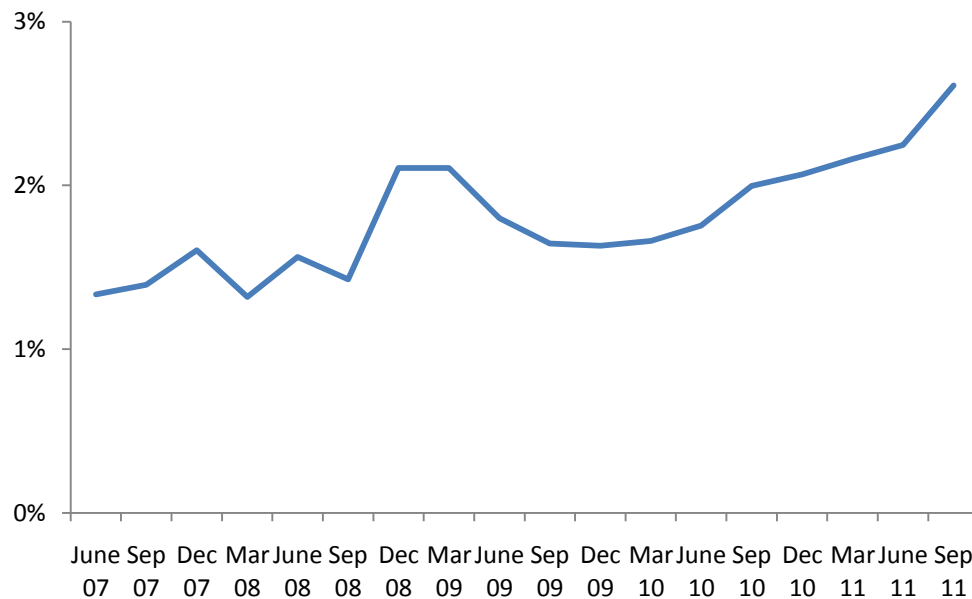


- Commodities market share increased to 2.6% in Q2FY12 as against 2.2% in Q1FY12 and 2.0% in Q2FY11
- Average daily turnover at around ₹18 bn, up 171.3% yoy, up 62.1% qoq
- The commodities market turnover has increased by 106.4% yoy and 38.7% qoq

Average Daily Turnover (₹ mn)

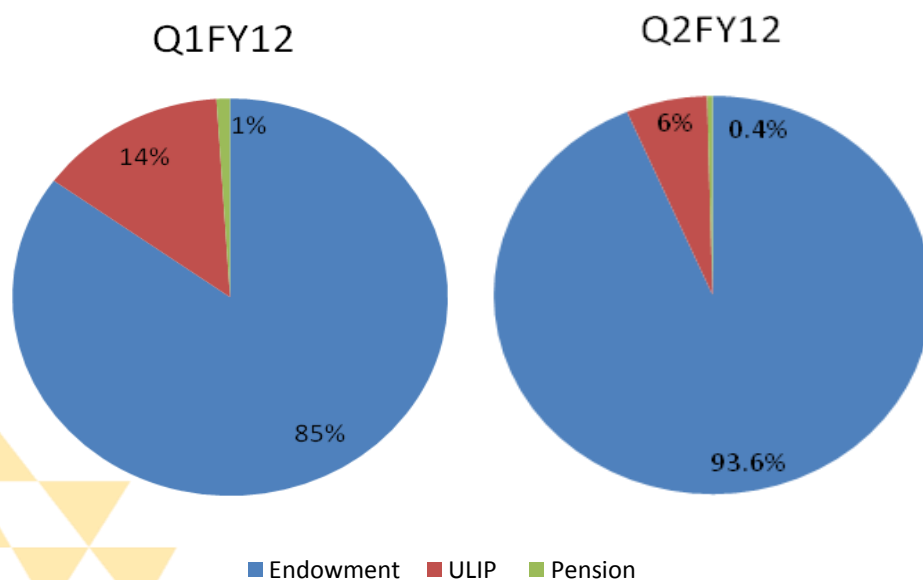


Market share (in %)

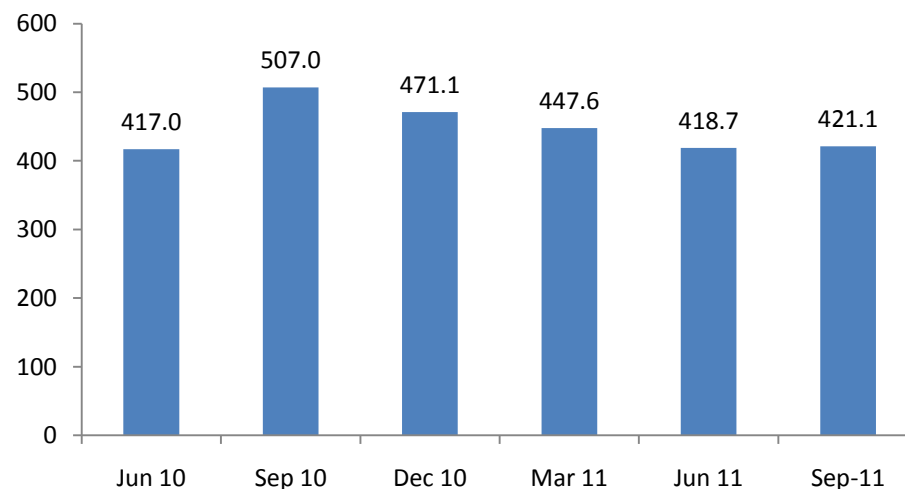


- Marketing and distribution income in Q2FY12 was ₹421 mn, down 17% yoy, up 0.6% qoq
- Our product portfolio is dominated by long term endowment products which are also diversified across several leading insurance companies. They include SBI Life, Reliance Life Insurance, Tata AIG, ICICI Prudential, Bajaj Allianz Life and others
- Insurance industry volumes down 23% yoy for the first 5 months of current fiscal

Changing product mix

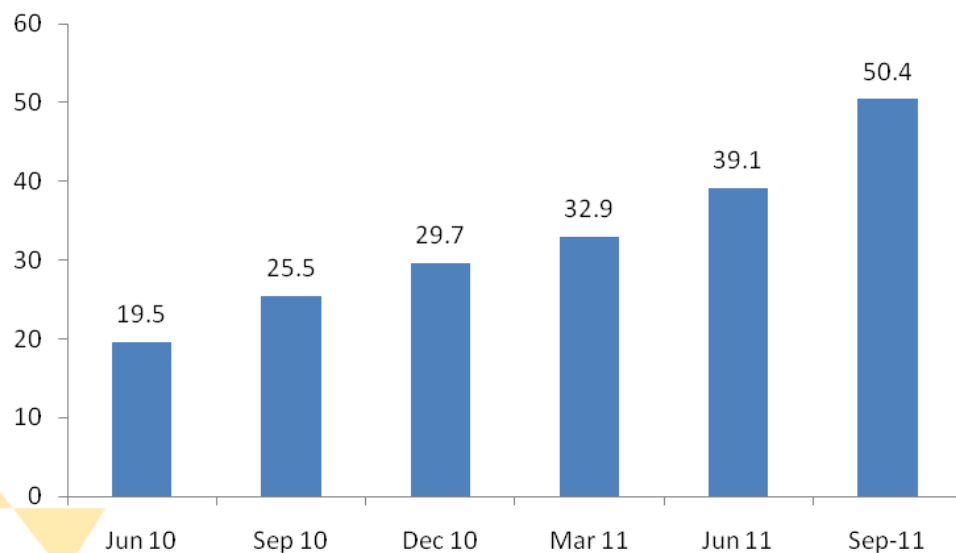


Marketing and Distribution income (₹ mn)

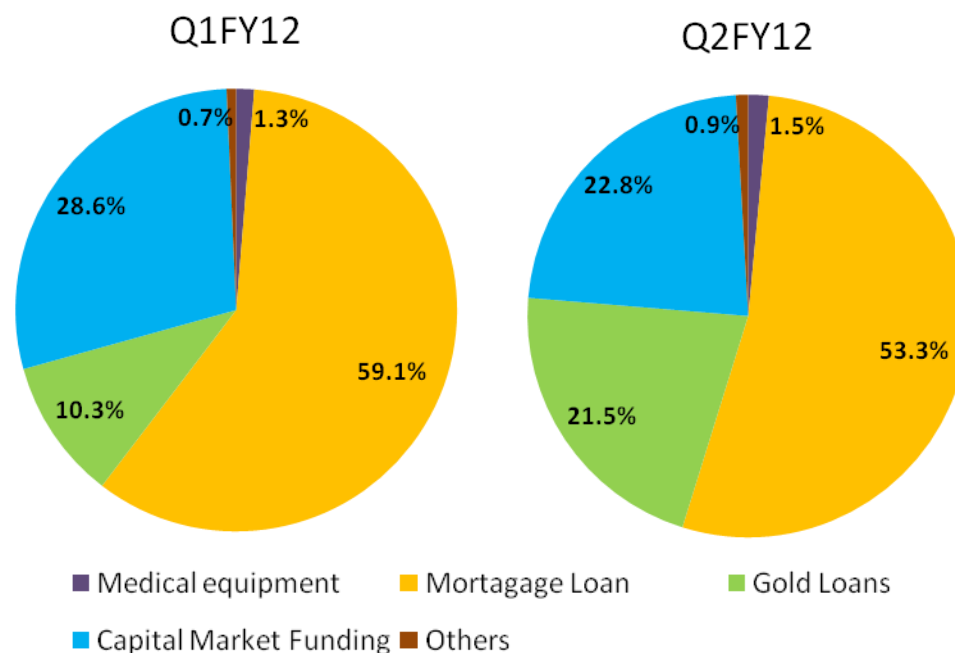


- The loans portfolio as on September 30, 2011 increased to around ₹50 bn
- Our loan book largely comprises secured lending of over 99%. Our unsecured loan book has fallen to less than 0.5% of the total book
- NPAs on the books continue to remain less than 0.5%

Loan Portfolio (₹ bn)



Portfolio break-up

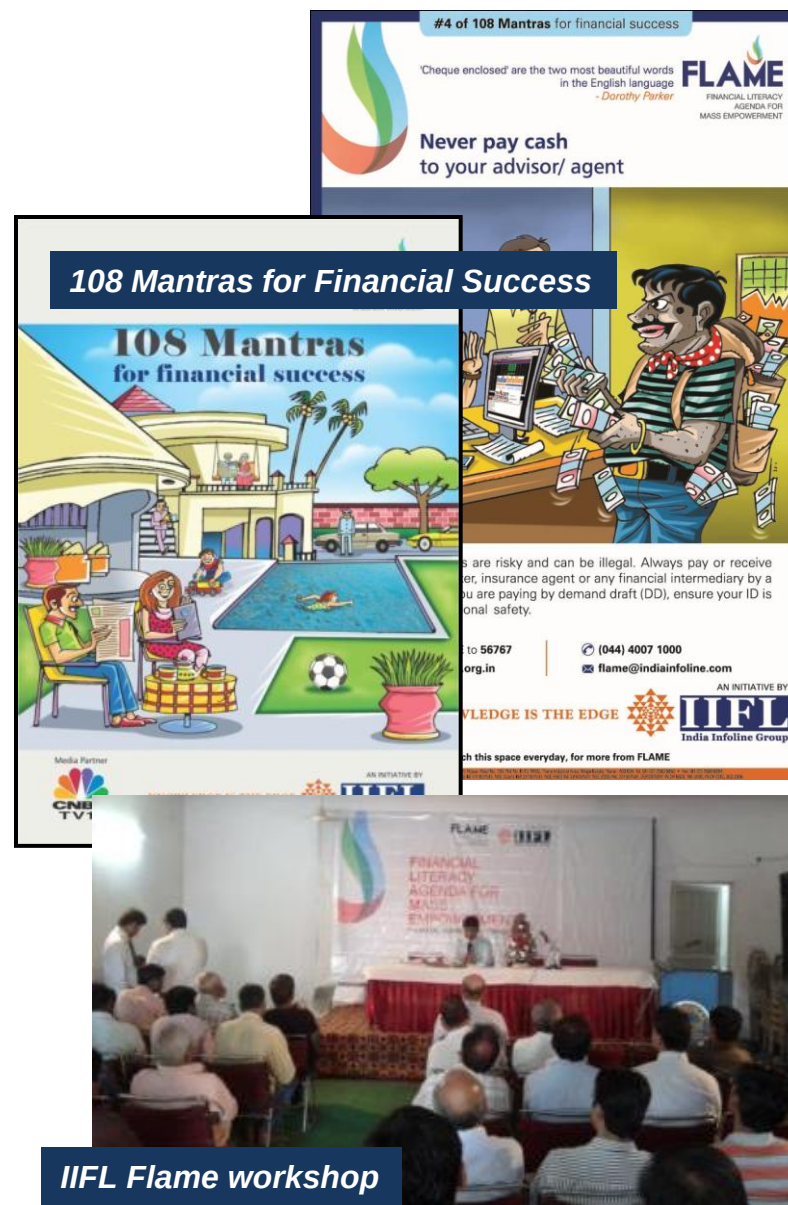


- Assets under Advisory(AuA) of over ₹200 bn
- IIFL Private Wealth (Suisse) SA – Geneva entity started
- Received in-principle agreement from regulators for Hong Kong operations
- Received the ‘Best Wealth Management House in India 2011’ by The Asset Triple A Investment Awards
- ‘Rise above the Tide’ - IIFL Wealth Conference was very well received and was attended by over 500 clients, partners and associates
- Ranked among India’s top 5* in terms of Net Equity MF sales (average of Q2FY12) *Source: MFDEX



IIFL Wealth Management conference – ‘Rise above the Tide’

- FLAME (Financial Literacy Agenda for Mass Empowerment) is an IIFL initiative to spread financial literacy amongst masses to help their inclusion in India's economic prosperity
- Under this, IIFL has initiated the following:
 - **Daily education campaign** using cartoon illustrations in all leading national and regional publications
 - **Designed and launched a Financial Literacy Certification Course called FIN-LITES** for the students of Std VIII, IX, X across the country
 - Partnered with Swadhaar Finaccess (SFA), an NGO which **imparts financial education to women** living in slum communities
 - Conducted over 160 **flame workshops** across the country
 - www.flame.org.in is a portal dedicated to the cause of spreading financial literacy
 - Our book on financial literacy '**108 Mantras for Financial Success**' is available across 70+ cities at 400+ top-line retail outlets across the country. The book is also sold online on ebay, indiaplaza, flipkart



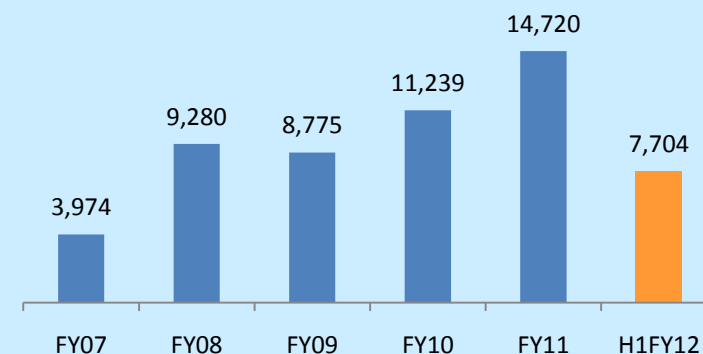
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- Industry update

Evolution

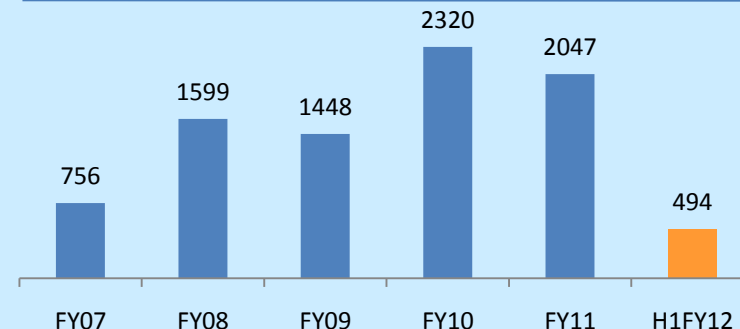


1995	➤ Commenced operations as an Equity Research firm
1997	➤ Launched research products of leading Indian companies, key sectors and the economy
1999	➤ Launched www.indiainfoline.com
2000	➤ Launched online trading through www.5paisa.com ➤ Started distribution of life insurance and mutual fund
2003	➤ Launched proprietary trading platform Trader Terminal for retail customers
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 the Singapore Stock Exchange and Colombo Stock Exchange and commenced operations
2011	➤ Received SEBI final approval for IIFL Mutual Fund and launched IIFL Nifty ETF

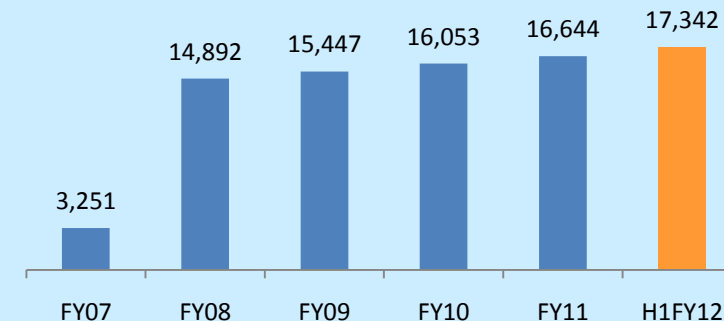
Income (₹ mn)

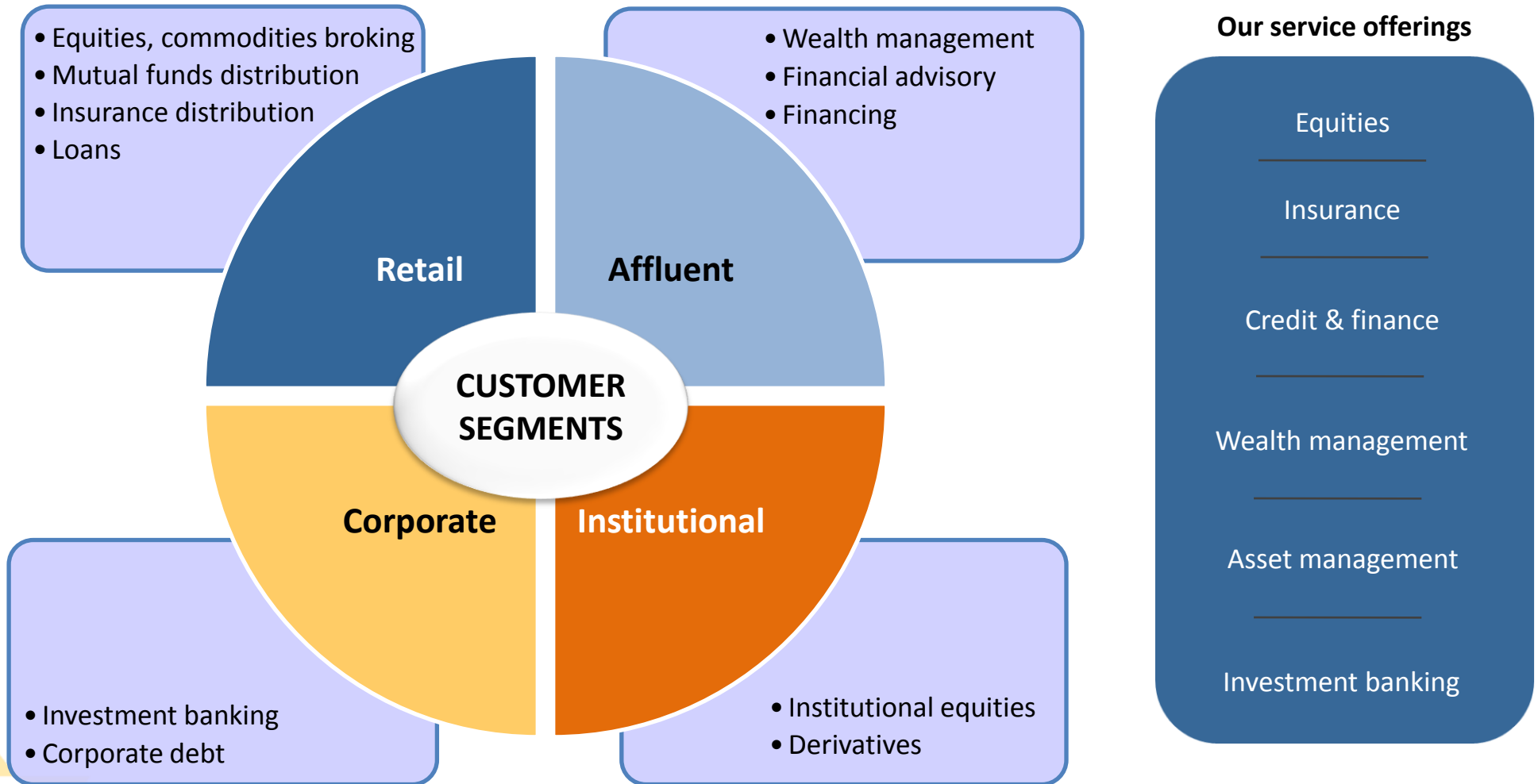


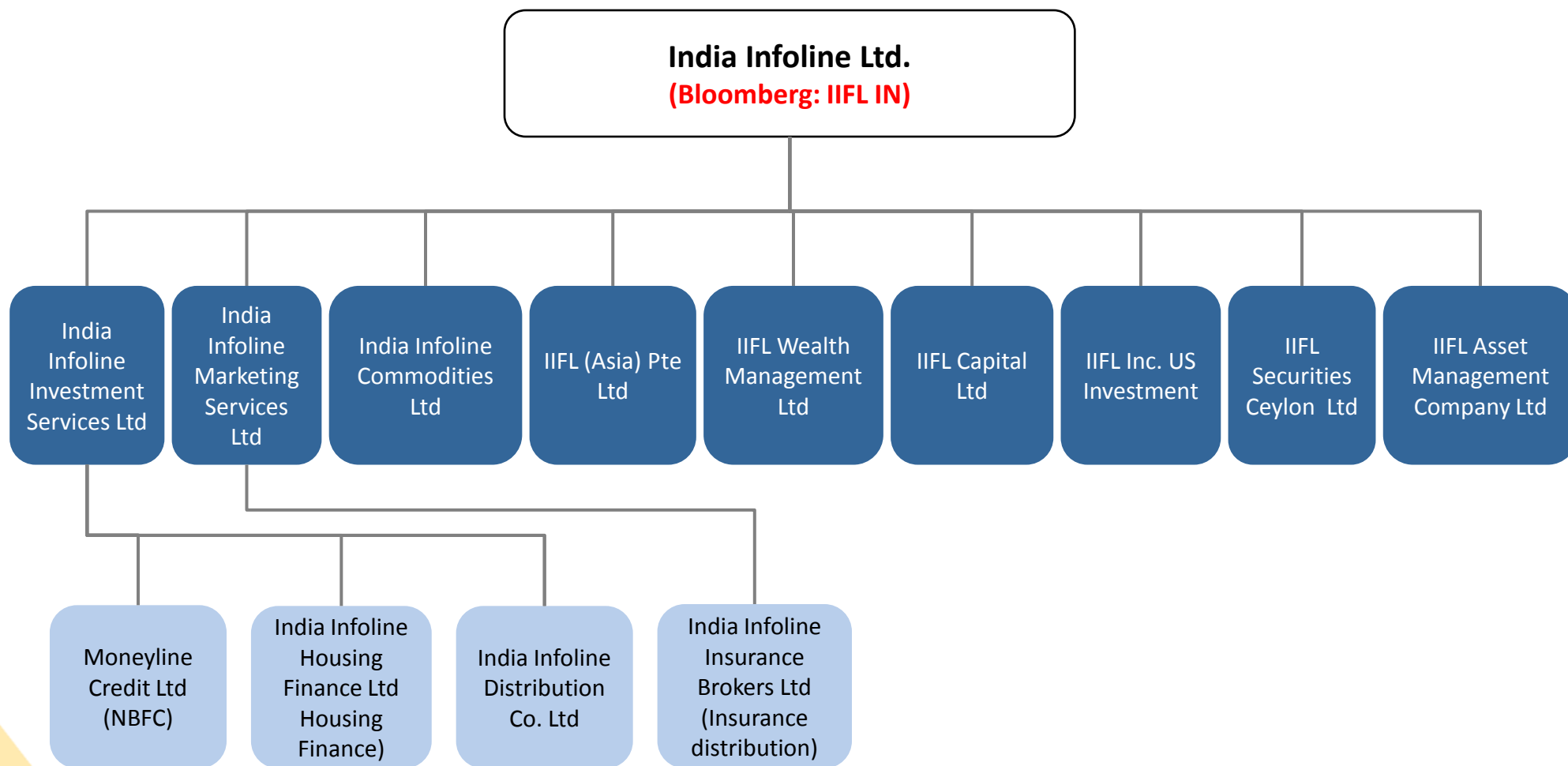
Net Profit (₹ mn)



Networth (₹ mn)







* 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	Nirmal Jain	Managing Director	R. Venkataraman
Institutional Equities	H. Nemkumar	Finance	LP Aggarwal
Investment Banking	Donald D'Souza	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

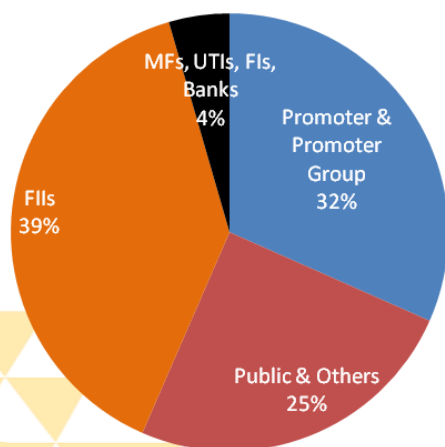
Corporate governance



Eminent independent directors of group companies

Name	Designation	Brief Profile
A.K. Purwar	Independent Director	- Joined State Bank in 1968 and became chairman in 2002 - Became Chairman of 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 LICHL 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

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

Well-capitalized

- Net worth of over ₹17 bn
- Significant unutilized capacity to leverage

Distribution reach

- Present at over 3,000 business locations across 500 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

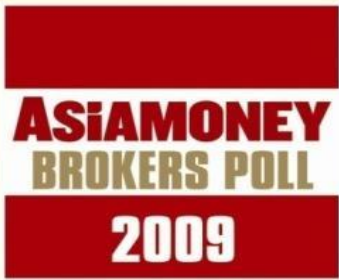
Technology edge

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

De-risked

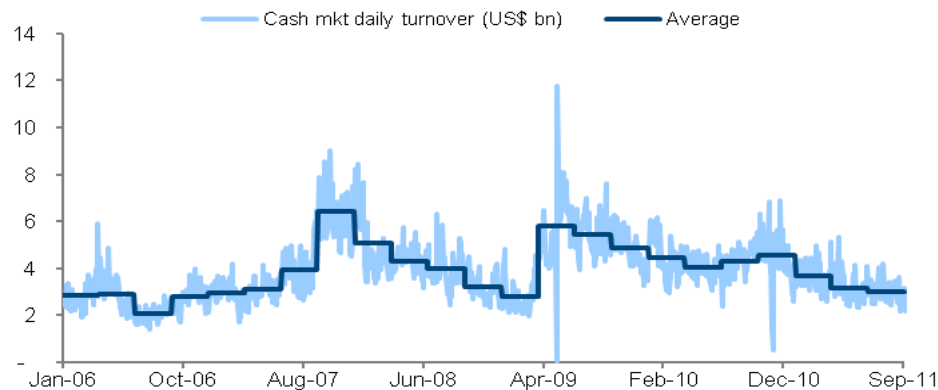
- De-risked and diversified business model across multiple revenue streams
- Multiple products across all segments of financial services

Recent awards and accolades

 Decide with Confidence				
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 Awarded 'Best Wealth Management House – India' by The Asset Triple A 2011	BEST BROKER - INDIA, 2011 Awarded 'Best Broker – India' by FinanceAsia Country Awards for Achievement 2011	BEST EQUITY BROKER 2011 'Best Equity Broker of the Year' at Bloomberg UTV Financial Leadership Awards 2011	BEST MARKET ANALYST 2009 Best Analyst awards in the 'Oil & Gas' and 'Commodities' sectors at the Zee Business for 2009
		 Decide with Confidence		
BEST BROKERAGE 2009	INDIA'S MOST VALUABLE CEOs --2009	FASTEST GROWING BROKING HOUSE 2008		

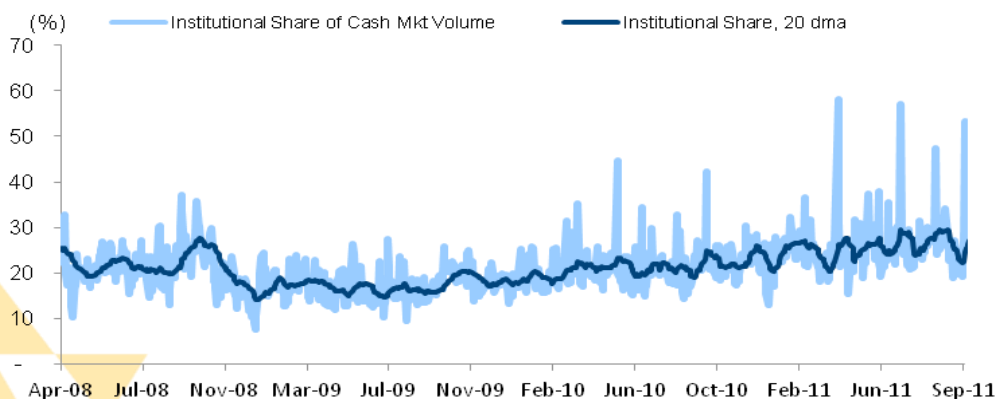
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Daily cash market turnover (US\$bn)



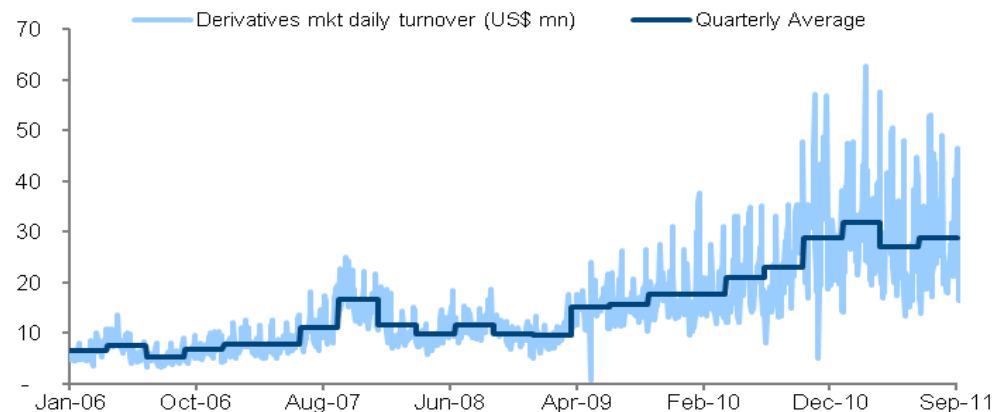
Source: Bloomberg, IIFL Research

Institutional Share of cash market volumes



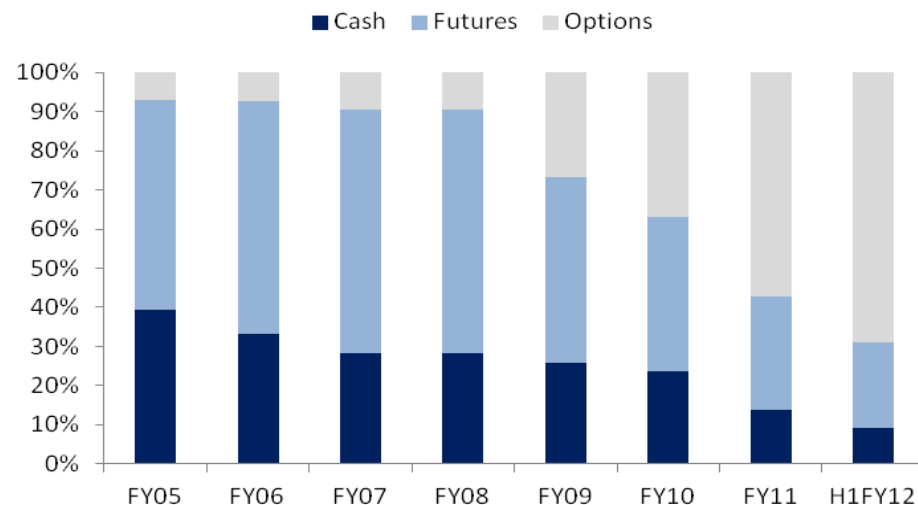
Source: Bloomberg, IIFL Research. Based on provisional data from the exchanges

Daily derivatives market turnover (US\$bn)



Source: Bloomberg, IIFL Research

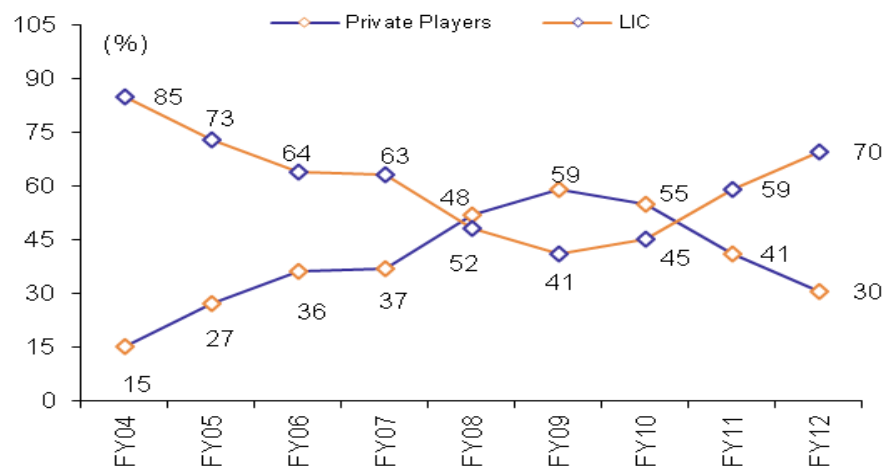
Increasing share of derivatives turnover in market



Source: Exchange website, IIFL Research

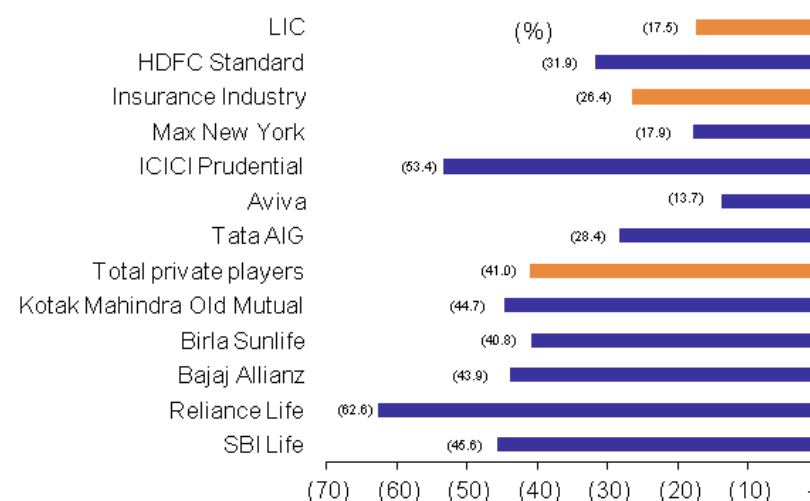
Insurance and Mutual funds

APE market share (%) – Aug 2011



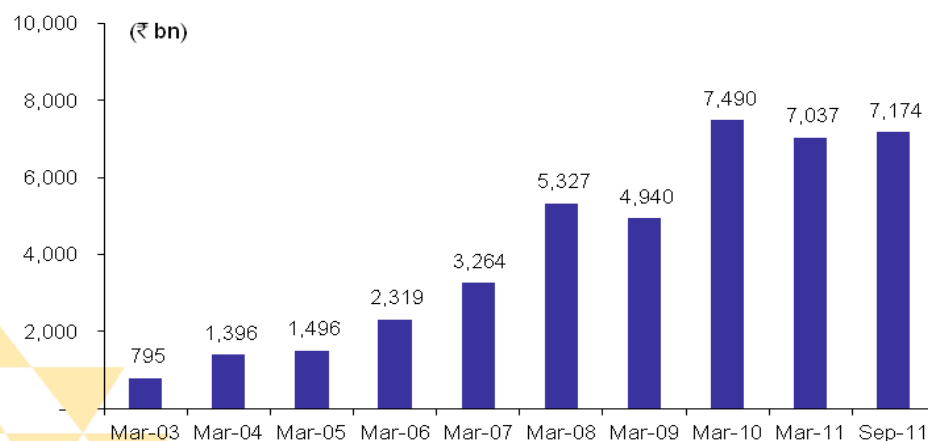
Source: IRDA

APE growth YTD yoy (%) – Aug 2011



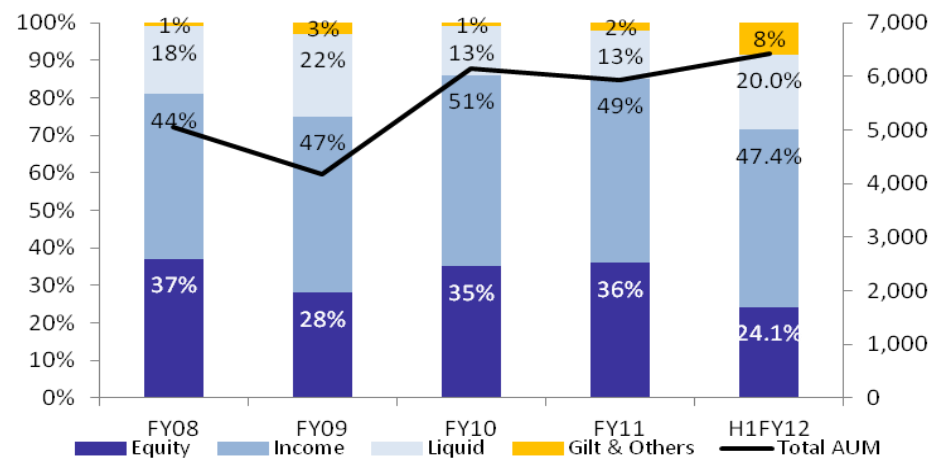
Source: IRDA

Total AUM for the industry (₹ bn) – Sep 2011



Source: AMFI

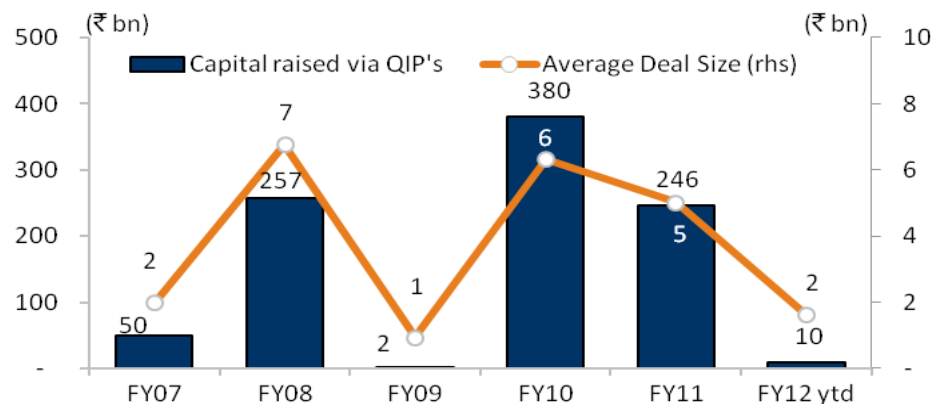
AUM by asset class (₹ bn)



Source: AMFI

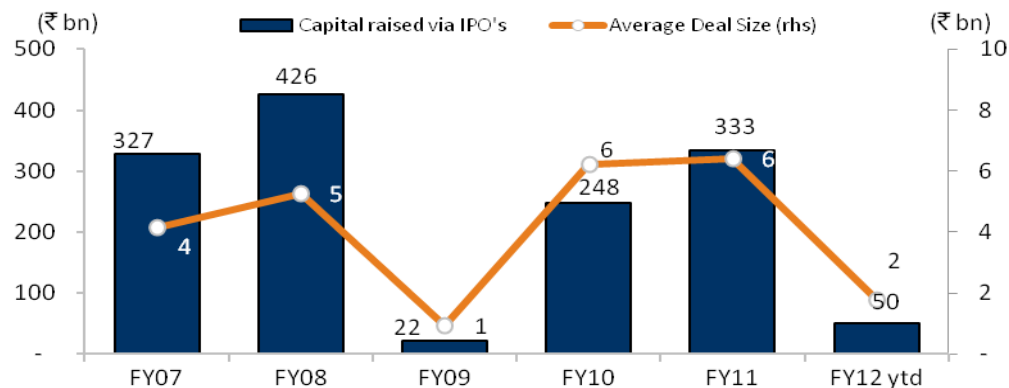
Capital raising and Fund flows

Capital raised through QIPs (₹ bn)



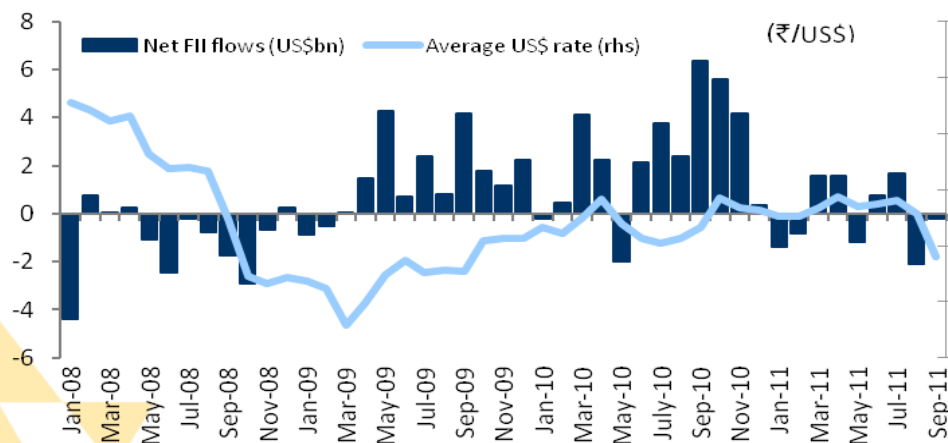
Source: Bloomberg, IIFL Research

Capital raised through IPOs (₹ bn)



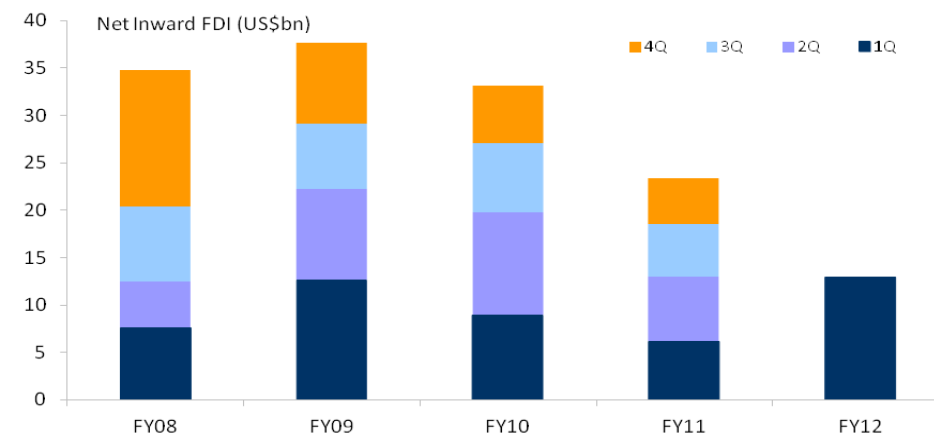
Source: Bloomberg, IIFL Research

Net FII flows (US\$bn)



Source: Bloomberg, IIFL Research

FDI inflows (US\$bn)



Source: RBI, CMIE, IIFL Research

Thank you

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