


Things **beyond** money...

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Recent awards and accolades



FinanceAsia
COUNTRY AWARDS
FOR ACHIEVEMENT
2008

BEST BROKER - INDIA


Awarded 'Best Broker-India' by FinanceAsia as a part of its survey of financial services firms across Asia for 2008



ASIAMONEY
BROKERS POLL
2008

MOST IMPROVED - INDIA

Awarded "Most Improved Brokerage" in India by AsiaMoney as a part of its 2008 poll



D&B
Decide with Confidence

FASTEST GROWING - LARGE BROKER

Awarded 'Fastest growing Equity Broking House – Large firms' in India by Dun & Bradstreet Broking Awards 2009

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Corporate Information

Board of Directors

- Mr. Nirmal Jain
Chairman & Managing Director
- Mr. R. Venkataraman
Executive Director
- Mr. Sat Pal Khattar
Non Executive Director
- Mr. Nilesh Vikamsey
Independent Director
- Mr. Kranti Sinha
Independent Director
- Mr. A.K. Purwar
Independent Director

Committee of Board

- Audit Committee*
- Mr. Nilesh Vikamsey, Chairman
Mr. Sat Pal Khattar
Mr. Kranti Sinha
- Compensation/ Remuneration Committee*
- Mr. Kranti Sinha, Chairman
Mr. Nilesh Vikamsey
Mr. Sat Pal Khattar

Share Transfer and Investor Grievance Committee

- Mr. Kranti Sinha, Chairman
Mr. Nirmal Jain
Mr. R. Venkataraman

Chief Financial Officer

- Mr. Kapil Krishan
Company Secretary
Ms. Falguni Sanghvi

Core Management Team

- Mr. Bharat Parajia
MD, IIFL (Asia) Pte Ltd
- Mr. Apul Nayyar
CEO, Moneyline Credit Ltd
- Mr. Karan Bhagat
CEO, IIFL Wealth Management Ltd

- Mr. H. Nemkumar
President, Institutional Equities
- Mr. Aniruddha Dange
Head of Research, Institutional Equities

- Mr. Vasudev Jagannath
Head of Sales, Institutional Equities

- Mr. Ajit Menon
President, Investment Banking

- Mr. Donald D'Souza
President, Investment Banking

- Mr. Sateesh Kumar
President, Insurance

- Mr. Deepesh Pandey
Co-head, Investments, IIFL Capital Pte Ltd

- Mr. Manish Srivastava
Co-head, Investments, IIFL Capital Pte Ltd

- Mr. R. Mohan
Chief Compliance Officer

- Mr. Narendra Jain
Chief Operating Officer

Auditors

- M/s Sharp & Tannan Associates
Chartered Accountants

Internal Auditors

- M/s Kalyaniwalla & Mistry
Chartered Accountants

Registrar and Share Transfer Agents

- Link Intime India Pvt. Ltd
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.

Registered Office

- Building No. 75, Nirlon Complex,
Off: Western Express Highway,
Goregaon (East), Mumbai - 400 063.

Bankers

- Allahabad Bank
Axis Bank Ltd
Bank of Baroda
Citibank N.A.
HDFC Bank Ltd
The Hongkong and Shanghai Banking Corporation Ltd
ICICI Bank Ltd
Kotak Mahindra Bank Ltd
Punjab National Bank
Standard Chartered Bank
State Bank of India
State Bank of Travancore
UCO Bank
Union Bank of India
Yes Bank Ltd

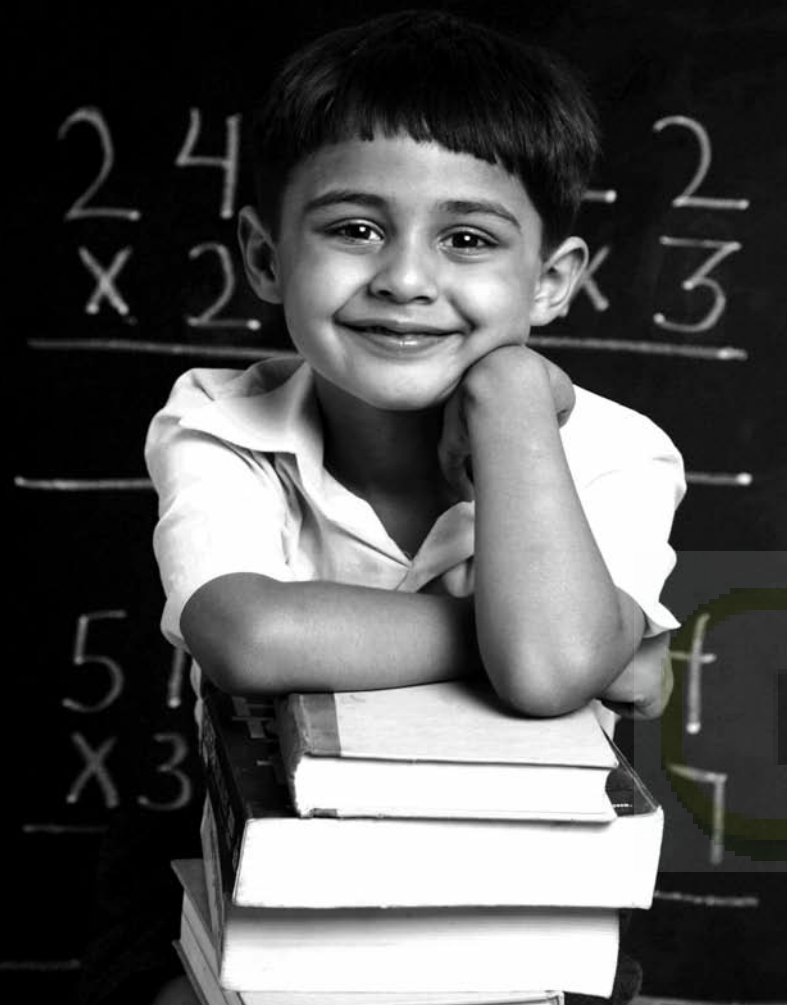
Forward-looking statements

This document contains forward-looking statements and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. Should one or more of these risks or uncertainties materiilase, or should underlying assumptions prove incorrect, actual results may vary. India Infoline does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differ from those anticipated.

There are many things in life more important than money: daughter's marriage, children's education and the foreign holiday, among others. Interestingly, all these aspirations need money to fulfil.

Money helps fulfil these dreams. It also stands testimony to well-earned success. At India Infoline, we have the proven expertise in advising clients and managing their money. So that, it grows quickly but safely.

Things **beyond** money...



We empower customers through **knowledge**

Empowered clients through continuous quality research and regular updates, providing free and specialised reports on corporate performance and sectors. Also produced an array of thematic reports, which were well received by clients within and outside India.

We pamper with **choice**

As a one-stop financial services shop, we offer clients the entire array of products and services across the financial services landscape ranging from broking (retail and institutional equities and commodities), wealth management, credit and finance, insurance, asset management and investment banking.

We offer **peace of mind**

Our technology backed client risk monitoring system monitors client portfolios and trading patterns on a continuous basis and has helped save many a client from bearing the brunt of the volatile stock markets.

We raise **benchmarks**

Added the browser-based Trader Terminal platform to allow trading anywhere and everywhere; institutionalised a system of addressing any customer query within 24 hours.

We stand for **reliability**

Our robust risk management architecture, coupled with our proprietary trading platform, provided seamless trading to our customers through the year with minimal downtime.

We value **time**

Our proprietary Trader Terminal provides for lightning fast order execution, making every second count for our clients. Shrunk process cycle time significantly on the basic premise that our client cannot be made to wait.

We address **apprehension**

Created systems to address client queries on a timely basis; our technical team is only a click away and our research analysts are waiting to respond instantly should our clients have any query regarding the stock markets.

We reinforce **pride**

- India Infoline was declared the 'Best Broker – India' by *FinanceAsia*, based on its survey of financial services firms across Asia for 2008.
- Awarded 'Most Improved Brokerage' in India by *Asiamoney* as a part of its 2008 poll.
- Awarded 'Fastest growing Equity Broking House – Large firms' by Dun & Bradstreet.

India Infoline.

Innovative. Diversified. Derisked.

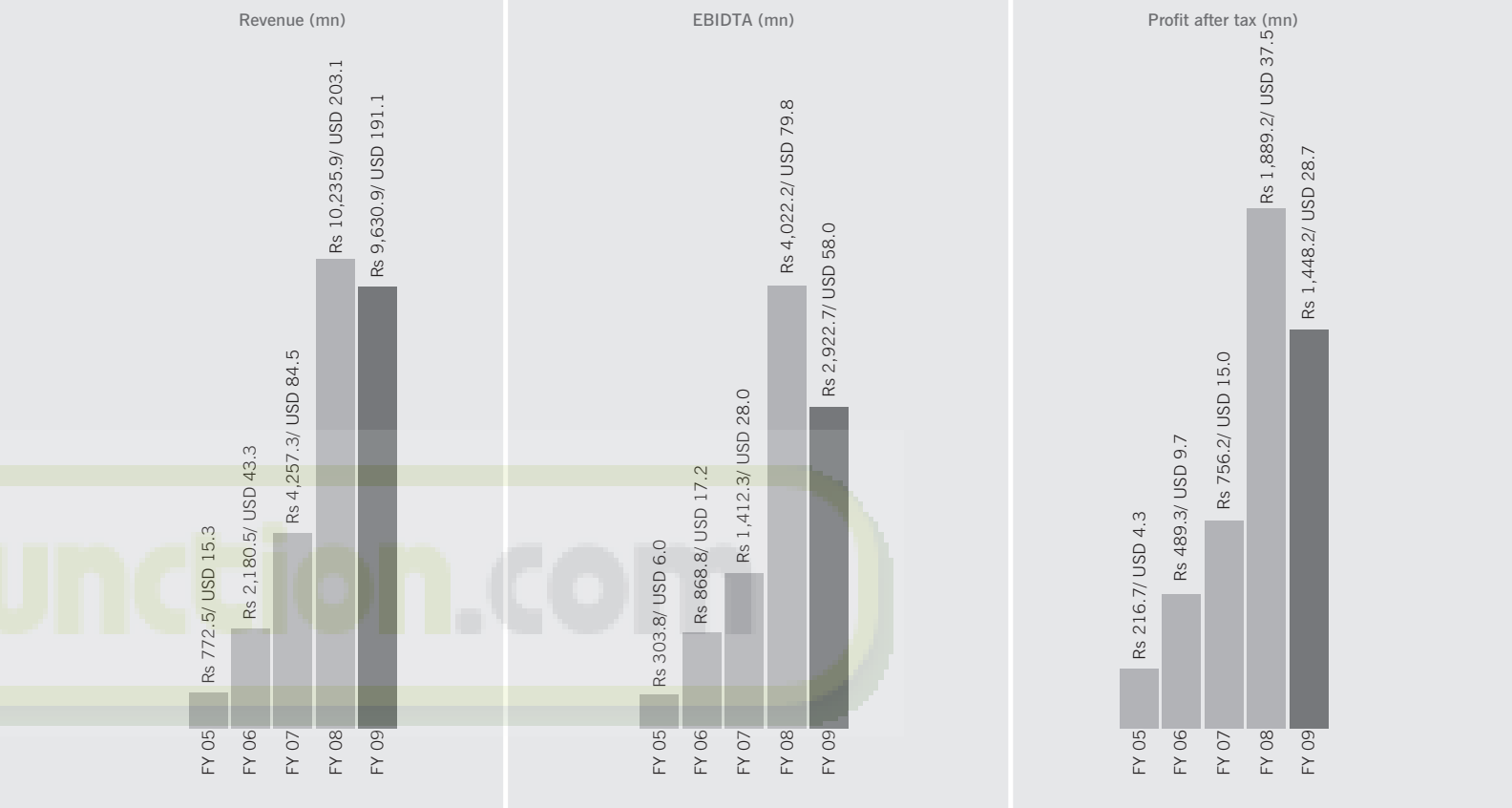
We were founded in 1995 by Mr. Nirmal Jain (Chairman and Managing Director) as an independent business research and information provider. We gradually evolved into a one-stop financial services solutions provider. Our strong management team comprises competent and dedicated professionals.

We are a pan-India financial services organisation across 1,361 business locations and a presence in 428 cities. Our global footprint extends across geographies with offices in New York, Singapore and Dubai. We are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

We offer a wide range of services and products comprising broking (retail and institutional equities and commodities), wealth management, credit and finance, insurance, asset management and investment banking.

We are registered with the BSE and the NSE for securities trading, MCX, NCDEX and DGCX for commodities trading, CDSL and NSDL as depository participants. We are registered as a Category I merchant banker and are a SEBI registered portfolio manager. We also received the FII license in IIFL Inc. IIFL Securities Pte Ltd received approval from the Monetary Authority of Singapore to carry out corporate advisory and dealing in securities operations. Two

subsidiaries – India Infoline Investment Services and Moneyline Credit Limited – are registered with RBI as non-deposit taking non-banking financial services companies. India infoline Housing Finance Ltd, the housing finance arm, is registered with the National Housing Bank.



Milestones

1995

Incorporated as an equity research and consulting firm with a client base that included leading FIIs, banks, consulting firms and corporates.

1999

Restructured the business model to embrace the internet; launched www.indiainfoline.com; mobilised capital from reputed private equity investors.

2000

Commenced the distribution of personal financial products; launched online equity trading; entered life insurance distribution as a corporate agent. Acknowledged by Forbes as 'Best of the Web' and '...must read for investors'.

2004

Acquired commodities broking license; launched Portfolio Management Service.

2005

Listed on the Indian stock markets.

2006

Acquired membership of DGCX; launched investment banking services.

2007

Launched a proprietary trading platform; inducted an institutional equities team; formed a Singapore subsidiary; raised over USD 300 mn in the group; launched consumer finance business under the 'Moneyline' brand.

2008

Launched wealth management services under the 'IIFL Wealth' brand; set up India Infoline Private Equity fund; received the Insurance broking license from IRDA; received the venture capital license; received in-principle approval to sponsor a mutual fund; received 'Best broker-India' award from *FinanceAsia*; 'Most Improved Brokerage- India' award from *Asiamoney*.

2009

Received registration for a housing finance company from the National Housing Bank; received 'Fastest growing Equity Broking House - Large firms' in India by *Dun & Bradstreet*.

Vision

To become the most respected Company in the financial services space

Diversified.
Addressing all customer segments.



Differentiated.
Creating a unique market position

Managerial depth

- Promoted by first generation entrepreneurs
- Management team unmatched in terms of professional credentials, experience as well as academic background

Technology edge

- Widely acclaimed proprietary trading platform
- Effectively harnessed technology to facilitate processes and provide superior customer experience

Distribution reach

- Present at 1,361 business locations
- Effectively cover 428 cities across India

Well-capitalised

- Net worth approximately Rs 15.4 bn (USD 306.5 mn) with negligible debt
- Well-funded to not just weather but take advantage of downturn

People edge

- Team India Infoline is driven by pride and reward of ownership
- To think and work like an owner is part of organisation's DNA

Performance highlights, 2008-09

Business division	Business highlights
Broking	<ul style="list-style-type: none"> Market share of equities on the NSE increased from 3.40 per cent in 2007-08 to 3.76 per cent in 2008-09 Customer base for retail equities increased 35.8 per cent from 0.44 mn in 2007-08 to 0.60 mn in 2008-09 Published in-depth and thematic reports on INCH (INDia and CHina), politics, rural India, infrastructure, soft commodities, utilities and India warming
Insurance	<ul style="list-style-type: none"> Received insurance broking license Forged alliances with major insurance companies for the distribution of life and non-life insurance products Altered the product mix in favour of traditional products like endowment products
Credit and finance	<ul style="list-style-type: none"> Proactively suspended personal loans and mortgages business from September 2008. While the personal loans business is still suspended, the mortgages business has been re-started Revenue at Rs 2,654.1 mn in 2008-09 against Rs 1,937.5 mn in 2007-08 Registered the housing finance subsidiary with NHB
Wealth and asset management	<ul style="list-style-type: none"> Introduced the 'Family Office' platform Raised around Rs 1.8 bn in the largest single-day debenture listing of its kind Received in-principle approval for setting up a mutual fund Established the infrastructure and knowledge capital for offshore asset management services



Chairman's statement

Dear friends

As I write this, we have just seen the most euphoric day on the stock market on May 18, 2009. For the first time ever, market indices rose by 20 per cent in a day and hit the upper circuit.



Almost exactly about five years ago on May 17, 2004, we had seen the worst day on the stock market when stock markets were frozen at the lower circuit after falling by more than 10 per cent at the opening.

Again, about 10 years ago, when we launched our website on May 11, 1999, we were riding the internet crest that was followed by a bust and then a gradual recovery.

The bottomline is that we live in volatile times. The market sentiments, views on the economy, stocks, commodity prices and inflation can change most unexpectedly, making a mockery of pundits.

However, despite this reality, certain things in life remain constant. Especially things that extend beyond money - like a purpose, a set of values. Fittingly, the theme for this Annual Report '*Things beyond money*' is the theme of our new branding campaign as well as our drive to define organisational purpose and values more clearly.

Let me discuss both separately.

Our brand was associated with the '*It's all about money, honey!*' tagline since inception. When we launched our website www.indiaonline.com ten years ago, this catch phrase succinctly captured the essence of our business, which revolved around advising and managing money. While there has been amazing recall of the unique catch phrase along with the brand, we felt that the positioning did not capture the emotional aspects of why we make money, need to manage it and make it grow.

This recognition led us to an evolved brand positioning. Therefore our new branding campaign with a series of creatives (some reproduced in this report) highlights that there are many things in life beyond money. More often than not, they all cost money. We all know that money can help us buy happiness, peace of mind and security for our loved ones. Money can help us pursue our passion with freedom. And when it is well earned with legitimate means, it stands testimony to our hard earned success, our talent, our creativity and our achievement.

Money is necessary, although not sufficient condition, for peace of mind and happiness. George Bernard Shaw put it more dramatically when he said that *lack of money was the root of all evils and crime*. Then why the hypocrisy about the need for making and growing money? Therefore, our new campaign is not a contradiction of our original positioning, but a logical extension. We are proud to be in the business of helping people make more money or manage the risk of losses. We possess a proven competence, expertise and infrastructure to research and evaluate asset classes on the one hand and advise customers on how to maximise returns for risks one is willing and able to take on the other.

Defining our organisation's values and culture is a different subject and it is a coincidence that we use the same theme to drive home the strong set of values. Internally, we use the acronym GIFT to define our core values of Governance, Integrity, Fairness and Transparency. They govern our response to society, customers, employees and shareholders

respectively. The successful pursuit of these values, so vital for advising or managing other people's money, requires us to think beyond making immediate money for ourselves.

The first core value is Governance. We are in a highly regulated business with the added responsibilities associated with being a listed company. We make no compromise on compliance and law-of-the-land, whatever the cost. Being a leading industry player, we have the duty of leading by example. The Company has a fiduciary responsibility to customers and management has the same to the shareholders.

The second is Integrity. The customer expects and deserves unbiased advice and an honest execution of trades. Many a time, this may conflict with the broker's immediate earnings. We train our people not to let commission or short-term profits to ever conflict with their advice. There are also times when the customer is swayed by markets and takes risk disproportionate to his capacity. Conversely, in a gloomy market, the customer may be too frightened to seize the opportunity. Our executives are trained for character and competence; they sit with the customer as a friend, advisor and sounding board to help them take informed decisions.

The third of our core values is Fairness. There are thousands of people who work with the Company and thousands more who indirectly depend on the Company for their livelihood. Our success depends solely on the quality and motivation of our people. In the face of competition from large established players, we have been able to grow rapidly and profitably

but if I have to single out one factor that sustains high morale, it is fair treatment. We work hard to build a culture so that at all levels and at all times, we do not let systems or any individual deviate from our core value of fairness.

Last - but not the least - is Transparency. We practise the highest standards of disclosures and share valuable information with our stakeholders. We may not be able to please our shareholders with every quarter's performance, but will never disappoint them with misleading information or a picture that is not 'true and fair'.

In the last ten years, we have made rapid strides starting from scratch, climbing to a leadership position in broking and other financial services. All this would not have happened without the support of all our stakeholders, namely customers, employees, shareholders and also exchanges and regulators. They have supported, guided and stood by us through the ups and downs of the market and the organisation; we are grateful to them all. We have also received excellent support from our bankers and vendors.

We are now more confident than ever before, of not just emerging as the leading player but achieving our vision of being the most respected player in the financial services space. And this will happen when we stick to our purpose and values, aptly encapsulated in the tagline '*Things beyond money*'.

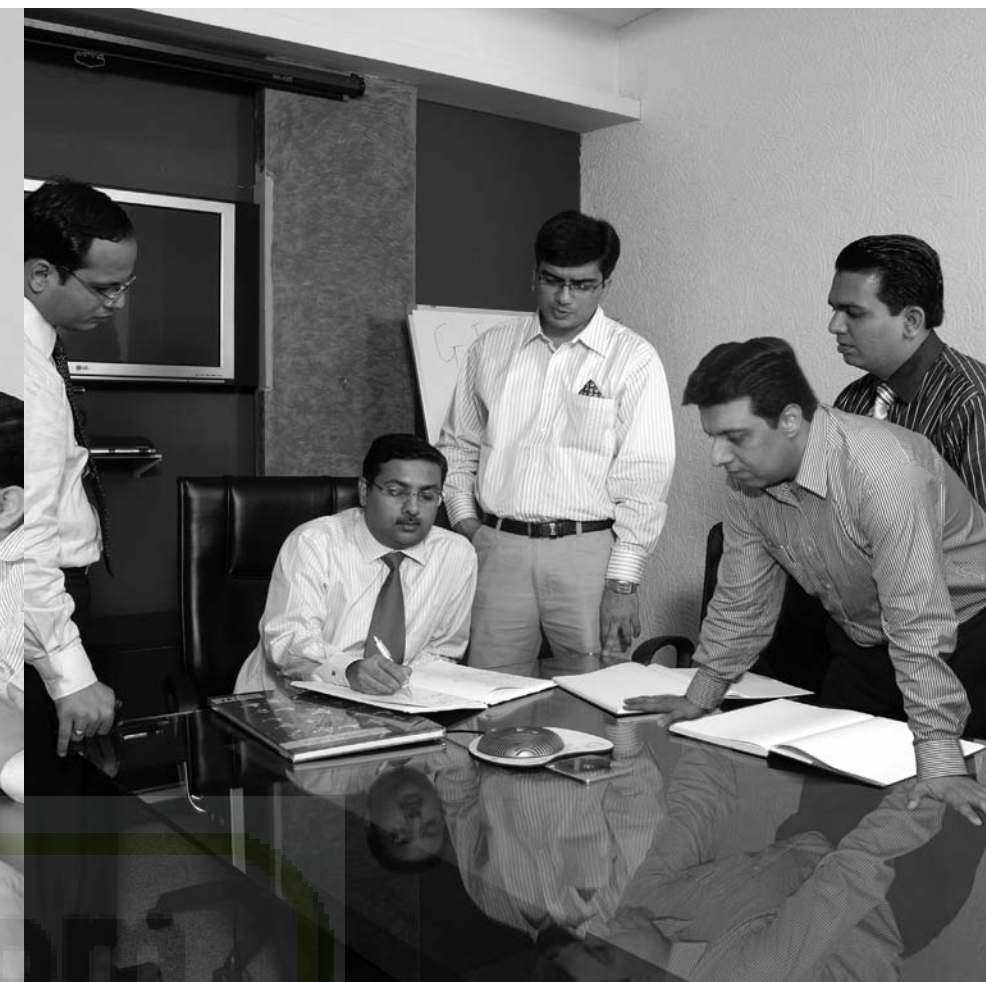
Nirmal Jain
Chairman and Managing Director

Broking

Revenue
Rs 5,575.0 mn

Contribution to total revenue
57.9 per cent

Clientele
0.6 mn



Highlights, 2008-09

- This business segment, comprising retail and institutional equities, commodities broking and investment banking, retained its position as the Company's principal growth driver and revenue earner, accounting for 57.9 per cent of the total income in 2008-09.
- Overall market share in equities (retail as well as institutional, cash and derivatives segments combined) on the NSE increased from 3.40 per cent in 2007-08 to 3.76 per cent in 2008-09
- Average daily turnover in equities declined by 8 per cent y-o-y from Rs 24.3 bn in 2007-08 to Rs 22.3 bn despite an almost 20 per cent fall in the volumes on the National Stock Exchange
- Average daily turnover in commodities increased by 46 per cent y-o-y from Rs1.8 bn in 2007-08 to Rs 2.6 bn

Overview

- The customer base for retail equities increased 35.8 per cent y-o-y from 0.44 mn in 2007-08 to 0.60 mn
- Launched 'Market Mantra', an exhaustive daily morning

product that arms retail investors with all the information needed, well before the opening bell

- A number of thematic, sector-specific and stock-specific reports were published on Indian politics, rural India, infrastructure, soft commodities, utilities and India warming. We were the first to comprehensively cover the emergence of rural India.
- The international research desk published its first international research report titled *INCH* (India and China).
- The investment banking business was impacted adversely by drying up of the IPO market.

Key strengths

- The combination of a wide and deep

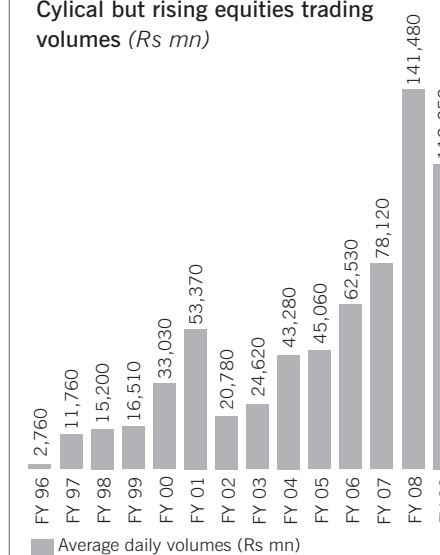
nationwide network and feature-rich offerings resulted in a business edge in the competitive retail broking business.

- Trader Terminal, the proprietary trading platform, developed through a prudent leverage of resident intellectual capital, positioned the Company as a preferred business partner.
- A multi-channel delivery model (internet, phone or at branches) and multi-trading options (BSE and NSE, cash and derivatives), coupled with world-class research, increased the preference of the India Infoline brand amongst retail investors.
- Research continued to be the key differentiator for the institutional equities business. The team identified sunrise trends and advised institutional clients on investment

strategies across different stocks and sectors

Industry optimism

Cyclical but rising equities trading volumes (Rs mn)



Source: NSE

Credit and finance

Revenue
Rs 2,654.1mn

Contribution to total revenue
27.6 per cent

Portfolio size
Rs 9.6 bn



Highlights, 2008-09

- Received an approval from the National Housing Bank for our housing finance subsidiary
- Following adverse credit market conditions, personal loans business was suspended in September 2008; mortgages business, suspended simultaneously, has subsequently been restarted
- Achieved less than 1 per cent NPA on our portfolio

Overview

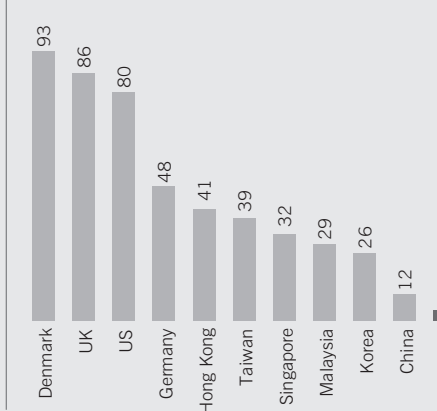
India Infoline Investment Services Ltd, with its subsidiaries Moneyline Credit Ltd and India Infoline Distribution Co. Ltd, offer secured products (mortgage loans, margin funding and loans against shares) and unsecured products (personal and business loans) to self-employed individuals and SMEs under the 'Moneyline' brand.

Key strengths

- Access to the Group's vast distribution network facilitates a pan-India reach
- Leveraging the Group's client base facilitates faster and cheaper (compared with industry average) business expansion
- Multiple loan application checks and a strong collection system ensure minimal delinquency
- Sizeable business volumes from referrals reflects quality assets

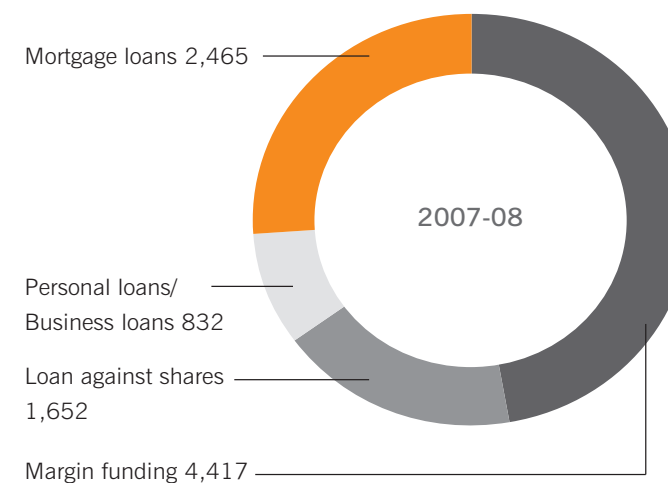
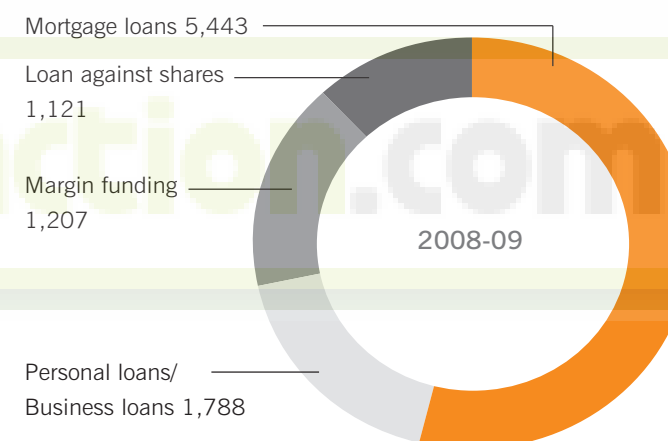
Industry optimism

Mortgages as per cent of GDP for various countries



Source : HDFC

Loan portfolio (Rs mn)



Received an approval from the National Housing Bank for our housing finance subsidiary



Insurance

Revenue
Rs 481.5 mn

Contribution to total revenue
5.0 per cent

Lives covered
115,996

Highlights, 2008-09

- Transitioned from a corporate agency to an insurance broker post receipt of the insurance broking license from IRDA
- Forged alliances with major insurance companies for the distribution of life and non-life insurance products

Overview

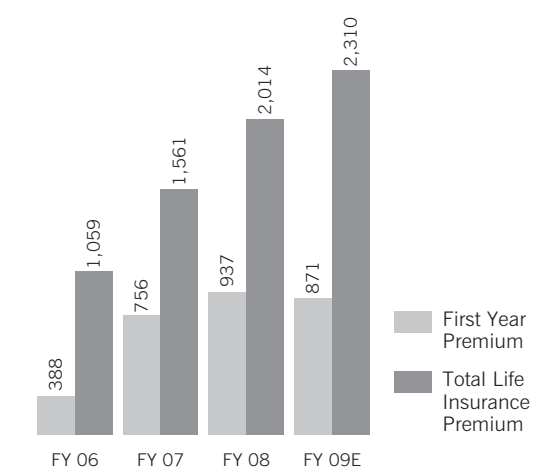
India Infoline entered the insurance distribution business in 2000, as a corporate agent of ICICI Prudential. Subsequently, in 2008 it obtained IRDA approval for insurance broking and it now distributes products of major insurance companies through its subsidiary India Infoline Insurance Brokers Ltd.

Key strengths

- The transition to an insurance broker from a corporate agency will enable the Company to offer the customer a much wider suite of products from multiple insurance companies.
- The Company is an established pan-India distributor in the insurance sector.
- The Company's multiple business lines offers a wide choice to the captive client base; its established pan-India distribution network is an added asset.

Industry optimism

Life Insurance (Rs bn)



Source: IRDA